

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA HUANG, HSIU-CHUN and CPA CHIU, CHENG-CHUN of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

China General Plastics Corporation and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report

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§Table of Contents§

ITEM	PAGE	NOTE
I. Cover Page	1	-
II. Table of Contents	2	-
III. Declaration of Consolidated Financial Statements of Affiliates	3	-
IV. Independent Auditors' Report	4~7	-
V. Consolidated Balance Sheets	8	-
VI. Consolidated Statements of Comprehensive Income	9	-
VII. Consolidated Statements of Changes in Equity	10	-
VIII. Consolidated Statements of Cash Flows	11~12	-
IX. Notes to Consolidated Financial Report		
1. Company History	13	1
2. Date and Procedures of Authorization of Financial Statements	13	2
3. Application of New, Amended, and Revised Standards and Interpretations	13~14	3
4. Summary of Significant Accounting Policies	14~24	4
5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	24~25	5
6. Description of Important Accounting Items	25~55	6~27
7. Transactions with Related Parties	55~60	28
8. Assets Pledged as Collateral or for Security	60	29
9. Significant Contingent Liabilities and Unrecognized Commitments	60~61	30
10. Significant Losses Attributed to Critical Incidents or Disasters	-	-
11. Critical Events after the Reporting Date	-	-
12. Significant Assets and Liabilities Denominated in Foreign Currencies	61~62	31
13. Supplementary Disclosures		
(1) Information on Significant Transactions	62~63, 66~72	32
(2) Information on Reinvestment	63, 73	32
(3) Information on Investments in Mainland China	63, 74	32
(4) Information on Major Shareholders	63, 75	32
14. Segment Information	64~65	33

Declaration of Consolidated Financial Statements of Affiliates

In 2022 (from January 1, 2022 to December 31, 2022), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Very truly yours,

CHINA GENERAL PLASTICS CORPORATION

YI-GUI WU

Chairman

March 2, 2023

Independent Auditors' Report

The Board of Directors and Shareholders

China General Plastics Corporation

Opinion

We have audited the accompanying consolidated financial statements of China General Plastics Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Authenticity of regional sales revenue recognition for specific products

The Group's consolidated sales revenue in 2022 reduced compared to the same period of last year, but the sales revenue of specific products in certain areas increased significantly compared to the same period of last year, which had a significant impact on the sales revenue and financial results of the Group. Therefore, authenticity of revenue recognition for the sales to those customers is identified as one of the key audit matters.

Please refer to Notes 4 and 22 to the consolidated financial statements for relevant accounting policies and information in relation to revenue recognition.

We have performed the following audit procedures to validate authenticity of revenue recognition:

1. We studied and tested the internal control mechanism to monitor authenticity of revenue recognition, and assessed the effectiveness of its design and implementation. We evaluated the appropriateness of revenue recognition accounting policies adopted by management.
2. We reviewed original orders, shipping documents, and invoice to verify the authenticity of revenue recognition.
3. We inspected the receipt documents and the occurrence of sales returns and allowances subsequent to the balance sheet date, and sent letters to confirm whether there were any irregularities in accounts receivable at year-end.

Other Matters

We have also audited the parent company only financial statements of China General Plastics Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the consolidated financial statements.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Group.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit and for expressing an opinion on the financial statements of the Group.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters of the Group's the consolidated financial statements for the year ended December 31, 2022. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche,
Taipei, Taiwan, Republic of China
CPA Huang, Hsiu-Chun

CPA Chiu, Cheng-Chun

Securities and Futures Commission
Approved Document No.
Tai Cai Zheng Liu Zi No. 0920123784

Financial Supervisory Commission
Approved Document No.
Jin Guan Zheng Liu Zi No. 0930160267

March 10, 2023

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China General Plastics Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousands

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,276,545	8	\$ 1,220,291	7
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	882,742	5	862,460	5
1136	Financial assets at amortized cost - current (Notes 9 and 29)	343,024	2	269,291	2
1150	Notes receivables (Note 10)	219,522	1	404,709	2
1170	Trade receivables (Notes 10 and 28)	1,202,318	7	1,638,291	10
1200	Other receivables (Notes 10 and 28)	77,351	1	137,681	1
1220	Current tax assets (Note 24)	570	-	-	-
1310	Inventories (Notes 5 and 11)	2,562,490	15	3,102,691	18
1410	Prepayments	189,331	1	251,816	1
1470	Other current assets	1,158	-	1,062	-
11XX	Total current assets	<u>6,755,051</u>	<u>40</u>	<u>7,888,292</u>	<u>46</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	71,317	1	87,151	1
1550	Investments accounted for using the equity method (Note 13)	379,522	2	396,902	2
1600	Property, plant and equipment (Notes 14 and 28)	8,447,505	51	7,666,434	45
1755	Right-of-use assets (Notes 15 and 28)	125,418	1	156,057	1
1760	Investment properties (Note 16)	483,501	3	507,848	3
1840	Deferred tax assets (Note 24)	381,748	2	228,381	2
1990	Other non-current assets (Note 29)	39,717	-	44,250	-
15XX	Total non-current assets	<u>9,928,728</u>	<u>60</u>	<u>9,087,023</u>	<u>54</u>
1XXX	Total Assets	<u>\$ 16,683,779</u>	<u>100</u>	<u>\$ 16,975,315</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current Liabilities				
2100	Short-term borrowings (Note 17)	\$ 790,000	5	\$ 200,000	1
2110	Short-term notes and bills payable (Note 17)	199,668	1	-	-
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	9,529	-	-	-
2170	Trade payables (Note 18)	973,959	6	676,836	4
2180	Trade payables to related parties (Notes 18 and 28)	227,795	2	237,498	1
2200	Other payables (Note 19)	727,073	4	1,018,080	6
2220	Other payables to related parties (Note 28)	18,753	-	15,197	-
2230	Current tax liabilities (Note 24)	661	-	687,974	4
2280	Lease liabilities (Notes 15 and 28)	16,268	-	36,404	-
2300	Other current liabilities (Note 22)	144,906	1	120,512	1
21XX	Total current liabilities	<u>3,108,612</u>	<u>19</u>	<u>2,992,501</u>	<u>17</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 17)	2,432,380	15	882,575	5
2570	Deferred tax liabilities (Note 24)	595,996	3	594,632	4
2580	Lease liabilities (Notes 15 and 28)	113,696	1	124,307	1
2640	Net defined benefit liabilities (Note 20)	330,322	2	517,380	3
2670	Other non-current liabilities	61,545	-	28,651	-
25XX	Total non-current liabilities	<u>3,533,939</u>	<u>21</u>	<u>2,147,545</u>	<u>13</u>
2XXX	Total Liabilities	<u>6,642,551</u>	<u>40</u>	<u>5,140,046</u>	<u>30</u>
	Equity attributable to owners of the Company (Note 21)				
3110	Ordinary share	5,810,505	35	5,810,505	34
3200	Capital surplus	14,556	-	12,002	-
	Retained earnings				
3310	Legal reserve	1,117,245	7	870,332	5
3320	Special reserve	408,223	2	408,223	2
3350	Unappropriated retained earnings	2,029,080	12	3,981,643	24
3300	Total retained earnings	3,554,548	21	5,260,198	31
3400	Other equity	67,163	1	80,272	1
31XX	Total equity attributable to owners of the Company	<u>9,446,772</u>	<u>57</u>	<u>11,162,977</u>	<u>66</u>
36XX	Non-controlling Interests	594,456	3	672,292	4
3XXX	Total equity	<u>10,041,228</u>	<u>60</u>	<u>11,835,269</u>	<u>70</u>
	Total Liabilities and Equity	<u>\$ 16,683,779</u>	<u>100</u>	<u>\$ 16,975,315</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

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China General Plastics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands, except (Losses) Earnings Per Share

CODE		2022		2021	
		Amount	%	Amount	%
4100	Net revenue (Notes 22 and 28)	\$ 17,637,479	100	\$ 20,221,524	100
5110	Cost of revenue (Notes 11, 23, and 28)	16,959,318	96	15,181,144	75
5900	Gross profit	678,161	4	5,040,380	25
	Operating expenses (Notes 10, 23 and 28)				
6100	Selling and marketing expenses	1,259,086	7	1,353,416	7
6200	General and administrative expenses	331,066	2	291,667	2
6300	Research and development expenses	72,479	1	77,173	-
6450	Expected credit losses	-	-	967	-
6000	Total operating expenses	1,662,631	10	1,723,223	9
6900	Profit (loss) from operations	(984,470)	(6)	3,317,157	16
	Non-operating income and expenses (Notes 23 and 28)				
7100	Interest income	10,127	-	2,235	-
7010	Other income	322,808	2	103,761	1
7020	Other gains and losses	150,954	1	(132,984)	(1)
7060	Share of profit of associates accounted for using the equity method	10,208	-	22,159	-
7510	Interest expense	(26,810)	-	(5,294)	-
7000	Total non-operating income and expenses	467,287	3	(10,123)	-
7900	Net (loss) profit before tax	(517,183)	(3)	3,307,034	16
7950	Income tax (benefit) expense (Note 24)	(179,466)	(1)	675,616	3
8200	Net Profit (Loss) for the Year	(337,717)	(2)	2,631,418	13
	Other comprehensive income (loss) (Notes 20, 21 and 24)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	134,354	1	1,171	-
8316	Unrealized losses on investments in equity instruments at FVTOCI	(15,834)	-	(42,877)	-
8321	Share of the other comprehensive income (loss) of associates accounted for using the equity method-remeasurement of defined benefit plans	3,011	-	(242)	-
8326	Share of the other comprehensive income (loss) of associates accounted for using the equity method-unrealized gains (losses) on investments in equity instruments at FVTOCI	(31,015)	-	37,095	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(16,826)	-	(906)	-
8310		73,690	1	(5,759)	-
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	41,526	-	(11,080)	-
8371	Share of the other comprehensive income (loss) of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	379	-	(338)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(8,305)	-	2,216	-
8360		33,600	-	(9,202)	-
8300	Other comprehensive income (loss) for the year, net of income tax	107,290	1	(14,961)	-
8500	Total comprehensive income (loss) for the year	(\$ 230,427)	(1)	\$ 2,616,457	13
	Net profit (loss) attributable to:				
8610	Owners of the Company	(\$ 370,247)	(2)	\$ 2,468,676	12
8620	Non-controlling Interests	32,530	-	162,742	1
8600		(\$ 337,717)	(2)	\$ 2,631,418	13
	Total comprehensive income (loss) attributable to:				
8710	Owners of the Company	(\$ 266,133)	(1)	\$ 2,453,884	12
8720	Non-controlling Interests	35,706	-	162,573	1
8700		(\$ 230,427)	(1)	\$ 2,616,457	13
	Earnings (losses) per share (Note 25)				
9750	Basic	(\$ 0.64)		\$ 4.25	
9850	Diluted	(\$ 0.64)		\$ 4.24	

The accompanying notes are an integral part of the consolidated financial statements.

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China General Plastics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

		Equity attributable to owners of the Company								Other equity					
		Capital surplus			Retained earnings					Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI	Total	Total	Non-controlling Interests	Total equity
CODE		Ordinary share	Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
A1	Balance as of January 1, 2021	\$ 5,533,814	\$ 10,024	\$ 314	\$ 10,338	\$ 704,963	\$ 408,223	\$ 2,950,662	\$ 4,063,848	(\$ 43,259)	\$ 138,774	\$ 95,515	\$ 9,703,515	\$ 600,243	\$ 10,303,758
	Appropriation and distribution of earnings for 2020														
B1	Legal reserve	-	-	-	-	165,369	-	(165,369)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(996,086)	(996,086)	-	-	-	(996,086)	-	(996,086)
B9	Share dividends distributed by the Company	276,691	-	-	-	-	-	(276,691)	(276,691)	-	-	-	-	-	-
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(87,619)	(87,619)
C17	Other changes in capital surplus	-	1,412	-	1,412	-	-	-	-	-	-	-	1,412	-	1,412
M5	Acquisition of part of the equity of subsidiaries	-	-	252	252	-	-	-	-	-	-	-	252	(2,905)	(2,653)
D1	Net profit in 2021	-	-	-	-	-	-	2,468,676	2,468,676	-	-	-	2,468,676	162,742	2,631,418
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	451	451	(9,202)	(6,041)	(15,243)	(14,792)	(169)	(14,961)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,469,127	2,469,127	(9,202)	(6,041)	(15,243)	2,453,884	162,573	2,616,457
Z1	Balance as of December 31, 2021	5,810,505	11,436	566	12,002	870,332	408,223	3,981,643	5,260,198	(52,461)	132,733	80,272	11,162,977	672,292	11,835,269
	Appropriation and distribution of earnings for 2021														
B1	Legal reserve	-	-	-	-	246,913	-	(246,913)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(1,452,626)	(1,452,626)	-	-	-	(1,452,626)	-	(1,452,626)
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(113,555)	(113,555)
C17	Other changes in capital surplus	-	2,436	118	2,554	-	-	-	-	-	-	-	2,554	13	2,567
D1	Net Profit (Loss) in 2022	-	-	-	-	-	-	(370,247)	(370,247)	-	-	-	(370,247)	32,530	(337,717)
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	117,223	117,223	33,600	(46,709)	(13,109)	104,114	3,176	107,290
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	-	(253,024)	(253,024)	33,600	(46,709)	(13,109)	(266,133)	35,706	(230,427)
Z1	Balance as of December 31, 2022	<u>\$ 5,810,505</u>	<u>\$ 13,872</u>	<u>\$ 684</u>	<u>\$ 14,556</u>	<u>\$ 1,117,245</u>	<u>\$ 408,223</u>	<u>\$ 2,029,080</u>	<u>\$ 3,554,548</u>	<u>(\$ 18,861)</u>	<u>\$ 86,024</u>	<u>\$ 67,163</u>	<u>\$ 9,446,772</u>	<u>\$ 594,456</u>	<u>\$ 10,041,228</u>

The accompanying notes are an integral part of the consolidated financial statements.

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China General Plastics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

CODE		2022	2021
	Cash flows from operating activities		
A10000	Net (loss) profit before tax	(\$ 517,183)	\$ 3,307,034
A20010	Adjustments for:		
A20100	Depreciation expenses	697,370	681,269
A20200	Amortization expense	18,084	23,761
A20300	Expected credit losses	-	967
A20400	Net gain on fair value change on financial instruments at FVTPL	(60,404)	(19,628)
A20900	Interest expense	26,810	5,294
A21200	Interest income	(10,127)	(2,235)
A21300	Dividend income	(8,593)	(34,369)
A22300	Share of profit of associates accounted for using the equity method	(10,208)	(22,159)
A22500	(Gain) loss on disposal of property, plant and equipment	(1,135)	70,193
A23700	Provision for write-downs of inventories and obsolescence losses	142,081	22,917
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	49,651	677,273
A31130	Notes receivable	185,187	(203,932)
A31150	Trade receivables (including related parties)	447,133	60,503
A31180	Other receivables (including related parties)	61,213	(8,965)
A31200	Inventories	426,400	(1,924,507)
A31230	Prepayments	62,485	(156,391)
A31240	Other current assets	(96)	514
A32150	Trade payables (including related parties)	287,038	20,669
A32180	Other payables (including related parties)	(256,971)	95,848
A32230	Other current liabilities	24,394	25,293
A32240	Net defined benefit liabilities	(52,704)	(54,430)
A33000	Cash generated from operations	1,510,425	2,564,919
A33100	Interest received	9,252	2,328
A33300	Interest paid	(17,748)	(4,275)
A33500	Income tax paid	(685,551)	(356,551)
AAAA	Net cash generated from operating activities	<u>816,378</u>	<u>2,206,421</u>
	Cash flows from investing activities		
B00030	Return of capital from financial assets at FVTOCI	-	10,449

(Continued)

<u>CODE</u>		<u>2022</u>	<u>2021</u>
B00040	Acquisition of financial assets at amortized cost	(\$ 835,271)	(\$ 662,805)
B00050	Proceeds from disposal of financial assets at amortized cost	761,538	662,738
B02000	Increase in prepayments for investments	-	(50,000)
B02700	Payments for property, plant and equipment	(1,456,910)	(1,681,675)
B02800	Proceeds from disposal of property, plant and equipment	8,468	20,288
B03700	Increase in refundable deposits	(43,731)	(59,949)
B03800	Decrease in refundable deposits	47,538	55,796
B04500	Acquisition of intangible assets	(192)	-
B05400	Acquisition of investment properties	(1,500)	(3,298)
B06700	Increase in other non-current assets	(17,148)	(23,356)
B07600	Dividends received	<u>8,593</u>	<u>34,369</u>
BBBB	Net cash used in investing activities	(<u>1,528,615</u>)	(<u>1,697,443</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	590,000	200,000
C00500	Increase in short-term notes and bills payable	200,000	-
C01600	Proceeds from long-term borrowings	3,131,800	1,350,200
C01700	Repayments of long-term borrowings	(1,570,000)	(500,000)
C03000	Increase in guarantee deposits received	14,347	8,230
C03100	Decrease in guarantee deposits received	(1,225)	(2,800)
C04020	Repayments of the principal portion of lease liabilities	(35,614)	(34,658)
C04300	Increase (decrease) in other non-current liabilities	(6)	46
C04500	Dividends paid	(1,449,418)	(995,375)
C05400	Acquisition of ownership interests in subsidiaries	-	(2,653)
C05800	Cash dividends paid on non-controlling interests	(<u>113,461</u>)	(<u>87,619</u>)
CCCC	Net cash generated from (used in) financing activities	<u>766,423</u>	(<u>64,629</u>)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>2,068</u>	(<u>1,159</u>)
EEEE	Net increase in cash and cash equivalents	56,254	443,190
E00100	Cash and cash equivalents at the beginning of the year	<u>1,220,291</u>	<u>777,101</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,276,545</u>	<u>\$ 1,220,291</u> (Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA HUANG, HSIU-CHUN and CPA CHIU, CHENG-CHUN of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

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China General Plastics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Company History

China General Plastics Corporation ("the Company") was incorporated and began operations on April 29, 1964. The Company mainly engages in the production and sale of PVC films, PVC leather, PVC pipes, PVC compounds, PVC resins, construction products, chlor-alkali products and other related products.

The Company's ordinary shares have been listed on the Taiwan Stock Exchange since March 1973.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") are presented in the Company's functional currency, the New Taiwan dollar (NT\$).

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements have been approved by the Board of Directors on March 2, 2023.

3. Application of New, Amended, and Revised Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

(2) IFRSs endorsed by the FSC that are applicable in 2023

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments shall be applied for the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for the recognition of deferred tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments are applicable to transactions that occur after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is assessing the above standards and interpretations, and the modifications to the above standards and interpretations may have no significant impact on the financial position and financial performance.

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contract Terms"	January 1, 2024

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The seller, who is also the lessee, should retrospectively apply the amendments to IFRS 16 for a sale and leaseback transaction entered into after the date of the initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and importance of related inputs:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

(3) Standards for assets and liabilities classified as current and non-current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities with settlement within 12 months after the balance sheet date; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please see Note 12 and Tables 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(5) Foreign Currencies

In the preparation of financial statements, transactions denominated in a currency other than the Group's functional currency (i.e., foreign currency) are translated into the Group's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income and are attributable to owners of the Company and non-controlling interests respectively.

(6) Inventories

Inventories comprise raw materials, finished goods and work in process. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

(7) Investments in associates

An associate is an entity over which the Group has significant influence other than a subsidiary.

The Group accounts for investments in associates using the equity method.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Group's share of profit or loss and other comprehensive income and profit distribution of the associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group

has incurred legal obligations, or constructive obligations, or made payment on behalf of that associate.

To assess impairment, the Group has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts. The impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Group shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. In addition, the Group shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the an associate had directly disposed of the related assets or liabilities.

Profits and losses in upstream, downstream and side-stream transactions between the Group and associates are recognized in the consolidated financial statements only to the extent that the profits and losses are irrelevant to the Group's interests in the associates.

(8) Property, Plant and Equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are recognized at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except freehold land, each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(9) Investment Properties

Investment properties are real estate held for rent or capital appreciation or both.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

The investment properties are depreciated on a straight-line basis.

When investment properties are derecognized, the difference between the net disposal proceeds and the carrying amount of the property shall be recognized in profit or loss of the current year.

(10) Impairment of property, plant, equipment, right-of-use assets and investment property

At the end of each reporting date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Group shall estimate the recoverable amount of the asset's cash-generating unit. Shared assets are allocated to individual cash-generating units when they can be allocated to the cash-generating units on a reasonable and consistent basis. Otherwise, they can be allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the related asset of the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the related asset of the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheets when the Group becomes a party of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

I) Types of measurement

The types of financial assets held by the Group are financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets that are mandatorily measured at FVTPL include investments in equity instruments that are not designated to be measured at FVTOCI and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value. Any gain or loss of remeasurements (excluding any stock dividends or interests from the said assets) are recognized in profit or loss. Fair value is determined in the manner described in Note 27.

B. Financial assets at amortized cost

When the Group's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized (including cash and cash equivalents, notes receivable, trade receivable, other receivables, pledged time deposits, and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include time deposits with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

C. Investments in Equity Instruments at FVTOCI

The Group may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and any subsequent

fair value changes are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

II) Impairment of financial assets

The impairment loss of financial assets at amortized cost (including trade receivables) is measured by the Group on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Group determines that the financial assets have breached the contract by the following circumstances:

- A. Internal or external information indicates that the debtor is unlikely to pay its creditors.
- B. The underlying debt is overdue for a specified number of days, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account.

III) Derecognition of financial assets

The Group derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Group transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive income, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received after deducting direct issue costs.

3) Financial liabilities

I) Subsequent measurement

Except for the following circumstances, financial liabilities are assessed at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are held for trading.

Financial liabilities held for trading are measured at fair value, and their gains or losses arising from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 27.

II) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

4) Derivative financial assets

Derivative instruments entered into by the Group are forward foreign exchange contracts, which are used to manage the Group's exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset. When the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

(12) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations. Refund liabilities are provided based on past experience and other relevant factors to reasonably estimate the amount of future returns.

Sales revenue of commodities

Sales revenue of commodities comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products. When commodities are delivered to the customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Group will recognize revenue and accounts receivable at that time.

(13) Leases

The Group assesses whether the contract is (or includes) a lease on the date of its establishment.

1. Where the Group is a lessor:

Under operating leases, revenue is recognized on a straight-line basis over the relevant lease term.

2. Where the Group is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. The right-of-use assets are separately expressed in the consolidated balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments). If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. Lease liabilities are presented separately in the consolidated balance sheets.

(14) Borrowings costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(15) Government subsidies

Government subsidies are recognized only when there is reasonable assurance that the Group will comply with the conditions associated with the subsidies and that the subsidies will be received.

Government subsidies whose condition is that the Group should purchase, construct or otherwise acquire the assets are recognized as deferred income, which should be transferred to profit or loss over the useful lives of the related assets on a reasonable and systematic basis.

For government loan with lower than market interest rates obtained by the Group, the difference between the loan amount received and the fair value of the loan based on the prevailing market interest rate is recognized as a government subsidy.

(16) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

2. Deferred tax

Deferred tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized when there are likely taxable income for the deducting temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary

difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred income tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred tax assets is re-examined at the end of each reporting period and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss except for those related to items recognized in other comprehensive income or equity that shall be recognized in other comprehensive income or entity, respectively.

5. **Critical Accounting Judgments and Key Sources of Estimation and Uncertainty**

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis by the management of the Group. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Key Sources of Estimation and Uncertainty

(1) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. The estimate is based on current market conditions and historical sales experience of the similar products, and any changes in market conditions may materially affect the results of the estimate.

(2) Income Tax

As of December 31, 2022 and 2021, the carrying amounts of deferred tax assets in relation to unused tax losses were \$381,748 thousand and \$228,381 thousand, respectively. Due to the unpredictability of future profit streams, as of December 31, 2022 and 2021, there were still loss carryforwards and deductible temporary differences of \$210,775 thousand and \$345,171 thousand respectively, which were not recognized as deferred tax assets. The realizability of deferred tax assets depends primarily on the availability of sufficient future profits or taxable temporary differences. If the actual

profits generated in the future are less than expected, there may be a significant reversal of deferred tax assets, and these reversals are recognized as profit or loss in the period in which they occur.

(3) Associate's estimated of damage compensation for gas explosion incident

The associate, China General Terminal & Distribution Corporation, has recognized the liability provision for civil damages compensation arising from the gas explosion incident. The management has considered the progress of the relevant civil and criminal litigation and settlement with reference to legal advice to estimate the amount of the liability provision. However, actual results may differ from current estimates.

6. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 434	\$ 416
Checking accounts and demand deposits	399,998	629,408
Cash equivalents		
Reverse repurchase agreements collateralized by bonds	505,750	89,982
Time deposits	<u>370,363</u>	<u>500,485</u>
	<u>\$ 1,276,545</u>	<u>\$ 1,220,291</u>

The market rate intervals of time deposits in banks and reverse repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits	4.02%-4.70%	0.07%-0.77%
Reverse repurchase agreements collateralized by bonds	1.10%-1.15%	0.37%

7. Financial Instruments at FVTPL

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
— Foreign exchange forward contracts	\$ 40	\$ 4,079
Non-derivative financial assets		
— Mutual Funds	809,600	747,243
— Beneficiary securities	54,186	52,541
— Domestic listed equity investments	18,916	58,597
— Overseas unlisted equity investments	-	-
	<u>\$ 882,742</u>	<u>\$ 862,460</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	<u>\$ 9,529</u>	<u>\$ -</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)		
<u>December 31, 2022</u>					
Buy	NTD/USD	2023.01.03-2023.02.23	NTD	672,391 /USD	21,620
<u>December 31, 2021</u>					
Buy	NTD/USD	2022.03.07	NTD	128,458 /USD	4,640
Sell	USD/NTD	2022.01.03-2022.03.30	USD	31,290 /NTD	870,183

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

8. Financial Assets at FVTOCI - Non-current

Investments in equity instruments

	December 31, 2022	December 31, 2021
Domestic equity investments		
Listed ordinary shares		
Asia Polymer Corporation	\$ 3,673	\$ 4,774
Unlisted ordinary share		
KHL IB Venture Capital Co., Ltd.	<u>67,644</u>	<u>82,377</u>
	<u>\$ 71,317</u>	<u>\$ 87,151</u>

In order to adjust its capital structure, in August 2021 and January 2021, the shareholders' meeting of KHL IB Venture Capital Co., Ltd. resolved to respectively reduce its ordinary shares by 50 shares and 130 shares per 1,000 shares, representing a refund of \$500 and \$1,300. In 2021, the Group received a capital refund of \$10,449 thousand.

The Group invested in equity instruments for medium to long-term strategic purposes and expects to make a profit via long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. Financial Assets at Amortized Cost - Current

	December 31, 2022	December 31, 2021
Domestic equity investments		
Pledged time deposits	<u>\$343,024</u>	<u>\$269,291</u>

As of December 31, 2022 and 2021, the interest rates for pledged time deposits ranged from 0.190%~1.405%, and 0.040%~0.765%, respectively.

Refer to Note 29 for information related to financial assets at amortized cost pledged as security.

10. Notes Receivable, Trade Receivables and Other Receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ <u>219,522</u>	\$ <u>404,709</u>
<u>Trade receivables (including related parties)(Note 28)</u>		
At amortized cost		
Gross carrying amount	\$ 1,215,387	\$ 1,651,208
Less: Allowance for impairment loss	(<u>13,069</u>)	(<u>12,917</u>)
	<u>\$ 1,202,318</u>	<u>\$ 1,638,291</u>
<u>Other receivables (including related parties) (Notes 28)</u>		
Tax refunds receivables	\$ 71,638	\$ 126,882
Others	<u>5,713</u>	<u>10,799</u>
	<u>\$ 77,351</u>	<u>\$ 137,681</u>

Notes/Trade Receivables

The Group's credit period for the sale of goods ranges from 10 days to 60 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Group surveys the customers' credit history and measures the potential customer's credit quality to set a credit limit. A customer's credit limit and rating are reviewed annually. In addition, the Group reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance of impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for receivables at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using an allowance matrix by referencing to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date.

The Group writes off a receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the due receivables. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables based on the Group's allowance matrix:

December 31, 2022

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 231,529	\$ 383,626	\$ 219,477	\$ 600,277	\$1,434,909
Loss allowance (lifetime ECLs)	-	(4,374)	(4,806)	(3,889)	(13,069)
Amortized cost	<u>\$ 231,529</u>	<u>\$ 379,252</u>	<u>\$ 214,671</u>	<u>\$ 596,388</u>	<u>\$1,421,840</u>

December 31, 2021

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 364,648	\$ 695,681	\$ 220,017	\$ 775,571	\$2,055,917
Loss allowance (lifetime ECLs)	-	(6,728)	(4,972)	(1,217)	(12,917)
Amortized cost	<u>\$ 364,648</u>	<u>\$ 688,953</u>	<u>\$ 215,045</u>	<u>\$ 774,354</u>	<u>\$2,043,000</u>

The aging of notes receivable and trade receivables was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 1,328,087	\$ 1,827,949
Less than and including 60 days	102,053	206,426
Over 61 days	4,769	21,542
	<u>\$ 1,434,909</u>	<u>\$ 2,055,917</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 12,917	\$ 13,458
Add: Allowance of impairment loss	-	967
Less: Amounts written off	(88)	(1,435)
Foreign exchange gains and losses	240	(73)
Balance at December 31	<u>\$ 13,069</u>	<u>\$ 12,917</u>

11. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 1,744,503	\$ 2,384,405
Work in progress	63,280	43,483
Raw materials	754,707	674,803
	<u>\$ 2,562,490</u>	<u>\$ 3,102,691</u>

For the years ended December 31, 2022 and 2021, the costs of goods sold for inventories amounted to \$16,959,318 thousand and \$15,181,144 thousand, respectively. For the years ended December 31, 2022 and 2021, the costs of goods sold included provisions of allowance for write-downs of inventories and obsolescence losses amounted to \$142,081 thousand and \$22,917 thousand, respectively.

12. Subsidiary

Subsidiaries included in the consolidated financial statements, and the subject of the consolidated financial statements is as follows:

Investor Company	Subsidiary	Nature of Activities	Proportion of Ownership (%)		Note
			December 31, 2022	December 31, 2021	
The Company	CGPC Polymer Corporation ("CGPCPOL")	Manufacturing and marketing of PVC resins	100.00%	100.00%	Subsidiary (Note 1)
The Company	Taiwan VCM Corporation ("TVCM")	Manufacturing and marketing of VCM	87.27%	87.27%	Subsidiary (Note 2)
The Company	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Reinvestment	100.00%	100.00%	Subsidiary
The Company	CGPC America Corporation ("CGPC-America")	Marketing of PVC film and leather products	100.00%	100.00%	Subsidiary
TVCM	Global Green Technology Corporation ("GGTC")	Environmental testing services	100.00%	-	Subsidiary of TVCM (Note 3)
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 4)
CGPC (BVI)	CGPC Consumer Products Corporation ("CGPC (CP)")	Manufacturing and marketing of PVC consumer products	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 4)

Note 1: On May 16, 2022, the shareholders' meeting executed by the board of directors of CGPCPOL by proxy resolved to re-capitalize earnings of \$200,000 thousand to issue 20,000 thousand new shares, with a record date set on July 1, 2022.

Note 2: Based on the medium- and- long-term investment strategy, the Company acquired 157 thousand shares of TVCM from external shareholders from March to September 2021, with \$2,653 thousand, increasing its shareholding ratio in TVCM from 87.22% to 87.27%. On May 12, 2021, the shareholders' meeting of TVCM resolved to re-capitalize earnings of \$220,328 thousand to issue 22,033 thousand new shares, with a record date set on July 2, 2021.

Note 3: TVCM's bidding for future pollution remediation, testing and other related businesses and public works/public agency projects are specially handed over to independent companies for handling. TVCM invested and established GGTC as a single legal person shareholder with the investment price of \$50,000 thousand to obtain 100% equity. This case was approved and registered by the competent authority on February 11, 2022 with a registered capital of \$168,880 thousand.

Note 4: The board of directors of the Company passed a resolution in October 2011 to dissolve CGPC (ZS) and CGPC (CP). The Company has considered that its discontinued operations was resumed its operating substance, and, therefore, the Company reclassified the discontinued operations as continuing operations since 2021 after an assessment.

The subsidiaries included in the consolidated financial statements are recognized according to the audited financial statements of each subsidiary for the same years.

13. Investment Accounted for Equity Method

Investments in associates that are not individually material

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Listed companies		
Acme Electronics Corporation ("ACME")	\$ 23,911	\$ 23,171
Unlisted companies		
China General Terminal & Distribution Corporation ("CGTD")	<u>355,611</u>	<u>373,731</u>
	<u>\$379,522</u>	<u>\$396,902</u>

Aggregate information of associates that are not individually material

	<u>2022</u>	<u>2021</u>
The Group's share of:		
Profit for the year	\$ 10,208	\$ 22,159
Other comprehensive income (loss)	(<u>27,625</u>)	<u>36,515</u>
Total comprehensive income (loss)	(<u>\$ 17,417</u>)	<u>\$ 58,674</u>

At the end of the reporting periods, the percentage of ownership and voting rights held by the Group in the associates were as follows:

<u>Company name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ACME	1.74%	1.74%
CGTD	33.33%	33.33%

Refer to Table 8 "Information on Reinvestment" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group in conjunction with its affiliates jointly held more than 20% of each of the shareholdings of ACME and had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

<u>Company name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ACME	<u>\$ 76,066</u>	<u>\$169,917</u>

The Group's investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss as of and for the years ended December 31, 2022 were based on the associates' financial statements which have been audited for the same years.

14. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance as of January 1, 2022	\$ 2,090,707	\$ 1,782,011	\$ 10,676,713	\$ 69,670	\$ 396,761	\$ 2,592,135	\$ 17,607,997
Additions	-	-	37	-	137	1,421,368	1,421,542
Disposal	-	(1,881)	(304,008)	(4,029)	(7,589)	-	(317,507)
Reclassification	-	34,012	659,684	6,214	42,208	(742,118)	-
Effect of foreign currency exchange differences	-	43	966	179	510	7	1,705
Balance as of December 31, 2022	<u>\$ 2,090,707</u>	<u>\$ 1,814,185</u>	<u>\$ 11,033,392</u>	<u>\$ 72,034</u>	<u>\$ 432,027</u>	<u>\$ 3,271,392</u>	<u>\$ 18,713,737</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2022	\$ -	\$ 1,059,353	\$ 8,515,016	\$ 52,591	\$ 314,183	\$ 420	\$ 9,941,563
Depreciation expenses	-	69,114	530,873	6,859	26,580	-	633,426
Disposal	-	(1,881)	(297,792)	(4,029)	(6,472)	-	(310,174)
Effect of foreign currency exchange differences	-	43	840	130	397	7	1,417
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,126,629</u>	<u>\$ 8,748,937</u>	<u>\$ 55,551</u>	<u>\$ 334,688</u>	<u>\$ 427</u>	<u>\$ 10,266,232</u>
Net amount as of December 31, 2022	<u>\$ 2,090,707</u>	<u>\$ 687,556</u>	<u>\$ 2,284,455</u>	<u>\$ 16,483</u>	<u>\$ 97,339</u>	<u>\$ 3,270,965</u>	<u>\$ 8,447,505</u>
<u>Cost</u>							
Balance as of January 1, 2021	\$ 2,090,707	\$ 1,731,563	\$ 10,492,526	\$ 68,699	\$ 399,588	\$ 1,346,787	\$ 16,129,870
Additions	-	-	271	-	469	1,803,407	1,804,147
Disposal	-	(1,014)	(305,577)	-	(11,567)	(7,396)	(325,554)
Reclassification	-	51,468	489,772	1,020	8,399	(550,659)	-
Effect of foreign currency exchange differences	-	(6)	(279)	(49)	(128)	(4)	(466)
Balance as of December 31, 2021	<u>\$ 2,090,707</u>	<u>\$ 1,782,011</u>	<u>\$ 10,676,713</u>	<u>\$ 69,670</u>	<u>\$ 396,761</u>	<u>\$ 2,592,135</u>	<u>\$ 17,607,997</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2021	\$ -	\$ 994,562	\$ 8,213,075	\$ 45,866	\$ 298,312	\$ 7,818	\$ 9,559,633
Depreciation expenses	-	65,812	517,301	6,754	27,514	-	617,381
Disposal	-	(1,014)	(215,113)	-	(11,550)	(7,396)	(235,073)
Effect of foreign currency exchange differences	-	(7)	(247)	(29)	(93)	(2)	(378)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 1,059,353</u>	<u>\$ 8,515,016</u>	<u>\$ 52,591</u>	<u>\$ 314,183</u>	<u>\$ 420</u>	<u>\$ 9,941,563</u>
Net amount as of December 31, 2021	<u>\$ 2,090,707</u>	<u>\$ 722,658</u>	<u>\$ 2,161,697</u>	<u>\$ 17,079</u>	<u>\$ 82,578</u>	<u>\$ 2,591,715</u>	<u>\$ 7,666,434</u>

The additions to the construction in progress and machinery to be inspected during the current period were mainly due to the civil engineering works of the Company's plant and warehouse and terminal facilities and the back-line land works of the petrochemical oil storage and transportation center of the subsidiary, TVCM, for phase II of the Port of Kaohsiung Intercontinental Container Terminal.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and Improvements	3~60 years
Machinery and Equipment	2~26 years
Transportation Equipment	2~10 years
Miscellaneous Equipment	2~21 years

The Group's property, plant and equipment were assessed and there was no impairment as of December 31, 2022 and 2021.

15. Lease Arrangements

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$ 125,063	\$ 142,776
Buildings	355	4,164
Machinery and Equipment	<u>-</u>	<u>9,117</u>
	<u>\$ 125,418</u>	<u>\$ 156,057</u>
	<u>2022</u>	<u>2021</u>
Additions of right-of-use assets	<u>\$ 4,512</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land	\$ 22,225	\$ 21,914
Buildings	4,139	3,889
Machinery and Equipment	<u>9,117</u>	<u>9,117</u>
	<u>\$ 35,481</u>	<u>\$ 34,920</u>

Except for the addition and recognition of depreciation expenses, the Group's right-of-use assets did not experience significant sublease and impairment for the years ended December 31, 2022 and 2021.

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 16,268</u>	<u>\$ 36,404</u>
Non-current	<u>\$ 113,696</u>	<u>\$ 124,307</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	0.8244%-1.2750%	0.8244%-1.0392%
Buildings	1.0392%	1.0392%
Machinery and Equipment	-	1.0392%

(3) Material lease activities and contractual terms and conditions

The Group has leased certain land and buildings from others for use as factories and offices, with lease term ranging from 4 to 14 years. At the end of the lease term, the Group has no preferential right to purchase the leased land and buildings.

The Group has also leased certain machinery and equipment from others for use as product manufacturing and company operations, with a lease term of 5 years. At the end of the lease term, the Group has no preferential right to purchase leased machinery and equipment.

The Group adjusted its lease payments arising from the lease contract of land located in Kaohsiung for the change in the publicly announced land price.

(4) Other lease information

	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 13,174</u>	<u>\$ 11,272</u>
Expenses relating to low-value asset leases	<u>\$ -</u>	<u>\$ 635</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 80,757</u>	<u>\$ 41,454</u>
Total cash outflow for leases	<u>(\$131,050)</u>	<u>(\$ 89,843)</u>

The Group has elected to apply the exemptions to recognize the leases of land, buildings, transportation equipment, and office equipment that eligible for short-term leases and low-value asset leases so no corresponding right-of-use assets and lease liabilities are recognized for these leases.

16. Investment Properties

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>Cost</u>				
Balance as of January 1, 2022	\$ 116,686	\$ 605,896	\$ 95,627	\$ 818,209
Additions	1,500	-	-	1,500
Effect of foreign currency exchange differences	<u>-</u>	<u>4,895</u>	<u>1,495</u>	<u>6,390</u>
Balance as of December 31, 2022	<u>\$ 118,186</u>	<u>\$ 610,791</u>	<u>\$ 97,122</u>	<u>\$ 826,099</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2022	\$ -	\$ 300,223	\$ 10,138	\$ 310,361
Depreciation expenses	-	25,105	3,358	28,463
Effect of foreign currency exchange differences	<u>-</u>	<u>3,635</u>	<u>139</u>	<u>3,774</u>
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 328,963</u>	<u>\$ 13,635</u>	<u>\$ 342,598</u>
Net amount as of December 31, 2022	<u>\$ 118,186</u>	<u>\$ 281,828</u>	<u>\$ 83,487</u>	<u>\$ 483,501</u>
<u>Cost</u>				
Balance as of January 1, 2021	\$ 113,388	\$ 607,576	\$ 96,140	\$ 817,104
Additions	3,298	-	-	3,298
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,680)</u>	<u>(513)</u>	<u>(2,193)</u>
Balance as of December 31, 2021	<u>\$ 116,686</u>	<u>\$ 605,896</u>	<u>\$ 95,627</u>	<u>\$ 818,209</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2021	\$ -	\$ 276,028	\$ 6,611	\$ 282,639
Depreciation expenses	-	25,405	3,563	28,968
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,210)</u>	<u>(36)</u>	<u>(1,246)</u>
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 300,223</u>	<u>\$ 10,138</u>	<u>\$ 310,361</u>
Net amount as of December 31, 2021	<u>\$ 116,686</u>	<u>\$ 305,673</u>	<u>\$ 85,489</u>	<u>\$ 507,848</u>

The Group's investment properties are mainly located in industrial districts. Due to the characteristics of the districts, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair value of its investment properties is not reliably measurable.

CGPC (ZS), a subsidiary of CGPC (BVI), which is a subsidiary of the Group, leases land located in Huoju Development Zone, Zhongshan City, Guangdong Province and sub-leases to other companies under operating leases. The corresponding right-of-use assets are accounted for as investment properties.

The total amount of lease payments to be collected in the future for investment property as operating lease as of December 31, 2022 and 2021 is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 36,600	\$ 38,389
Year 2	14,227	25,649
Year 3	10,970	10,983
Year 4	10,970	10,776
Year 5	10,970	10,776
Over 5 years	<u>16,455</u>	<u>26,940</u>
	<u>\$100,192</u>	<u>\$123,513</u>

Except for the recognition of depreciation expenses, the Group's investment properties assets did not experience significant increase, disposal and impairment for the years ended December 31, 2022 and 2021.

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and Improvements	5~26 years
Right-of-use assets	50 years

17. **Borrowings**

(1) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 790,000</u>	<u>\$ 200,000</u>
The range of interest rate	1.639%-1.949%	0.740%

(2) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Commercial note payable</u>	\$ 200,000	\$ -
Less: Discount on commercial note payable	(<u>332</u>)	-
	<u>\$ 199,668</u>	<u>\$ -</u>
The range of interest rate	1.660%-1.722%	-

(3) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 2,432,380</u>	<u>\$ 882,575</u>
The range of interest rate	0.761%-1.780%	0.100%-0.290%

In order to enrich medium- and- long-term working capital, the Company entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$1,300,000 thousand and a credit period due in September 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has made drawdowns of \$300,000 thousand.

Based on “Action Plan for Accelerated Investment by Domestic Corporations”, the Company obtained a low-interest bank loan of \$646,400 thousand, and it recognized and measured the loan according to the market interest rate while the difference from the repayment preferential interest rate shall be treated as government subsidies. As of December 31, 2022, it has made drawdowns of \$499,400 thousand.

In order to enrich medium- and- long-term working capital, the CGPCPOL entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$400,000 thousand and a credit period due in September 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has made drawdowns of \$100,000 thousand.

In order to enrich medium- and- long-term working capital, TVCM entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$300,000 thousand and a credit period due by November 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has not made any drawdown.

Based on “Action Plan for Accelerated Investment by SMEs”, TVCM obtained a low-interest bank loan of \$2,977,400 thousand, and it recognized and measured the loan according to the market interest rate while the difference from the repayment preferential interest rate shall be treated as government subsidies. As of December 31, 2022, it has made drawdowns of \$1,562,600 thousand.

Some of the Group’s credit contracts stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a certain percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the bank concerned. As of December 31, 2022, the Group has not defaulted on any of the aforementioned financial ratios.

18. Trade Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Trade payables (including related parties) (Note 28)</u>		
Operating	<u>\$1,201,754</u>	<u>\$ 914,334</u>

The average payment period of trade payables was 2 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. Other Payables - Non-Related Parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables for salaries or bonuses	\$ 183,204	\$ 464,418
Payables for utilities and fuel fees	139,293	127,285
Payables for purchases of equipment	134,351	169,719
Payables for freight	77,039	91,462
Dividends payable	9,438	8,666
Miscellaneous tax payable	6,142	36,617
Others	<u>177,606</u>	<u>119,913</u>
	<u>\$ 727,073</u>	<u>\$ 1,018,080</u>

20. Retirement Benefit Plans

(1) Defined contribution plans

The Company, CGPCPOL and TVCM adopt a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, and make monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

The employees of the Group's CGPC-America are the members of a retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the plan. The obligation of the Group with respect to the state-run retirement benefit plan is merely to make the specified contributions.

(2) Defined benefit plans

The pension system adopted by the Company and TVCM under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary in a specific period before the approved retirement date. The Company and TVCM allocate 10% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The Bureau of Labor Funds, Ministry of Labor administers the account. The Group has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the consolidated balance sheets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 1,231,937	\$ 1,399,384
Fair value of plan assets	(<u>901,615</u>)	(<u>882,004</u>)
Net defined benefit liabilities	<u>\$ 330,322</u>	<u>\$ 517,380</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2021	<u>\$ 1,485,005</u>	(\$ 912,024)	<u>\$ 572,981</u>
Service costs for the current period	13,224	-	13,224
Interest expense (income)	<u>5,902</u>	(<u>3,756</u>)	<u>2,146</u>
Components recognized in profit or loss	<u>19,126</u>	(<u>3,756</u>)	<u>15,370</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(13,250)	(13,250)
Actuarial loss - changes in demographic assumptions	34,618	-	34,618
Actuarial gain - changes in financial assumptions	(9,962)	-	(9,962)
Actuarial gain - experience adjustments	<u>(12,577)</u>	<u>-</u>	<u>(12,577)</u>
Components recognized in other comprehensive income	<u>12,079</u>	(<u>13,250</u>)	(<u>1,171</u>)
Contribution by the employer	-	(61,779)	(61,779)
Benefits paid from plan assets	<u>(116,826)</u>	<u>108,805</u>	<u>(8,021)</u>
Balance as of December 31, 2021	<u>1,399,384</u>	(<u>882,004</u>)	<u>517,380</u>
Service costs for the current period	9,976	-	9,976
Interest expense (income)	<u>6,762</u>	(<u>4,333</u>)	<u>2,429</u>
Components recognized in profit or loss	<u>16,738</u>	(<u>4,333</u>)	<u>12,405</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(72,525)	(72,525)
Actuarial gain - changes in financial assumptions	(73,892)	-	(73,892)
Actuarial loss - experience adjustments	<u>12,063</u>	<u>-</u>	<u>12,063</u>
Components recognized in other comprehensive income	<u>(61,829)</u>	(<u>72,525</u>)	(<u>134,354</u>)
Contribution by the employer	-	(65,109)	(65,109)
Benefits paid from plan assets	<u>(122,356)</u>	<u>122,356</u>	<u>-</u>
Balance as of December 31, 2022	<u>\$ 1,231,937</u>	(<u>\$ 901,615</u>)	<u>\$ 330,322</u>

Amounts recognized in profit or loss for defined benefit plan are summarized by functions as follows:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 10,327	\$ 12,635
Selling and marketing expenses	1,219	1,306
General and administrative expenses	459	963
Research and development expenses	<u>400</u>	<u>466</u>
	<u>\$ 12,405</u>	<u>\$ 15,370</u>

The Group has the following risks owing to the implementation of the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits conducted by itself or commissioned operations. However, the distributed amount from the plan assets received by the Group shall not be lower than interest on a two-year time deposit at a local bank.
2. Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.375%	0.500%
Average long-term salary adjustment rate	2.500%-2.750%	2.500%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(<u>\$ 21,267</u>)	(<u>\$ 25,862</u>)
Decrease by 0.25%	<u>\$ 21,882</u>	<u>\$ 26,656</u>
Average long-term salary adjustment rate		
Increase by 0.25%	<u>\$ 21,236</u>	<u>\$ 25,675</u>
Decrease by 0.25%	(<u>\$ 20,746</u>)	(<u>\$ 25,046</u>)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expected amount of contribution within 1 year	<u>\$ 62,555</u>	<u>\$ 62,962</u>
Average duration of defined benefit obligations	6.8~8.0 years	7.4~8.1 years

21. Equity

(1) Ordinary share

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>650,000</u>	<u>650,000</u>
Share authorized	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>581,050</u>	<u>581,050</u>
Share issued	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to one vote and to receive dividends.

(2) Capital surplus

Capital surplus relating to unclaimed dividends of which the claim period has expired may be used only to offset previous deficits.

Capital surplus generated from investments in associates accounted for using the equity method may not be used for any purposes.

Capital surplus generated from the difference between the acquisition price of a subsidiary's equity and the book value may be used to offset deficits, be distributed in cash, or be appropriated to share capital.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company makes a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' meeting may retain part or all of such earnings depending on the operating circumstances. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after

amendment, refer to “Employees’ compensation and remuneration of directors” in Note 23(7).

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The shareholders' meetings approved the earnings distribution proposal for years ended December 31, 2021 and 2020 on May 30, 2022 and July 27, 2021 as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 246,913	\$ 165,369		
Cash dividends	1,452,626	996,086	\$ 2.5	\$ 1.8
Share dividends	-	276,691	-	0.5

On March 2, 2023, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2022 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 174,315	\$ 0.3

The distribution of earnings for the year ended December 31, 2022 is subject to the resolution in the shareholders' meeting on May 26, 2023.

(4) Special reserve

The Company appropriated a special reserve in the amount of \$408,223 thousand after offsetting a deficit of \$428,727 thousand, which was from the net increase of retained earnings arising from the initial adoption of IFRSs. As of December 31, 2022, such amount was no change.

(5) Other equity

1. Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at January 1	(\$ 52,461)	(\$ 43,259)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	41,526	(11,080)
Share of exchange of differences of associates accounted for using the equity method	379	(338)
Related income tax	(8,305)	2,216
Balance at December 31	(\$ 18,861)	(\$ 52,461)

2. Unrealized gains (losses) on financial assets at FVTOCI

	2022	2021
Balance at January 1	\$132,733	\$138,774
Recognized for the year		
Unrealized losses		
Equity instruments	(15,694)	(43,136)
Share of exchange of differences associates accounted for using the equity method	(<u>31,015</u>)	<u>37,095</u>
Balance at December 31	<u>\$ 86,024</u>	<u>\$132,733</u>

(6) Non-controlling Interests

	2022	2021
Balance at January 1	\$672,292	\$600,243
Net profit for the Year	32,530	162,742
Other comprehensive income for the year		
Unrealized gains (losses) on financial assets at FVTOCI	(140)	259
Remeasurement defined benefit plans	3,316	(428)
Changes in capital surplus	13	-
Acquisition of part of the equity of subsidiaries	-	(2,905)
Distribution of Cash dividends	(<u>113,555</u>)	(<u>87,619</u>)
Balance at December 31	<u>\$594,456</u>	<u>\$672,292</u>

22. Revenue

(1) Revenue from contracts with customers

	2022	2021
Revenue from the sale of goods		
PVC products	\$ 16,648,264	\$ 19,214,128
VCM products	<u>989,215</u>	<u>1,007,396</u>
	<u>\$ 17,637,479</u>	<u>\$ 20,221,524</u>

Revenue from the sale of goods mainly comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products.

Refer to Note 33 for details about revenue from contracts with customers.

(2) Contract balances

Please refer to Note 10 for information related to notes receivable and trade receivables.

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities (presented in other current liabilities)	<u>\$ 101,549</u>	<u>\$ 76,557</u>	<u>\$ 64,270</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's fulfillment of performance obligation and the respective customers' payment.

(3) Refunds liabilities

	December 31, 2022	December 31, 2021
Refunds liabilities (presented in other current liabilities)	<u>\$ 21,246</u>	<u>\$ 21,833</u>

Refund liabilities relating to sales return and discount are estimated based on historical experience, management judgment, and other known factors, and are presented as a deduction to operating revenue in the period in which the goods are sold.

23. Net Profit (Loss) for the Year

(1) Interest income

	2022	2021
Bank deposits	\$ 5,514	\$ 898
Financial assets at FVTPL	1,110	902
Financial assets at amortized cost	835	305
Others	<u>2,668</u>	<u>130</u>
	<u>\$ 10,127</u>	<u>\$ 2,235</u>

(2) Other income

	2022	2021
Indemnity income	\$240,712	\$ 4,797
Rental income	50,202	47,279
Dividend income	8,593	34,369
Others	<u>23,301</u>	<u>17,316</u>
	<u>\$322,808</u>	<u>\$103,761</u>

(3) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains (losses) on disposal of property, plant and equipment	\$ 1,135	(\$ 70,193)
Gross foreign exchange gains	310,176	114,165
Gross foreign exchange losses	(178,645)	(157,089)
Net gains on fair value change on financial instruments at FVTPL	60,404	19,628
Depreciation expenses from investment properties	(28,463)	(28,968)
Depreciation expenses of property, plant and equipment	(2,023)	-
Others	(11,630)	(10,527)
	<u>\$150,954</u>	<u>(\$132,984)</u>

(4) Interest expense

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 25,947	\$ 3,470
Interest on lease liabilities	1,505	1,824
Less: Capitalized interest (presented under construction in progress)	(642)	-
	<u>\$ 26,810</u>	<u>\$ 5,294</u>

Information about capitalized interest is as follows:

	<u>2022</u>	<u>2021</u>
Capitalized interest	\$ 642	\$ -
Capitalization rate	0.500%-1.000%	-

(5) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, Plant and Equipment	\$ 633,426	\$ 617,381
Right-of-use assets	35,481	34,920
Investment Properties	28,463	28,968
Intangible assets	59	61
Others	<u>18,025</u>	<u>23,700</u>
	<u>\$ 715,454</u>	<u>\$ 705,030</u>

An analysis of depreciation by function

Operating costs	\$ 645,465	\$ 630,865
Operating expenses	21,419	21,436
Other gains and losses	<u>30,486</u>	<u>28,968</u>
	<u>\$ 697,370</u>	<u>\$ 681,269</u>

An analysis of amortization by function

Operating costs	\$ 18,025	\$ 23,700
Operating expenses	<u>59</u>	<u>61</u>
	<u>\$ 18,084</u>	<u>\$ 23,761</u>

(6) Employee benefits expense

	<u>2022</u>	<u>2021</u>
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 31,635	\$ 29,779
Defined benefit plans	<u>12,405</u>	<u>15,370</u>
	44,040	45,149
Other employee benefits	<u>1,068,667</u>	<u>1,346,866</u>
Total employee benefits expenses	<u>\$ 1,112,707</u>	<u>\$ 1,392,015</u>

An analysis of employee benefits expense by function

Operating costs	\$ 876,826	\$ 1,100,151
Operating expenses	<u>235,881</u>	<u>291,864</u>
	<u>\$ 1,112,707</u>	<u>\$ 1,392,015</u>

(7) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

For the year ended on December 31, 2022, the remuneration of employees and directors were not accrued due to the deficit.

The remuneration of employees and directors for 2021, which have been approved by the Company's board of directors on March 9, 2022 was as follows:

Accrual rate

	<u>2021</u>
Remuneration of Employees	1%
Remuneration of Directors	-

Amount of Cash

	<u>2021</u>
Remuneration of Employees	\$ 26,485

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of remuneration of employees and directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the remuneration of employees and directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. Income Tax

(1) Income tax expense recognized in profit or loss

Major components of income tax expenses (benefits) are as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 2,091	\$691,290
Adjustments for prior periods	(4,423)	(4,972)
	<u>(2,332)</u>	<u>686,318</u>
Deferred tax		
In respect of the current year	(177,644)	(11,458)
Adjustments for prior periods	510	756
	<u>(177,134)</u>	<u>(10,702)</u>
Income tax expense (benefit) recognized in profit or loss	<u>(\$179,466)</u>	<u>\$675,616</u>

Reconciliation between accounting income and current income tax expenses (benefits) is as follows:

	<u>2022</u>	<u>2021</u>
Net (loss) profit before tax	(<u>\$ 517,183</u>)	<u>\$ 3,307,034</u>
Income tax (benefits) expenses calculated at the statutory rate	(\$ 208,369)	\$ 1,049,782
Domestic investments recognized under equity method	57,220	(358,518)
Tax-exempted income	(3,481)	(6,541)
Gains (losses) on financial assets	1,487	(190)
Fees that cannot be deducted from taxes	1,259	429
Unrecognized deductible temporary differences	(23,669)	(5,130)
Adjustments for prior periods	(<u>3,913</u>)	(<u>4,216</u>)
Income tax expenses (benefits) recognized in profit or loss	(<u>\$ 179,466</u>)	<u>\$ 675,616</u>
 (2) Income tax recognized in other comprehensive income		
	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
In respect of the current year		
- Translation of foreign operations	(\$ 8,305)	\$ 2,216
- Gains remeasurements of defined benefit plans	(<u>16,826</u>)	(<u>906</u>)
Income tax recognized in other comprehensive income	(<u>\$ 25,131</u>)	<u>\$ 1,310</u>
 (3) Current tax assets and liabilities		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refunds receivables	<u>\$ 570</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 661</u>	<u>\$687,974</u>

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 21,213	\$ 27,525	\$ -	\$ 48,738
Investment accounted for equity method	72,748	51,241	(8,305)	115,684
Deferred revenue	22,764	(16,597)	-	6,167
Refunds liabilities	4,455	(206)	-	4,249
Defined benefit plan	94,493	(11,602)	(16,826)	66,065
Holiday benefits payable	9,525	1,293	-	10,818
Loss carryforwards	-	124,960	-	124,960
Others	<u>3,183</u>	<u>1,884</u>	<u>-</u>	<u>5,067</u>
	<u>\$ 228,381</u>	<u>\$ 178,498</u>	<u>(\$ 25,131)</u>	<u>\$ 381,748</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Revaluation increments of land	\$ 592,084	\$ -	\$ -	\$ 592,084
Others	<u>2,548</u>	<u>1,364</u>	<u>-</u>	<u>3,912</u>
	<u>\$ 594,632</u>	<u>\$ 1,364</u>	<u>\$ -</u>	<u>\$ 595,996</u>

2021

	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 17,656	\$ 3,557	\$ -	\$ 21,213
Investment accounted for equity method	72,361	(1,829)	2,216	72,748
Deferred revenue	8,994	13,770	-	22,764
Refunds liabilities	1,923	2,532	-	4,455
Defined benefit plan	104,188	(8,789)	(906)	94,493
Holiday benefits payable	8,976	549	-	9,525
Others	<u>2,201</u>	<u>982</u>	<u>-</u>	<u>3,183</u>
	<u>\$ 216,299</u>	<u>\$ 10,772</u>	<u>\$ 1,310</u>	<u>\$ 228,381</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Revaluation increments of land	\$ 592,084	\$ -	\$ -	\$ 592,084
Others	<u>2,478</u>	<u>70</u>	<u>-</u>	<u>2,548</u>
	<u>\$ 594,562</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 594,632</u>

- (5) Deductible temporary differences and unused loss carryforwards, which were not recognized in deferred tax assets of the consolidated balance sheets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loss carryforwards	<u>\$ 170,034</u>	<u>\$ 115,483</u>
Deductible temporary differences		
Write-downs of inventories and obsolescence losses	\$ 24,261	\$ 15,633
Investment loss using foreign equity method	-	181,158
Defined benefit plan	-	(1,944)
Differences on depreciation period between finance and tax	-	8,216
Others	<u>16,480</u>	<u>26,595</u>
	<u>\$ 40,741</u>	<u>\$ 229,688</u>

As of December 31, 2022, the Group's unused loss carryforwards are \$794,831 thousand which will expire in succession before 2042.

- (6) Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2020 have been assessed by the tax authorities.

25. Earnings (Losses) Per Share

	Unit: NT\$ Per Share	
	<u>2022</u>	<u>2021</u>
Basic earnings (losses) per share	(<u>\$ 0.64</u>)	<u>\$ 4.25</u>
Diluted earnings (losses) per share	(<u>\$ 0.64</u>)	<u>\$ 4.24</u>

Earnings (losses) and weighted average number of ordinary shares used to calculate earnings (losses) per share were as follows:

Net Profit (Loss) for the Year

	<u>2022</u>	<u>2021</u>
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	(<u>\$ 370,247</u>)	<u>\$ 2,468,676</u>

Shares

	Unit: Thousands of shares	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	581,050	581,050
Effect of potentially dilutive ordinary shares:		
Remuneration of employees	-	<u>859</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>581,050</u>	<u>581,909</u>

If the Group offered to settle remuneration paid to employees in cash or shares, the Group assumed the entire amount of the remuneration would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. For the year ended on December 31, 2022, the remuneration of employees was not accrued due to deficit.

26. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

27. Financial Instruments

(1) Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair value or their fair value cannot be reliably measured.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 40	\$ -	\$ 40
Mutual Funds	809,600	-	-	809,600
Beneficiary securities	54,186	-	-	54,186
Investments in equity instruments				
— Domestic listed equity investments	18,916	-	-	18,916
— Overseas unlisted equity investments	-	-	-	-
	<u>\$ 882,702</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 882,742</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic listed equity investments	\$ 3,673	\$ -	\$ -	\$ 3,673
— Domestic unlisted equity investments	-	-	67,644	67,644
	<u>\$ 3,673</u>	<u>\$ -</u>	<u>\$ 67,644</u>	<u>\$ 71,317</u>
<u>Financial liabilities at FVTOCI</u>				
Derivative financial liabilities	\$ -	\$ 9,529	\$ -	\$ 9,529

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 4,079	\$ -	\$ 4,079
Mutual Funds	747,243	-	-	747,243
Beneficiary securities	52,541	-	-	52,541
Investments in equity instruments				
– Domestic listed equity investments	58,597	-	-	58,597
– Overseas unlisted equity investments	-	-	-	-
	<u>\$ 858,381</u>	<u>\$ 4,079</u>	<u>\$ -</u>	<u>\$ 862,460</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
– Domestic listed equity investments	\$ 4,774	\$ -	\$ -	\$ 4,774
– Domestic unlisted equity investments	-	-	82,377	82,377
	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 82,377</u>	<u>\$ 87,151</u>

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2022

	Financial assets at FVTOCI
Balance on January 1	\$ 82,377
Components recognized in other comprehensive income	(14,733)
Balance on December 31	<u>\$ 67,644</u>

2021

	Financial assets at FVTOCI
Balance on January 1	\$ 137,731
Components recognized in other comprehensive income	(44,905)
Return of capital reduction	(10,449)
Balance on December 31	<u>\$ 82,377</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments

Category	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Group's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2022 and 2021. When other inputs remain unchanged, the fair value will decrease by \$796 thousand, and \$969 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 882,742	\$ 862,460
Financial assets at amortized cost		
Cash and Cash Equivalents	1,276,545	1,220,291
Pledged time deposits	343,024	269,291
Notes receivable	219,522	404,709
Trade receivables (including related parties)	1,202,318	1,638,291
Other receivables (including related parties and excluding tax refund receivable)	5,713	10,799
Refundable deposits	26,140	29,929
Financial assets at FVTOCI—		
Equity instruments	71,317	87,151
<u>Financial liabilities</u>		
FVTPL		
Held for trading	9,529	-
At amortized cost		
Short-term notes and bills payable	199,668	-
Short-term borrowings	790,000	200,000
Trade payables (including related parties)	1,201,754	914,334
Other payables (Note)	556,480	532,242
Long-term borrowings	2,432,380	882,575
Guarantee deposits	22,771	9,615

Note: Other payables (including related parties) do not include the amount of salary payable and miscellaneous tax payable.

(4) Financial risk management objectives and policies

The Group's conduct of risk control and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion. These risks include market risk (including foreign currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group maintains a balance of hedged net foreign currency denominated assets and liabilities. The Group also utilizes foreign exchange forward contracts to hedge the currency exposure. The use of foreign exchange forward contracts is regulated by the policies passed by the Group's board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The foreign exchange forward contracts that the Group engaged in were not for speculation purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against USD, the net loss before tax for 2022 would have increased / decreased by \$14,614 thousand, and the net income before tax for 2021 would have decreased / increased by \$41,795 thousand.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations in market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 1,165,123	\$ 884,246
- Financial liabilities	1,519,632	360,711
Cash flow interest rate risk		
- Financial assets	421,923	546,712
- Financial liabilities	2,032,380	882,575

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared to assume that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

When reporting to the management, the Group considers any interest rate fluctuation within 50 basis points reasonable. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended December 31, 2022 would have increased/decreased by \$8,052 thousand, and the Group's pre-tax profit for the year ended December 31, 2021 would have decreased /increased by \$1,679 thousand.

c) Other price risks

The Group was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, beneficiary certificates of Funds and other equity securities investments. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to securities price risk at the end of the reporting period. As such, the Group's money market funds recognized under financial assets at FVTPL were not included in the analysis because their price fluctuation risk is extremely low.

If marketable securities price had increased/decreased by 5%, the pre-tax loss for the year ended December 31, 2022 would have decreased/increased by \$3,655 thousand, and the pre-tax profit for the year ended December 31, 2021 would have increased/decreased by \$5,557 thousand, as a result of the changes in fair value of financial assets at FVTPL (excluding investment in money

market funds). If the equity securities price had increased/decreased by 5%, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$3,566 thousand and \$4,358 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations and result in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. As of the end of the reporting period, the Group's largest exposure to credit risk is approximately that of the carrying amounts of its financial assets.

3) Liquidity risk

The Group managers maintain working capital and mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing liabilities		\$1,758,234	\$ -	\$ -
Lease liabilities	0.824-1.275	16,351	63,345	56,336
Floating interest rate liabilities	0.761-1.125	17,304	2,108,287	-
Fixed interest rate liabilities	1.350-1.948	993,441	400,000	-
		<u>\$2,785,330</u>	<u>\$2,571,632</u>	<u>\$ 56,336</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1~5 years	5~10 years	Over 10 Years
Lease liabilities	<u>\$ 16,351</u>	<u>\$ 63,345</u>	<u>\$ 49,933</u>	<u>\$ 6,403</u>

December 31, 2021

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,446,576	\$ -	\$ -
Lease liabilities	0.824-1.039	36,606	61,891	69,520
Floating interest rate liabilities	0.824	1,362	910,414	-
Fixed interest rate liabilities	0.798-0.850	<u>200,077</u>	<u>-</u>	<u>-</u>
		<u>\$1,684,621</u>	<u>\$ 972,305</u>	<u>\$ 69,520</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1~5 years	5~10 years	Over 10 Years
Lease liabilities	<u>\$ 36,606</u>	<u>\$ 61,891</u>	<u>\$ 62,259</u>	<u>\$ 7,261</u>

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of the date of balance sheet, the unused amounts of bank loan facilities were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loan facilities		
— Amount unused	<u>\$ 7,479,040</u>	<u>\$ 7,394,679</u>

28. Transactions with Related Parties

As of December 31, 2022 and 2021, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company's outstanding ordinary shares.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:

(1) Related parties names and categories

<u>Related Party Name</u>	<u>Relationship with the Group</u>
USI Corporation	Ultimate parent company
Union Polymer International Investment Corporation	Parent company
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Technologies Corporation	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
Taita Chemical (Zhong Shan) Co., Ltd.	Subsidiary of investor with significant influence
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance
Fujian Gulei Petrochemical Co., Ltd.	Related party in substance

(2) Sales

<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 3,164	\$ -
Investor with significant influence	2,722	2,339
Fellow subsidiary	464	601
	<u>\$ 6,350</u>	<u>\$ 2,940</u>

The sales of goods to related parties had no material differences from those of general sales transactions.

(3) Purchases

<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Related party in substance	\$ 1,071,372	\$ 97,974
Fellow subsidiary	66,332	59,721
Ultimate parent company	2,109	420
	<u>\$ 1,139,813</u>	<u>\$ 158,115</u>

Purchases from related parties had no material differences from those of general purchase transactions.

(4) Trade receivables			
	<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Investor with significant influence	\$ 630	\$ -
	Fellow subsidiary	<u>128</u>	<u>-</u>
		<u>\$ 758</u>	<u>\$ -</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for the years ended December 31, 2021 and 2020.

(5) Trade payables to related parties			
	<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company	\$219,827	\$227,135
	Fellow subsidiary	<u>7,968</u>	<u>10,363</u>
		<u>\$227,795</u>	<u>\$237,498</u>

TVCM appointed the ultimate parent company to import ethylene, and the trade payables to the ultimate parent company are to be paid off when the ultimate parent company makes a payment.

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties			
	<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company	\$ 839	\$ 786
	Investor with significant influence	733	981
	Fellow subsidiary	10	20
	Associate	6	3
	Subsidiary of investor with significant influence	<u>-</u>	<u>1</u>
		<u>\$ 1,588</u>	<u>\$ 1,791</u>

(7) Other payables to related parties			
	<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Associate	\$ 9,657	\$ 11,289
	Ultimate parent company	7,360	3,044
	Investor with significant influence	846	307
	Subsidiary of investor with significant influence	658	409
	Fellow subsidiary	<u>232</u>	<u>148</u>
		<u>\$ 18,753</u>	<u>\$ 15,197</u>

(8) Acquisitions of property, plant and equipment

		<u>Purchase Price</u>	
	<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
	Ultimate parent company	<u>\$ 4,675</u>	<u>\$ 6,070</u>

(9) Lease arrangements

<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Lease liabilities</u>		
Investor with significant influence		
APC	\$ 110,549	\$ 123,733
TTC	2,549	12,104
Associate	<u>-</u>	<u>7,844</u>
	<u>\$ 113,098</u>	<u>\$ 143,681</u>

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>		
Investor with significant influence		
APC	\$ 1,223	\$ 1,360
TTC	81	179
Associate	<u>44</u>	<u>125</u>
	<u>\$ 1,348</u>	<u>\$ 1,664</u>
<u>Lease expenses</u>		
Ultimate parent company	\$ 6,921	\$ 6,807
Investor with significant influence	<u>4,548</u>	<u>2,687</u>
	<u>\$ 11,469</u>	<u>\$ 9,494</u>

The Company leases offices in Neihu from Ultimate parent company and APC. The rentals are paid on a monthly basis.

The factory belonging to the Company's subsidiaries located on the land in Linyuan was rented from APC. The original lease term expired in December 2011. However, if neither counterparties argued, the lease term would automatically extend for another year.

The Company's subsidiaries leased storage tanks for vinyl chloride monomer from TTC. The original lease term expired in December 2010 and was renewed at both parties' discretion.

The Company's subsidiary leased land for their warehouses from APC. The lease term will expire in May 2026. The lease contract is renewable, and the rental is paid on a monthly basis.

(10) Storage tank operating expenses

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Associate		
CGTD	<u>\$ 99,027</u>	<u>\$ 92,143</u>

The Company's subsidiaries appointed CGTD to handle the storage tank used to transport, store and load vinyl chloride monomer, ethylene and dichloroethane. The storage tank operating expenses are paid by the end of next month following such services.

(11) Management service revenue		
<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 3,370	\$ 3,152
Investor with significant influence	<u>52</u>	<u>76</u>
	<u>\$ 3,422</u>	<u>\$ 3,228</u>

(12) Management service expenses		
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Fellow subsidiary		
UM	\$112,284	\$ 75,588
Ultimate parent company	<u>4,338</u>	<u>4,450</u>
	<u>\$116,622</u>	<u>\$ 80,038</u>

UM and the ultimate parent company provide labor support, equipment and other related services to the Company and its subsidiaries. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(13) Donations		
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Related party in substance		
USIF	<u>\$ 5,000</u>	<u>\$ 4,000</u>

(14) Rental income		
<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Fellow subsidiary	\$ 4,137	\$ 3,363
Subsidiary of investor with significant influence	1,178	1,132
Investor with significant influence	<u>273</u>	<u>280</u>
	<u>\$ 5,588</u>	<u>\$ 4,775</u>

USIO signed a factory lease contract with the Company with a lease term until April 15, 2023. The Company collects fixed rental amounts on a monthly basis. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

(15) Other income		
<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Investor with significant influence	<u>\$ 1,378</u>	<u>\$ 1,627</u>

(16) Compensation of key management personnel

The compensation of directors and key executives for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Salaries and others	\$ 28,853	\$ 31,700
Retirement benefits	<u>216</u>	<u>216</u>
	<u>\$ 29,069</u>	<u>\$ 31,916</u>

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. Assets Pledged as Collateral or for Security

The following assets of the Group were provided as collateral for the performance guarantee for the tariffs of imported raw materials and use of fuel:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledge time deposits (classified as financial assets at amortized cost and other non-current assets)	<u>\$ 367,648</u>	<u>\$ 293,779</u>

30. Significant Contingent Liabilities and Unrecognized Commitments

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

- (1) As of December 31, 2022 and 2021, the Group's unused letters of credit amounted to \$1,314,845 thousand and \$1,463,309 thousand, respectively.
- (2) Description of Kaohsiung gas explosions:

Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate the LCY Chemical Corp.'s propylene pipeline resulting in a gas explosion on July 31, 2014, the appeal was dismissed by the Supreme Court on September 15, 2021, and all three employees of CGTD were innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit of \$228,904 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil litigation against LCY Chemical Corp. CGTD, and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of \$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. Assets under attachment amounted to approximately \$11,393 thousand as of February 23, 2023.

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 victim's successors and persons entitled to the claims ("family of the victim"). Each victim's family was entitled to \$12,000 thousand and the total

compensation was \$384,000 thousand. The compensation was first paid by LCY who also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the victim. CGTD also agreed to pay \$157,347 thousand to LCY on August 10, 2022 in accordance with 30% of the proportion of fault liability in the first instance judgment in accordance with a tripartite agreement. After that, when the civil litigation is determined, it will be compensated according to the determined liability ratio.

As for the seriously injured victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for serious injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 seriously injured victims. The compensation was first paid by CGTD and the Kaohsiung City Government. CGTD also represents the three parties in negotiating settlements with victims who suffered serious injuries in the incident. It has signed settlement agreements with 64 of the victims.

As of February 23, 2023, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corp. for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,440,672 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around \$401,979 thousand. (In particular, CGTD was exempted to pay \$6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The rest cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$1,912,949 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

- (3) TVCM signed an ethylene or dichloroethane purchase contract with CPC Corporation, Formosa Plastics Corporation and Mitsui Corp. The purchase price was negotiated by both parties according to a pricing formula.

31. Significant Assets and Liabilities Denominated in Foreign Currencies

The group entities' significant financial assets and liabilities denominated in foreign currencies and aggregated by foreign currencies other than functional currencies and the related exchange rates. Assets and liabilities with significant impact recognized in foreign currencies are as follows:

Unit: Except for the exchange rate, all in thousands

December 31, 2022

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 40,000	30.710 (USD/NTD)	\$ 1,228,402	\$ 1,228,402
AUD	707	20.830 (AUD/NTD)	14,732	14,732
EUR	574	32.720 (EUR/NTD)	18,769	18,769
USD	301	6.9646 (USD/RMB)	2,093	9,230
GBP	122	37.090 (GBP/NTD)	4,521	4,521
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	24,430	30.710 (USD/NTD)	750,250	750,250
EUR	152	32.720 (EUR/NTD)	4,970	4,970
GBP	19	37.090 (GBP/NTD)	707	707
USD	8	6.9646 (USD/RMB)	55	243

December 31, 2021

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 63,223	27.680 (USD/NTD)	\$ 1,750,011	\$ 1,750,011
AUD	1,000	20.080 (AUD/NTD)	20,078	20,078
EUR	662	31.320 (EUR/NTD)	20,724	20,724
USD	293	6.3757 (USD/RMB)	1,865	8,098
GBP	91	37.300 (GBP/NTD)	3,398	3,398
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	13,184	27.680 (USD/NTD)	364,934	364,934

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were \$131,531 thousand, and (\$42,924) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and various functional currencies.

32. Supplementary Disclosures

(1) Information on Significant Transactions :

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held: Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4.

- 5) Acquisitions of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
 - 6) Disposals of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5.
 - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6.
 - 9) Trading in derivative instruments: Note 7.
 - 10) Other: Intercompany relationships and significant intercompany transactions: Table 7.
- (2) Information on investees: Table 8.
- (3) Information on Investments in Mainland China
- 1) Information on any investee company in Mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 9.
 - 2) The following information on any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and their purposes.
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: Table 10.

33. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments, including departments of VCM products and PVC products, under IFRS 8 "Operating Segments" were as follows:

(1) Segment revenue and results

The following was an analysis of the Group's revenue and results from operations by reportable segments:

2022

	VCM products	PVC products	Total
Revenue from external customers	\$ 989,215	\$ 16,648,264	\$ 17,637,479
Inter-segment revenue	<u>11,713,237</u>	<u>500,487</u>	<u>12,213,724</u>
Segment revenue	<u>\$ 12,702,452</u>	<u>\$ 17,148,751</u>	29,851,203
Eliminations			(<u>12,213,724</u>)
Consolidated revenue			<u>\$ 17,637,479</u>
Segment loss	(<u>\$ 13,308</u>)	(<u>\$ 971,162</u>)	(\$ 984,470)
Interest income			10,127
Other income			322,808
Other gains and losses			150,954
Share of profit of associates accounted for using the equity method			10,208
Interest expense			(<u>26,810</u>)
Loss before income tax			(<u>\$ 517,183</u>)

2021

	VCM products	PVC products	Total
Revenue from external customers	\$ 1,007,396	\$ 19,214,128	\$ 20,221,524
Inter-segment revenue	<u>13,657,550</u>	<u>739,576</u>	<u>14,397,126</u>
Segment revenue	<u>\$ 14,664,946</u>	<u>\$ 19,953,704</u>	34,618,650
Eliminations			(<u>14,397,126</u>)
Consolidated revenue			<u>\$ 20,221,524</u>
Segment income	<u>\$ 132,369</u>	<u>\$ 3,184,788</u>	\$ 3,317,157
Interest income			2,235
Other income			103,761
Other gains and losses			(132,984)
Share of profit of associates accounted for using the equity method			22,159
Interest expense			(<u>5,294</u>)
Profit before income tax			<u>\$ 3,307,034</u>

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gain (loss) on disposal of property, plant and equipment, foreign exchange gains (losses), gain (loss) arising from the valuation of financial instruments, and financing costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the Group's individual segment assets and liabilities were not included in the segment information provided to the chief operating decision-maker, the measured amount of operating segment assets and liabilities was not disclosed herein.

(2) Product information

The Company and its subsidiaries are mainly engaged in the manufacturing and marketing of petrochemical products, which is a single product category. As a result, there is no need to disclose product information

(3) Region information

The amounts of the Group's revenue from continuing operations from external customers and non-current assets by location are detailed below:

	Revenue from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Asia	\$ 14,263,500	\$ 15,578,658	\$ 9,067,400	\$ 8,337,701
America	2,033,506	3,361,005	2,601	6,959
Middle East	688,193	510,226	-	-
Africa	362,418	461,107	-	-
Europe	152,308	190,176	-	-
Oceania	137,554	120,352	-	-
	<u>\$ 17,637,479</u>	<u>\$ 20,221,524</u>	<u>\$ 9,070,001</u>	<u>\$ 8,344,660</u>

Non-current assets exclude those which were classified as financial instruments, investment accounted for equity method, deferred income tax assets, and guarantee deposits

(4) Information about major customers

No revenue from a single customer amounted to 10% of the Group's revenue for the years ended December 31, 2022 and 2021.

China General Plastics Corporation and Subsidiaries
Financing Provided to Others
For the Year Ended December 31, 2022

Table 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Number	Lender	Borrower	Financial Statement Account	Related party (Yes/No)	Highest Balance for the Period	Balance at the End of the Period	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	China General Plastics Corporation	CGPC Polymer Corporation	Other receivables from related parties	Yes	\$ 300,000	\$ 300,000	\$ -	-	Short-term financing	\$ -	Business turnover	\$ -	-	\$ -	\$ 3,778,709	\$ 3,778,709

Note 1: The Company's latest financial statements were audited or reviewed by CPAs at 40% of the net value.

Note 2: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation and Subsidiaries
Endorsements/Guarantees Provided
For the Year Ended December 31, 2022

Table 2

Unit: NT\$ thousands

Number	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual borrowing amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 2)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China
		Company Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,668,063	\$ 1,000,000	\$ 600,000	\$ 100,000	None	6.35%	\$ 9,446,772	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of December 31, 2022.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 100% of the Company's net worth stated on the latest financial statements; the total amount of guarantee provided by the Company to any single entity shall not exceed 60% of the Company's net worth stated on the latest financial statements.

China General Plastics Corporation and Subsidiaries

Marketable Securities Held

December 31, 2022

Table 3

Unit: NT\$ thousands

Holding Company Name	Type and Name of Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Unit / Share	Carrying Amount	Percentage of Ownership (%)	Fair value	
China General Plastics Corporation	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,997,000	\$ 54,186	-	\$ 54,186	(Note 1)
	<u>Mutual Funds</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	9,445,668	130,021	-	130,021	(Note 1)
	Jih Sun Money Market Fund	—	"	7,974,063	120,176	-	120,176	(Note 1)
	CTBC Hua-Win Money Market Fund	—	"	4,475,635	50,030	-	50,030	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	3,019,311	50,028	-	50,028	(Note 1)
	<u>Ordinary shares</u>							
	China Steel Corporation	—	Financial assets at FVTPL - current	350,000	10,430	-	10,430	(Note 1)
	Tungsho Steel Corporation	—	"	95,500	5,033	-	5,033	(Note 1)
	Quanta Storage Inc.	—	"	86,000	3,453	-	3,453	(Note 1)
	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	4,977,475	67,644	5.95%	67,644	(Note 1)
Taiwan VCM Corporation	<u>Mutual Funds</u>							
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	8,593,337	124,011	-	124,011	(Note 1)
	Taishin 1699 Money Market Fund	—	"	8,735,968	120,252	-	120,252	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	6,037,918	100,045	-	100,045	(Note 1)
	Hua Nan Phoenix Money Market Fund	—	"	2,119,619	35,015	-	35,015	(Note 1)
		<u>Ordinary shares</u>						
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	130,244	3,673	0.02%	3,673	(Note 1)
CGPC Polymer Corporation	<u>Mutual Funds</u>							
	Cathay Taiwan Money Market Fund	—	Financial assets at FVTPL - current	3,963,221	50,013	-	50,013	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	1,811,091	30,009	-	30,009	(Note 1)
CGPC (BVI) Holding Co., Ltd.	<u>Ordinary shares</u>							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHWARE, Inc - preferred shares	—	"	100,000	-	-	-	(Notes 1, 2, and 3)

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2: The preferred shares are not used in the calculation of the shareholding ratio.

Note 3: As of December 31, 2022, the Group evaluates the fair value of the equity instrument as \$0.

China General Plastics Corporation and Subsidiaries
Marketable Securities Acquired and Disposed of at Costs and Prices of at Least NT\$300 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2022

Table 4

Unit: NT\$ thousands

Buyer/Seller	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal			Ending Balance (Note)		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain on disposal	Shares	Amount
China General Plastics Corporation	<u>Mutual Funds</u> UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	—	—	-	\$ -	17,771,179	\$ 300,000	17,771,179	\$ 300,027	\$ 300,000	\$ 27	-	\$ -
Taiwan VCM Corporation	<u>Mutual Funds</u> Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	—	—	-	-	46,786,806	773,000	40,748,888	673,260	673,000	260	6,037,918	100,000
	Taishin Ta-Chong Money Market Fund	//	—	—	-	-	27,582,127	397,000	18,988,790	273,386	273,200	186	8,593,337	123,800
CGPC Polymer Corporation	<u>Mutual Funds</u> FSITC Taiwan Money Market Fund	Financial assets at FVTPL - current	—	—	6,464,876	100,000	15,826,464	245,000	22,291,340	345,074	345,000	74	-	-

Note: The amount refers to the original acquisition cost.

China General Plastics Corporation and Subsidiaries
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2022

Table 5

Unit: NT\$ thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase / Sales	Amount	Ratio to Total Purchase / Sales	Payment Terms	Unit Price	Payment Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)	
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Sales	(\$ 452,012)	(4%)	90 days	No major difference	No major difference	\$ 144,312	14%	(Note)
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sales	(6,196,440)	(49%)	45 days	"	"	790,837	47%	(Note)
	CGPC Polymer Corporation	Fellow subsidiary	Sales	(5,516,012)	(44%)	45 days	"	"	732,016	43%	(Note)
	Fujian Gulei Petrochemical Co., Ltd.	Related party in substance	Purchases	1,071,372	10%	Sight Letter of Credit	"	"	-	-	—

Note: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation and Subsidiaries
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
December 31, 2022

Table 6

Unit: NT\$ thousands

Company Name	Counterparty	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Treatment Method		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Trade receivables - related parties \$ 144,312	2.71	\$ -	—	\$ 60,571	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables - related parties 790,837	5.43	-	—	790,837	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables - related parties 732,016	5.27	-	—	732,016	Note 1

Note 1: There is no allowance for impairment loss after an impairment assessment.

Note 2: The subsequent period is between January 1 and February 18, 2023.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
For the Year Ended December 31, 2022

Table 7

Unit: NT\$ thousands

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Sales or Asset (Note 3)
0	China General Plastics Corporation	Taiwan VCM Corporation	1	Trade payables to related parties	\$ 790,837	No major difference	5%
			1	Purchases	6,196,440	"	35%
		CGPC America Corporation	1	Trade receivables from related parties	144,312	"	1%
			1	Sales revenue	452,012	"	3%
		CGPC Polymer Corporation	1	Other receivables from related parties	1,099	"	-
			1	Trade payables to related parties	5,074	"	-
			1	Purchases	48,475	"	-
			Global Green Technology Corporation	1	Other expenses	737	"
1	Taiwan VCM Corporation	Global Green Technology Corporation	3	Other receivables from related parties	15,753	"	-
			3	Other income	15,000	"	-
2	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	732,016	"	4%
			3	Other receivables from related parties	34,435	"	-
			3	Purchases	5,516,012	"	31%
			3	Rental income	1,752	"	-

Note 1: The information correlation between the numeral and the entity are stated as follows:

1. The parent company: 0.
2. The subsidiaries: 1 onward.

Note 2: The direction of the investment is as follows:

1. The parent company to its subsidiary.
2. The subsidiary to the parent company.
3. Between subsidiaries.

Note 3: The ratio of transactions related to total sales revenue or assets is calculated as follows: a. Assets or liabilities: The ratio was calculated based on the ending balance of total consolidated assets; and b. Income or loss:

The ratio was calculated based on the midterm accumulated amount of total consolidated sales revenue.

China General Plastics Corporation and Subsidiaries
Information on Investees
For the Year Ended December 31, 2022

Table 8

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing and marketing of VCM	\$ 2,933,648	\$ 2,933,648	259,591,005	87.27%	\$ 4,076,858	\$ 21,552	\$ 223,093	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of PVC resins	800,000	800,000	100,000,000	100%	701,707	(522,042)	(522,042)	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100%	333,626	(24,490)	(24,490)	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehousing and transportation of petrochemical raw materials	41,106	41,106	23,892,872	33.33%	355,611	29,772	9,924	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881	Marketing of PVC film and leather products	648,931	648,931	100	100%	186,395	(47,522)	(47,522)	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of Mn-Zn and Ni-Zn ferrite cores	33,995	33,995	3,176,019	1.74%	23,911	16,348	284	Associate accounted for using the equity method
Taiwan VCM Corporation	Global Green Technology Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Environmental detection services	50,000	-	5,000,000	100%	52,642	2,642	-	Subsidiary

Note 1: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation and Subsidiaries
Information on Investments in Mainland China
For the Year Ended December 31, 2022

Table 9

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Business Content	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of Investee	Ownership Percentage of Direct or Indirect Investment	Investment Gain(Loss) (Note 5)	Carrying Amount as of December 31, 2022 (Notes 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	\$ 614,200 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 614,200 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 614,200 (US\$ 20,000 thousand)	(\$ 26,469) (US\$ -865 thousand)	100%	(\$ 26,469) (US\$ -865 thousand)	\$ 240,228 (US\$ 7,823 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	46,065 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	46,065 (US\$ 1,500 thousand)	-	-	46,065 (US\$ 1,500 thousand)	653 (US\$ 22 thousand)	100%	653 (US\$ 22 thousand)	14,317 (US\$ 466 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$ 831,688 (US\$ 27,082 thousand)	\$ 964,294 (US\$ 31,400 thousand)	\$ -

Note 1: The calculation was based on the spot exchange rate of December 31, 2022.

Note 2: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920426850 on September 8, 2020, the upper limit on investment is not applicable.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of Continental General Plastics (San He) Co., Ltd. ("CGPC (SH)") were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of US\$684 thousand, the investment amount of Union (ZS) of US\$898 thousand, and the investment amount of CGPC (SH) of US\$4,000 thousand.

Note 4: The investment income (loss) recognized in 2022 is based on the financial statements audited by the parent company's CPA.

Note 5: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation
Information on Major Shareholders
December 31, 2022

Table 10

Names of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer International Investment Corporation	145,079,236	24.97%
Asia Polymer Corporation	46,886,185	8.06%

Note: The information in this table refers to a total of holding shares of more than 5 percent of the Company's non- physical shares of common stock and preferred stock that have completed registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical shares that have been registered and delivered may be different due to the different calculation basis.