Stock Code: 1305

Notice to Readers:

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China General Plastics Corporation

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

Address: 12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)

Tel: (02)8751-6888

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Independent Auditors' Report

The Board of Directors and Shareholders

China General Plastics Corporation:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the 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 Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company 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 financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the financial statements of the Company for the year ended December 31, 2022 are stated as follows:

<u>Authenticity of regional sales revenue recognition for specific products</u>

The Company's sales revenue in 2022 decreased compared to the same period of last year. The sales revenue of specific products in specific regions increased significantly compared to the same period of last year, which had a significant impact on the sales revenue and financial results of the Company. 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 19 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 post sales, and confirmed whether there were any irregularities.

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

To ensure that the financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the financial statements.

In preparing the financial statements, the management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 Company.
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 Company'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 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. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the financial statements (including relevant Notes), and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the financial statements of the Company.

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 Company's the 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.	Financial Supervisory Commission Approved Document No.
Tai Cai Zheng Liu Zi No. 0920123784	Jin Guan Zheng Liu Zi No. 0930160267

March 10, 2023

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China General Plastics Corporation

Balance Sheets

December 31, 2022 and 2021

Unit: NT$ thousands

CODE	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 96,210	1	$ 472,412	3
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	423,357	3	289,388	2
1150	Notes receivables (Note 9)	128,386	1	195,162	2
1170	Trade receivables (Notes 9 and 25)	880,120	7	1,197,720	8
1200	Other receivables (Notes 9 and 25)	34,690	-	73,172	1
1220	Current tax assets (Note 21)	273	-	-	-
1310	Inventories (Notes 5 and 10)	1,118,032	9	1,363,980	9
1410	Prepayments	30,343	-	27,299	-
1470	Other current assets	1,085	-	761	-
11XX	Total current assets	2,712,496	21	3,619,894	25
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	67,644	1	82,377	1
1550	Investments accounted for using the equity method (Note 11)	5,678,108	44	7,051,879	48
1600	Property, plant and equipment (Notes 12 and 25)	3,868,478	30	3,454,391	23
1760	Investment properties (Note 13)	243,421	2	257,019	2
1840	Deferred tax assets (Notes 21)	227,145	2	210,021	1
1990	Other non-current assets (Note 26)	8,892	-	10,209	-
15XX	Total non-current assets	10,093,688	79	11,065,896	75
1XXX	Total Assets	$ 12,806,184	100	$ 14,685,790	100

CODE	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities				
2100	Short-term borrowings (Note 14)	$ 190,000	1	$ -	-
2170	Trade payables (Note 15)	217,151	2	211,195	1
2180	Trade payables to related parties (Notes 15 and 25)	803,425	6	1,509,369	10
2200	Other payables (Note 16)	420,228	3	561,648	4
2220	Other payables to related parties (Note 25)	6,480	-	3,263	-
2230	Current tax liabilities (Note 21)	-	-	161,641	1
2300	Other current liabilities (Note 19)	92,671	1	102,305	1
21XX	Total current liabilities	1,729,955	13	2,549,421	17
	Non-current liabilities				
2540	Long-term borrowings (Note 14)	792,549	6	-	-
2570	Deferred tax liabilities (Note 21)	483,809	4	485,251	4
2640	Net defined benefit liabilities (Note 17)	328,679	3	481,726	3
2670	Other non-current liabilities	24,420	-	6,415	-
25XX	Total non-current liabilities	1,629,457	13	973,392	7
2XXX	Total Liabilities	3,359,412	26	3,522,813	24
	Equity (Note 18)				
3110	Ordinary share	5,810,505	45	5,810,505	40
3200	Capital surplus	14,556	-	12,002	-
	Retained earnings				
3310	Legal reserve	1,117,245	9	870,332	6
3320	Special reserve	408,223	3	408,223	3
3350	Unappropriated retained earnings	2,029,080	16	3,981,643	27
3300	Total retained earnings	3,554,548	28	5,260,198	36
3400	Other equity	67,163	1	80,272	-
3XXX	Total equity	9,446,772	74	11,162,977	76
	Total liabilities and equity	$ 12,806,184	100	$ 14,685,790	100

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

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China General Plastics Corporation

Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

CODE		2022 Amount	2022 %	2021 Amount	2021 %
4100	Net revenue (Notes 19 and 25)	$ 10,186,976	100	$ 11,487,847	100
5110	Cost of revenue (Notes 10, 20, and 25)	9,698,041	95	9,876,746	86
5900	Gross profit	488,935	5	1,611,101	14
5910	Realized (unrealized) gains from sales	9,953	-	(28,022)	-
5950	Realized gross profit	498,888	5	1,583,079	14
	Operating expenses (Notes 20 and 25)				
6100	Selling and marketing expenses	538,487	5	610,061	6
6200	General and administrative expenses	142,246	2	139,521	1
6300	Research and development expenses	28,239	-	31,954	-
6000	Total operating expenses	708,972	7	781,536	7
6900	Profit (loss) from operations	(210,084)	(2)	801,543	7
	Non-operating income and expenses (Notes 20 and 25)				
7100	Interest income	2,828	-	1,126	-
7010	Other income	60,539	1	53,569	-
7020	Other gains and losses	93,612	1	(45,829)	-
7060	Share of profit (loss) of subsidiaries and associates accounted for using the equity method	(360,753)	(4)	1,811,998	16
7510	Interest expense	(5,175)	-	(442)	-
7000	Total non-operating income and expenses	(208,949)	(2)	1,820,422	16
7900	Profit (loss) before income tax	(419,033)	(4)	2,621,965	23
7950	Income tax (benefit) expense (Note 21)	(48,786)	-	153,289	2
8200	Net Profit (Loss) for the year	(370,247)	(4)	2,468,676	21
	Other comprehensive income (loss) (Notes 17, 18 and 21)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	112,020	1	4,532	-
8316	Unrealized losses on investments in equity instruments at FVTOCI	(14,733)	-	(44,905)	-
8326	Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method unrealized gains (losses) on investments in equity instruments at FVTOCI	(31,976)	-	38,864	-
8331	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method- remeasurement of defined benefit plans	25,755	-	(3,175)	-
8349	Income tax relating to items that will not reclassified subsequently to profit or loss	(20,552)	-	(906)	-
8310		70,514	1	(5,590)	-
	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	104,114	1	(14,792)	-
8500	Total comprehensive income (loss) for the year	($ 266,133)	(3)	$ 2,453,884	21
	Earnings (losses) per share (Note 22)				
9750	Basic	($ 0.64)		$ 4.25	
9850	Diluted	($ 0.64)		$ 4.24	

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China General Plastics Corporation

Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousands

CODE		Ordinary share	Capital surplus – Unpaid Dividends	Capital surplus – Others	Capital surplus – Total	Retained earnings – Legal reserve	Retained earnings – Special reserve	Retained earnings – Unappropriated retained earnings	Retained earnings – Total	Other equity – Exchange differences on translating the financial statements of foreign operations	Other equity – Unrealized gains (losses) on financial assets at FVTOCI	Other equity – Total	Total equity
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
	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)
B9	Share dividends distributed by the Company	276,691	-	-	-	-	-	(276,691)	(276,691)	-	-	-	-
C17	Other changes in capital surplus	-	1,412	-	1,412	-	-	-	-	-	-	-	1,412
M5	Acquisition of part of the equity of subsidiaries	-	-	252	252	-	-	-	-	-	-	-	252
D1	Net Profit in 2021	-	-	-	-	-	-	2,468,676	2,468,676	-	-	-	2,468,676
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	451	451	(9,202)	(6,041)	(15,243)	(14,792)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,469,127	2,469,127	(9,202)	(6,041)	(15,243)	2,453,884
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
	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)
C17	Other changes in capital surplus	-	2,436	118	2,554	-	-	-	-	-	-	-	2,554
D1	Net loss in 2022	-	-	-	-	-	-	(370,247)	(370,247)	-	-	-	(370,247)
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	117,223	117,223	33,600	(46,709)	(13,109)	104,114
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	-	(253,024)	(253,024)	33,600	(46,709)	(13,109)	(266,133)
Z1	Balance as of December 31, 2022	$ 5,810,505	$ 13,872	$ 684	$ 14,556	$ 1,117,245	$ 408,223	$ 2,029,080	$ 3,554,548	($ 18,861)	$ 86,024	$ 67,163	$ 9,446,772

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

China General Plastics Corporation

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	Profit (loss) before income tax	($ 419,033)	$ 2,621,965
A20010	Adjustments for:		
A20100	Depreciation expenses	238,450	225,571
A20200	Amortization expense	59	46
A20400	Net loss (gain) on fair value change on financial instruments at FVTPL	31,715	(17,239)
A20900	Interest expense	5,175	442
A21200	Interest income	(2,828)	(1,126)
A21300	Dividend income	(8,203)	(34,216)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using the equity method	360,753	(1,811,998)
A22500	Gain on disposal of property, plant and equipment	(5,297)	(2,663)
A23700	Provision for write-downs of inventories and obsolescence losses	55,776	15,598
A23900	(Realized) unrealized gains from sales	(9,953)	28,022
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	(165,684)	87,445
A31130	Notes receivable	66,776	(32,523)
A31150	Trade receivables (including related parties)	317,600	(41,607)
A31180	Other receivables (including related parties)	38,469	(24,686)
A31200	Inventories	190,172	(753,132)
A31230	Prepayments	(3,044)	(13,404)
A31240	Other current assets	(324)	415
A32150	Trade payables (including related parties)	(699,988)	363,374
A32180	Other payables (including related parties)	(127,011)	85,594
A32230	Other current liabilities	(9,634)	56,716
A32240	Net defined benefit liabilities	(41,027)	(43,939)
A33000	Cash generated from (used in) operating	(187,081)	708,655
A33100	Interest received	2,841	1,111
A33300	Interest paid	(4,422)	(442)
A33500	Income tax paid	(160,551)	(28,378)
AAAA	Net cash generated from (used in) operating activities	(349,213)	680,946

(Continued)

CODE		2022	2021
	Cash flows from investing activities		
B00030	Return of capital from financial assets at FVTOCI	$ -	$ 10,449
B02700	Payments for property, plant and equipment	(651,765)	(362,945)
B02800	Proceeds from disposal of property, plant and equipment	5,619	2,977
B03700	Increase in refundable deposits	(26,928)	(43,515)
B03800	Decrease in refundable deposits	28,378	44,472
B04500	Acquisition of intangible assets	(192)	-
B07600	Dividends received	1,066,976	890,189
BBBB	Net cash generated from investing activities	422,088	541,627
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	190,000	-
C01600	Proceeds from long-term borrowings	1,969,400	-
C01700	Repayments of long-term borrowings	(1,170,000)	-
C03000	Increase in guarantee deposits received	12,085	2,395
C03100	Decrease in guarantee deposits received	(1,140)	(314)
C04400	Increase (decrease) in other non-current liabilities	(4)	46
C04500	Dividends paid	(1,449,418)	(995,375)
C05400	Acquisition of subsidiaries	-	(2,653)
CCCC	Net cash used in financing activities	(449,077)	(995,901)
EEEE	Net (decrease) increase in cash and cash equivalents	(376,202)	226,672
E00100	Cash and cash equivalents at the beginning of the year	472,412	245,740
E00200	Cash and cash equivalents at the end of the year	$ 96,210	$ 472,412

(Concluded)

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

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China General Plastics Corporation

Notes to 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 functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company's functional currency.

2. Date and Procedures of Authorization of Financial Statements

The 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 Company's accounting policies.

(2) The IFRSs endorsed by the FSC for application starting from 2023

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
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 financial statements were authorized for issue, according to the Company's assessment, the amendments to the above standards and interpretations will have no significant impact on the Company's financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's 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 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 financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at 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.

When preparing the financial statements, the Company adopts the equity method for investments in subsidiaries, associates, or joint ventures. In order to align profit or loss, other comprehensive income, and equity from the current year in the financial statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method", "share of profit or loss of subsidiaries and associates accounted for using the equity method", "share of other comprehensive income of subsidiary and associates accounted for using the equity method" and related equity items.

(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) Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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 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.

(5) 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.

(6) Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

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 Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company’s share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Changes in the Company’s ownership interest in subsidiaries that do not result in the Company losing control of the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. Subsequently, if the recoverable amount of an asset increases, the recovery of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed the carrying amount of the asset to be amortized if the impairment loss is not recognized.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the financial statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the financial statements only to the extent not related to the Company's equity in the subsidiaries.

(7) Investments in associates

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

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

To assess impairment, the Company 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 Company 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 Company 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 Company and associates are recognized in the financial statements only to the extent that the profits and losses are irrelevant to the Company'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. The 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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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 and investment property

At the end of each reporting date, the Company reviews the carrying amounts of its property, plant, and equipment as well as 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. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 are recognized in the balance sheets when the Company becomes a party to the contractual provisions of the instruments.

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 Company 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 24.

B. Financial assets at amortized cost

When the Company'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.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivables, accounts receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method, less any impairment loss. Exchange differences are 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 refer to time deposits that are highly liquid and readily convertible to known amounts of cash subject to an insignificant risk of changes in value. Time deposits are held for the purpose of fulfilling short-term cash commitment.

C. Investments in Equity Instruments at FVTOCI

On initial recognition, the Company has an irrevocable option to designate the investment in equity instruments that are not held-for-trading and not contingent consideration recognized by the acquirer in 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 on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

II) Impairment of financial assets

The impairment loss of financial assets at amortized cost (including trade receivables) is measured by the Company 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 Company 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 Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company 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) Equity instruments

Debt and equity instruments issued by the Company 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 Company 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 24.

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 Company include forward foreign exchange contracts, which are used to manage the Company'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 Company 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 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 Company will recognize revenue and accounts receivable at that time.

(13) Leases

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

1) Where the Company is a lessor

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

2) Where the Company 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.

(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 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 Company 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 Company, 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 Company determines the income (loss) of the current year in accordance with the Income Tax Act of the Republic of China, 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 assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company 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 income 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 income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income 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 Company 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 Company. 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) Taxation

As of December 31, 2022 and 2021, the carrying amounts of deferred income tax assets in relation to unused tax losses were $227,145 thousand and $210,021 thousand, respectively. Due to the unpredictability of future profit streams, as of December 31, 2021, there were deductible temporary differences of $184,196 thousand, which were not recognized as deferred income tax assets. The realizability of deferred income 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 income tax assets, and these reversals are recognized as profit or loss in the period in which they occur (December 31, 2022: None).

(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

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 77	$ 166
Checking accounts and demand deposits	96,133	232,208
Cash equivalents		
Time deposits	-	150,056
Reverse repurchase agreements collateralized by bonds	-	89,982
	$ 96,210	$ 472,412

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:

	December 31, 2022	December 31, 2021
Time deposits	-	0.18%~0.77%
Reverse repurchase agreements collateralized by bonds	-	0.37%

7. Financial Instruments at FVTPL

	December 31, 2022	December 31, 2021
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
－Foreign exchange forward contracts	$ -	$ 3,232
Non-derivative financial assets		
－Mutual Funds	350,255	175,018
－Beneficiary securities	54,186	52,541
－Domestic listed equity investments	18,916	58,597
	$ 423,357	$ 289,388

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)
December 31, 2021			
Sell	USD/NTD	2022.01.03~2022.03.30	USD 23,610 /NTD 656,777

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. Financial Assets at FVTOCI - Non-current

Investments in equity instruments

	December 31, 2022	December 31, 2021
Domestic equity investments		
Unlisted ordinary share		
KHL IB Venture Capital Co., Ltd.	$ 67,644	$ 82,377

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 Company 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 they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. Notes Receivable, Trade Receivables and Other Receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable - operating	$ 128,386	$ 195,162
Trade receivables (including related parties)(Note 25)		
At amortized cost		
Gross carrying amount	$ 890,772	$ 1,208,372
Less: Allowance for impairment loss	(10,652)	(10,652)
	$ 880,120	$ 1,197,720
Other receivables (including related parties) (Notes 25)		
Tax refunds receivables	$ 32,940	$ 66,172
Others	1,750	7,000
	$ 34,690	$ 73,172

Notes/Trade Receivables

The Company'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 Company 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 Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 Company 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 Company 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 Company's allowance matrix:

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ -	$ 316,169	$ 174,599	$ 528,390	$ 1,019,158
Loss allowance (lifetime ECLs)	-	(4,123)	(3,869)	(2,660)	(10,652)
Amortized cost	$ -	$ 312,046	$ 170,730	$ 525,730	$ 1,008,506

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 13,854	$ 466,396	$ 211,407	$ 711,877	$ 1,403,534
Loss allowance (lifetime ECLs)	-	(5,913)	(4,739)	-	(10,652)
Amortized cost	$ 13,854	$ 460,483	$ 206,668	$ 711,877	$ 1,392,882

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

	December 31, 2022	December 31, 2021
Not past due	$ 977,404	$ 1,309,901
Less than and including 60 days	41,274	93,633
Over 61 days	480	-
	$ 1,019,158	$ 1,403,534

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:

	2022	2021
Balances at January 1 and December 31	$ 10,652	$ 10,652

10. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 726,902	$ 972,098
Work in progress	63,272	43,330
Raw materials	327,858	348,552
	$1,118,032	$1,363,980

For the years ended December 31, 2022 and 2021, the costs of goods sold for inventories amounted to $9,698,041 thousand and $9,876,746 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 $55,776 thousand and $15,598 thousand, respectively.

11. Investment Accounted for Equity Method

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 5,298,586	$ 6,654,977
Investments in associates	379,522	396,902
	$ 5,678,108	$ 7,051,879

(1) Investments in subsidiaries

Subsidiary	December 31, 2022	December 31, 2021
Unlisted companies		
Taiwan VCM Corporation ("TVCM")	$ 4,076,858	$ 4,610,674
CGPC Polymer Corporation ("CGPCPOL")	701,707	1,503,749
CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	333,626	345,845
CGPC America Corporation ("CGPC-America")	186,395	194,709
	$ 5,298,586	$ 6,654,977

At the end of the reporting period, the percentage of ownership interests and voting rights of the Company in the subsidiaries were as follows:

Subsidiary	December 31, 2022	December 31, 2021
TVCM	87.27%	87.27%
CGPCP	100%	100%
CGPC（BVI）	100%	100%
CGPC-America	100%	100%

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.

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 invested by using the equity method and the Company's share of profit or loss and other comprehensive profit or loss are recognized based on the financial reports of each subsidiary that have been audited by CPAs during the same years.

(2) Investments in associates

Investments in associates that are not individually material

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

Aggregate information of associates that are not individually material

	2022	2021
The Company's share of:		
Loss and profit for the year	$ 10,208	$ 22,159
Other comprehensive income (loss)	(27,625)	36,515
Total comprehensive income (loss)	($ 17,417)	$ 58,674

At the end of the reporting period, the percentage of ownership interests and voting rights of the Company in the associates were as follows:

Company name	December 31, 2022	December 31, 2021
ACME	1.74%	1.74%
CGTD	33.33%	33.33%

Refer to Table 7 “Information on Reinvestment" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company 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:

Company name	December 31, 2022	December 31, 2021
ACME	$ 76,066	$ 169,917

The associates invested by using the equity method and the Company's share of profit or loss and other comprehensive profit or loss are recognized based on the financial reports of each associates that have been audited by CPAs during the same years.

12. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
Cost							
Balance as of January 1, 2022	$ 1,629,671	$ 940,368	$ 5,298,839	$ 59,845	$ 161,007	$ 629,451	$ 8,719,181
Additions	-	-	-	-	-	639,261	639,261
Disposal	-	(1,881)	(135,719)	(4,029)	(4,140)	-	(145,769)
Reclassification	-	32,827	282,809	6,214	5,485	(327,335)	-
Balance as of December 31, 2022	$ 1,629,671	$ 971,314	$ 5,445,929	$ 62,030	$ 162,352	$ 941,377	$ 9,212,673
Accumulated depreciation and impairment							
Balance as of January 1, 2022	$ -	$ 682,307	$ 4,387,470	$ 44,510	$ 150,503	$ -	$ 5,264,790
Depreciation expenses	-	40,369	173,918	6,206	4,359	-	224,852
Disposal	-	(1,881)	(135,398)	(4,029)	(4,139)	-	(145,447)
Balance as of December 31, 2022	$ -	$ 720,795	$ 4,425,990	$ 46,687	$ 150,723	$ -	$ 5,344,195
Net amount as of December 31, 2022	$ 1,629,671	$ 250,519	$ 1,019,939	$ 15,343	$ 11,629	$ 941,377	$ 3,868,478
Cost							
Balance as of January 1, 2021	$ 1,629,671	$ 893,758	$ 5,170,452	$ 58,824	$ 168,250	$ 482,880	$ 8,403,835
Additions	-	-	-	-	-	417,620	417,620
Disposal	-	(1,014)	(92,759)	-	(8,501)	-	(102,274)
Reclassification	-	47,624	221,146	1,021	1,258	(271,049)	-
Balance as of December 31, 2021	$ 1,629,671	$ 940,368	$ 5,298,839	$ 59,845	$ 161,007	$ 629,451	$ 8,719,181
Accumulated depreciation and impairment							
Balance as of January 1, 2021	$ -	$ 646,154	$ 4,316,313	$ 38,524	$ 154,327	$ -	$ 5,155,318
Depreciation expenses	-	37,167	163,602	5,986	4,677	-	211,432
Disposal	-	(1,014)	(92,445)	-	(8,501)	-	(101,960)
Balance as of December 31, 2021	$ -	$ 682,307	$ 4,387,470	$ 44,510	$ 150,503	$ -	$ 5,264,790
Net amount as of December 31, 2021	$ 1,629,671	$ 258,061	$ 911,369	$ 15,335	$ 10,504	$ 629,451	$ 3,454,391

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.

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

13. Investment Properties

	Land	Buildings and Improvements	Total
Cost			
Balances as of January 1 and December 31, 2022	$ 27,715	$ 292,932	$ 320,647
Accumulated depreciation			
Balance as of January 1, 2022	$ -	$ 63,628	$ 63,628
Depreciation expenses	-	13,598	13,598
Balance as of December 31, 2022	$ -	$ 77,226	$ 77,226
Net amount as of December 31, 2022	$ 27,715	$ 215,706	$ 243,421
Cost			
Balances as of January 1 and December 31, 2021	$ 27,715	$ 292,932	$ 320,647
Accumulated depreciation			
Balance as of January 1, 2021	$ -	$ 49,489	$ 49,489
Depreciation expenses	-	14,139	14,139
Balance as of December 31, 2021	$ -	$ 63,628	$ 63,628
Net amount as of December 31, 2021	$ 27,715	$ 229,304	$ 257,019

The Company's investment properties are located in Toufen 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 Company determined that the fair value of its investment properties is not reliably measurable.

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:

	December 31, 2022	December 31, 2021
Year 1	$ 12,354	$ 11,732
Year 2	10,970	10,776
Year 3	10,970	10,776
Year 4	10,970	10,776
Year 5	10,970	10,776
Over 5 years	16,455	26,940
	$ 72,689	$ 81,776

Except for the recognition of depreciation expenses, the Company's investment assets did not experience significant sublease 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

14. Borrowings

(1) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Bank loans	$ 190,000	$ -
The range of interest rate	1.696%	-

(2) Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Bank loans	$ 792,549	$ -
The range of interest rate	0.975%-1.350%	-

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.

15. Trade Payables

	December 31, 2022	December 31, 2021
Trade payables (including related parties) (Note 25)		
Operating	$ 1,020,576	$ 1,720,564

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

16. Other Payables - Non-Related Parties

	December 31, 2022	December 31, 2021
Payables for salaries or bonuses	$ 128,101	$ 321,368
Payables for purchases of equipment	79,008	91,512
Payables for utilities	47,455	42,907
Payables for freight	40,673	46,384
Dividends payable	9,216	8,444
Miscellaneous tax payable	2,981	2,748
Others	112,794	48,285
	$ 420,228	$ 561,648

17. Retirement Benefit Plans

(1) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. 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 allocates 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 pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 966,803	$ 1,101,617
Fair value of plan assets	(638,124)	(619,891)
Net defined benefit liabilities	$ 328,679	$ 481,726

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	$ 1,186,411	($ 656,214)	$ 530,197
Service costs for the current period	9,975	-	9,975
Interest expense (income)	4,439	(2,471)	1,968
Components recognized in profit or loss	14,414	(2,471)	11,943
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(9,975)	(9,975)
Actuarial loss - changes in demographic assumptions	26,928	-	26,928

(Continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Actuarial loss - changes in financial assumptions	($ 9,962)	$ -	($ 9,962)
Actuarial gain - experience adjustments	(11,523)	-	(11,523)
Components recognized in other comprehensive income	5,443	(9,975)	(4,532)
Contribution by the employer	-	(47,861)	(47,861)
Benefits paid from plan assets	(104,651)	96,630	(8,021)
Balance as of December 31, 2021	1,101,617	(619,891)	481,726
Service costs for the current period	7,797	-	7,797
Interest expense (income)	5,331	(3,046)	2,285
Components recognized in profit or loss	13,128	(3,046)	10,082
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(51,819)	(51,819)
Actuarial loss - changes in financial assumptions	(60,128)	-	(60,128)
Actuarial gain - experience adjustments	(73)	-	(73)
Components recognized in other comprehensive income	(60,201)	(51,819)	(112,020)
Contribution by the employer	-	(51,109)	(51,109)
Benefits paid from plan assets	(87,741)	87,741	-
Balance as of December 31, 2022	$ 966,803	($ 638,124)	$ 328,679

(Concluded)

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

	2022	2021
Operating costs	$ 8,179	$ 9,474
Selling and marketing expenses	1,219	1,306
General and administrative expenses	284	697
Research and development expenses	400	466
	$ 10,082	$ 11,943

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

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 actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.500%
Average long-term salary adjustment rate	2.500%	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:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 16,124)	($ 19,969)
Decrease by 0.25%	$ 16,579	$ 20,571
Average long-term salary adjustment rate		
Increase by 0.25%	$ 16,098	$ 19,814
Decrease by 0.25%	($ 15,737)	($ 19,339)

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.

	December 31, 2022	December 31, 2021
Expected amount of contribution within 1 year	$ 52,891	$ 49,297
Average duration of defined benefit obligations	6.8 years	7.4 years

18. Equity

(1) Ordinary share

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

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 20(6).

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 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	(14,733)	(44,905)
Share from subsidiaries and associates accounted for using the equity method	(31,976)	38,864
Balance at December 31	$ 86,024	$ 132,733

19. Revenue

(1) Revenue from contracts with customers

	2022	2021
Revenue from the sale of goods		
PVC products	$ 10,186,976	$ 11,487,847

Refer to Schedule 6 for the revenue from the sale of goods of the Company.

(2) Contract balances

Please refer to Note 9 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)	$ 56,151	$ 63,475	$ 20,041

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)	$ 19,660	$ 21,792

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.

20. Net Profit (Loss) for the Year

(1) Interest income

	2022	2021
Bank deposits	$ 889	$ 216
Financial assets at FVTPL	1,110	902
Others	829	8
	$ 2,828	$ 1,126

(2) Other income

	2022	2021
Indemnity income	$ 26,449	$ 503
Rental income	15,956	14,159
Dividend income	8,203	34,216
Others	9,931	4,691
	$ 60,539	$ 53,569

(3) Other gains and losses

	2022	2021
Net gains on disposal of property, plant and equipment	$ 5,297	$ 2,663
Gross foreign exchange gains	159,740	29,700
Gross foreign exchange losses	(19,962)	(75,172)
Net (losses) gains on fair value change on financial instruments at FVTPL	(31,715)	17,239
Depreciation expenses from investment properties	(13,598)	(14,139)
Depreciation expenses of property, plant and equipment	(2,023)	-
Others	(4,127)	(6,120)
	$ 93,612	($ 45,829)

(4) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	$ 224,852	$ 211,432
Investment Properties	13,598	14,139
Intangible assets	59	46
	$ 238,509	$ 225,617
An analysis of depreciation by function		
Operating costs	$ 221,126	$ 210,055
Operating expenses	1,703	1,377
Other gains and losses	15,621	14,139
	$ 238,450	$ 225,571
An analysis of amortization by function		
Operating expenses	$ 59	$ 46

(5) Employee benefits expense

	2022	2021
Post-employment benefits (Note 17)		
Defined contribution plans	$ 18,472	$ 17,746
Defined benefit plans	10,082	11,943
	28,554	29,689
Other employee benefits	726,285	925,819
Total employee benefits expenses	$ 754,839	$ 955,508
An analysis of employee benefits expense by function		
Operating costs	$ 627,480	$ 774,500
Operating expenses	127,359	181,008
	$ 754,839	$ 955,508

Refer to Schedule 10 for the details related to employee benefits expense.

(6) 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

	2021
Remuneration of Employees	1%
Remuneration of Directors	-

Amount of Cash

	2021
Remuneration of Employees	$ 26,485

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the 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.

21. Income Tax

(1) Income tax expense recognized in profit or loss

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

	2022	2021
Current tax		
In respect of the current year	$ -	$ 161,733
Adjustments for prior periods	(1,363)	(4,690)
	(1,363)	157,043
Deferred tax		
In respect of the current year	(47,933)	(4,510)
Adjustments for prior periods	510	756
	(47,423)	(3,754)
Income tax expenses (benefits) recognized in profit or loss	($ 48,786)	$ 153,289

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

	2022	2021
Profit (loss) before tax	($ 419,033)	$ 2,621,965
Income tax (benefits) expenses calculated at the statutory rate	($ 83,807)	$ 524,393
Domestic investments recognized under equity method	57,748	(358,518)
Tax-exempted income	(3,035)	(6,118)
Valuation gains (losses) on financial instruments	1,551	(203)
Fees that cannot be deducted from taxes	1,138	-
Unrecognized deductible temporary differences	(21,528)	(2,331)
Adjustments for prior periods	(853)	(3,934)
Income tax expenses (benefits) recognized in profit or loss	($ 48,786)	$ 153,289

(2) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
In respect of the current year		
—Translation of foreign operations	($ 8,305)	$ 2,216
—Gains on remeasurements of defined benefit plans	(20,552)	(906)
Income tax recognized in other comprehensive income	($ 28,857)	$ 1,310

(3) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refunds receivables	$ 273	$ -
Current tax liabilities		
Income tax payable	$ -	$ 161,641

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

Deferred tax assets	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
Temporary differences				
Allowance for inventory write-down	$ 11,537	$ 11,155	$ -	$ 22,692
Investment accounted for equity Method	72,748	51,241	(8,305)	115,684
Deferred revenue	16,488	(6,875)	-	9,613
Refunds liabilities	4,259	(327)	-	3,932
Defined benefit plan	94,493	(8,205)	(20,552)	65,736
Holiday benefits payable	8,784	(306)	-	8,478
Others	1,712	(702)	-	1,010
	$ 210,021	$ 45,981	($ 28,857)	$ 227,145
Deferred income tax liabilities				
Temporary differences				
Revaluation increments of land	$ 483,213	$ -	$ -	$ 483,213
Others	2,038	(1,442)	-	596
	$ 485,251	($ 1,442)	$ -	$ 483,809

2021

Deferred tax assets	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
Temporary differences				
Allowance for inventory write-down	$ 8,418	$ 3,119	$ -	$ 11,537
Investment accounted for equity	72,361	(1,829)	2,216	72,748
Deferred revenue	8,994	7,494	-	16,488
Refunds liabilities	1,789	2,470	-	4,259
Defined benefit plan	104,188	(8,789)	(906)	94,493
Holiday benefits payable	8,317	467	-	8,784
Others	360	1,352	-	1,712
	$ 204,427	$ 4,284	$ 1,310	$ 210,021
Deferred tax liabilities				
Temporary differences				
Revaluation increments of land	$ 483,213	$ -	$ -	$ 483,213
Others	1,508	530	-	2,038
	$ 484,721	$ 530	$ -	$ 485,251

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

The deductible temporary differences, which were not recognized by the Company in deferred tax assets in the corresponding balance sheets as of December 31, 2021, were $184,196 thousand.

(6) Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

22. Earnings (Losses) Per Share

Unit: NT$ Per Share

	2022	2021
Basic earnings (losses) per share	($ 0.64)	$ 4.25
Diluted earnings (losses) per share	($ 0.64)	$ 4.24

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

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

Shares

Unit: Thousands of shares

	2022	2021
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	-	859
Weighted average number of ordinary shares used in the computation of diluted earnings per share	581,050	581,909

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation 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, if 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.

23. Capital Management

The Company 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.

24. Financial Instruments

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

The management of the Company 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

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	$ 350,255	$ -	$ -	$ 350,255
Beneficiary securities	54,186	-	-	54,186
Investments in equity instruments				
－Domestic listed equity investments	18,916	-	-	18,916
	$ 423,357	$ -	$ -	$ 423,357
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic unlisted equity investments	$ -	$ -	$ 67,644	$ 67,644

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,232	$ -	$ 3,232
Mutual Funds	175,018	-	-	175,018
Beneficiary securities	52,541	-	-	52,541
Investments in equity instruments				
－Domestic listed equity investments	58,597	-	-	58,597
	$ 286,156	$ 3,232	$ -	$ 289,388
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic unlisted equity investments	$ -	$ -	$ 82,377	$ 82,377

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

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

2022

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

2021

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

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 Company'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 Company 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

	December 31, 2022	December 31, 2021
Financial assets		
FVTPL		
Mandatorily classified at FVTPL	$ 423,357	$ 289,388
Financial assets at amortized cost		
Cash and Cash Equivalents	96,210	472,412
Notes receivable	128,386	195,162
Trade receivables (including related parties)	880,120	1,197,720
Other receivables (including related parties and excluding tax refund receivable)	1,750	7,000
Refundable deposits	8,759	10,209
Financial assets at FVTOCI－Equity instruments	67,644	82,377
Financial liabilities		
At amortized cost		
Short-term borrowings	190,000	-
Trade payables (including related parties)	1,020,576	1,720,564
Other payables (Note)	295,626	240,795
Long-term borrowings	792,549	-
Guarantee deposits	16,989	6,044

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

(4) Financial risk management objectives and policies

The Company’s risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. 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 Company’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 Company’s exposure to market risks or the manner in which these risks were managed and measured.

I) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company 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 Company maintains a balance of hedged net foreign currency denominated assets and liabilities. The Company also utilizes foreign exchange forward contracts to hedge the currency exposure. The use of foreign exchange forward contracts was governed by the Company’s policies approved by the board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

<u>Sensitivity analysis</u>

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 $16,539 thousand, and the net income before tax for 2021 would have decreased / increased by $32,182 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.

II) Interest rate risk

The Company was exposed to fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company'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 Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 8,401	$ 248,428
- Financial liabilities	490,000	-
Cash flow interest rate risk		
- Financial assets	62,483	183,385
- Financial liabilities	492,549	-

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company 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 Company 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 Company's pre-tax loss for the year ended December 31, 2022 would have increased / decreased by $2,150 thousand, and the Company's pre-tax profit for the year ended December 31, 2021 would have increased / decreased by $917 thousand.

III) Other price risks

The Company 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 Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

Sensitivity analysis

The following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Company invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

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 $3,382 thousand and $4,119 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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

I) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

II) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company'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 Company managers maintain working capital and mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

I) Liquidity and interest rate risk tables

The following table details the Company'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 Company 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
Non-derivative financial liabilities				
Non-interest bearing liabilities		$1,316,202	$ -	$ -
Floating interest rate liabilities	0.975-1.125	4,327	511,335	-
Fixed interest rate liabilities	1.350-1.696	191,286	300,000	-
		$1,511,815	$ 811,335	$ -

December 31, 2021

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$1,961,359	$ -	$ -

II) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2022 and 2021, the unused amounts of bank loan facilities were as follows:

	December 31, 2022	December 31, 2021
Bank loan facilities		
－Amount unused	$ 2,501,938	$ 2,703,206

25. 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. Besides the information disclosed elsewhere in the other notes, details of significant transactions between the Company and related parties are disclosed below.

(1) Related parties names and categories

Related Party Name	Related Party Category
USI Corporation	Ultimate parent company
Union Polymer International Investment Corporation	Parent company
Taiwan VCM Corporation (TVCM)	Subsidiary
CGPC Polymer Corporation (CGPCPOL)	Subsidiary
CGPC America Corporation（CGPC-America）	Subsidiary
Global Green Technology Corporation	Grandchild 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
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance

(2) Sales

Related Party Category	2022	2021
Subsidiary	$ 452,012	$ 679,585
Investor of significant influence	2,279	2,339
Fellow subsidiary	464	601
	$ 454,755	$ 682,525

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

(3) Purchases

Related Party Category/Name	2022	2021
Subsidiary		
TVCM	$ 6,196,440	$ 7,071,763
Others	48,475	59,991
Fellow subsidiary	63,128	56,292
Ultimate parent company	2,109	420
	$ 6,310,152	$ 7,188,466

The Company and TVCM signed vinyl chloride monomer supply agreement, and the purchase price is determined based on the sales price of polyvinyl chloride in Taiwan of the current month, the Asia spot report price of vinyl chloride monomer and the Asian prices of dichloroethane and ethylene.

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

(4) Trade receivables from related parties

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
CGPC-America	$ 144,312	$ 189,714
Investor with significant influence	630	-
Fellow subsidiary	128	-
	$ 145,070	$ 189,714

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for 2022 and 2021.

(5) Trade payables to related parties

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
TVCM	$ 790,837	$ 1,489,862
Others	5,074	9,521
Fellow subsidiary	7,487	9,865
Ultimate parent company	27	121
	$ 803,425	$ 1,509,369

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

Related Party Category	December 31, 2022	December 31, 2021
Subsidiary	$ 1,118	$ 1,540
Investor with significant influence	570	636
Fellow subsidiary	10	20
Ultimate parent company	7	8
Associate	2	3
Subsidiary of investor with significant influence	-	1
	$ 1,707	$ 2,208

(7) Other payables to related parties

Related Party Category	December 31, 2022	December 31, 2021
Ultimate parent company	$ 5,817	$ 2,836
Grandchild company	454	-
Fellow subsidiary	124	145
Investor with significant influence	67	124
Subsidiary	18	158
	$ 6,480	$ 3,263

(8) Acquisitions of property, plant and equipment

	Purchase Price	
Related Party Category	2022	2021
Ultimate parent company	$ 3,850	$ -

(9) Endorsements and guarantees

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
CGPCPOL	$ 600,000	$ 1,000,000

(10) Lease arrangements

Related Party Category/Name	2022	2021
Lease expenses		
Ultimate parent company	$ 4,895	$ 4,591
Investor with significant influence		
APC	1,639	1,429
	$ 6,534	$ 6,020

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

(11) Management service expenses

Related Party Category/Name	2022	2021
Fellow subsidiary		
UM	$ 74,077	$ 42,946
Ultimate parent company	3,710	3,883
	$ 77,787	$ 46,829

UM and the ultimate parent company provide labor support, equipment and other related services to the Company. The contract became effective from July 1, 2001. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(12) Donations

Related Party Category/Name	2022	2021
Related party in substance		
USIF	$ 5,000	$ 3,000

(13) Rental income

Related Party Category/Name	2022	2021
Fellow subsidiary		
USIO	$ 4,100	$ 3,337
Others	37	26
Investor with significant influence	273	280
	$ 4,410	$ 3,643

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.

(14) Other income

Related Party Category	2022	2021
Investor with significant influence	$ 1,378	$ 1,627
Subsidiary	227	66
	$ 1,605	$ 1,693

(15) Other expenses

Related Party Category	2022	2021
Subsidiary	$ 48	$ 437
Grandchild company	737	-
	$ 785	$ 437

(16) Compensation of key management personnel

	2022	2021
Salaries and others	$ 20,323	$ 22,768
Retirement benefits	108	108
	$ 20,431	$ 22,876

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

26. Assets Pledged as Collateral or Security

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

	December 31, 2022	December 31, 2021
Pledge time deposits (Refundable deposits)	$ 8,401	$ 8,390

27. Significant Contingent Liabilities and Unrecognized Commitments

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

(1) As of December 31, 2022 and 2021, the Company’s unused letters of credit amounted to $5,062 thousand and $32,206 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.

28. Significant Assets and Liabilities Denominated in Foreign Currencies

The company entities' significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies 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)	Carrying Amount
Financial assets			
Monetary items			
USD	$ 19,184	30.710 (USD:NTD)	$ 589,130
AUD	707	20.830 (AUD:NTD)	14,732
EUR	574	32.720 (EUR:NTD)	18,769
GBP	122	37.090 (GBP:NTD)	4,521
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	16,933	30.710 (USD:NTD)	520,021
Financial liabilities			
Monetary items			
USD	1,232	30.710 (USD:NTD)	37,839
EUR	152	32.720 (EUR:NTD)	4,970

December 31, 2021

	Foreign Currencies	Exchange Rate (In Single Dollars)	Carrying Amount
Financial assets			
Monetary items			
USD	$ 39,168	27.680 (USD:NTD)	$ 1,084,157
AUD	1,000	20.080 (AUD:NTD)	20,078
EUR	662	31.320 (EUR:NTD)	20,724
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	19,529	27.680 (USD:NTD)	540,554
Financial liabilities			
Monetary items			
USD	412	27.680 (USD:NTD)	11,414

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were $139,778 thousand, and ($45,472) thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currencies.

29. **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.

(2) Information on investees: Table 7.

(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 8.

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.

I) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

II) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

III) The amount of property transactions and the amount of the resultant gains or losses.

IV) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and their purposes.

V) 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.

VI) 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 9.

China General Plastics Corporation

Financing Provided to Others

For the Year Ended December 31, 2022

Table 1

Unit: NT$ thousands

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)	Aggregate Financing Limit (Note)
													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: The Company's latest financial statements were audited or reviewed by CPAs at 40% of the net value.

China General Plastics Corporation

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
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	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,997,000	$ 54,186	-	$ 54,186	(Note 1)
	Mutual Funds							
	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)
	Ordinary shares							
	China Steel Corporation	—	Financial assets at FVTPL - current	350,000	10,430	-	10,430	(Note 1)
	Tungho Steel Corporation	—	〃	95,500	5,033	-	5,033	(Note 1)
	Quanta Storage Inc.	—	〃	86,000	3,453	-	3,453	(Note 1)
	Ordinary shares							
	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	Mutual Funds							
	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)
	Ordinary shares							
	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	Mutual Funds							
	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.	Ordinary shares							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHOware,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 fair value of the equity instrument is evaluated as $0.

China General Plastics Corporation

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	Mutual Funds 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	Mutual Funds 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	Mutual Funds 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

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%	—
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sales	(6,196,440)	(49%)	45 days	〃	〃	790,837	47%	—
	CGPC Polymer Corporation	Fellow subsidiary	Sales	(5,516,012)	(44%)	45 days	〃	〃	732,016	43%	—
	Fujian Gulei Petrochemical Co., Ltd.	Related party in substance	Purchases	1,071,372	10%	Sight Letter of Credit	〃	〃	-	-	—

China General Plastics Corporation

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.

China General Plastics Corporation

Information on Investees

For the Year Ended December 31, 2022

Table 7

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 U.S.A.	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

China General Plastics Corporation

Information on Investments in Mainland China

For the Year Ended December 31, 2022

Table 8

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: Outflow	Investment Flows: Inflow	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	Share of Profit (Loss) (Note 4)	Carrying Amount as of December 31, 2022 (Notes 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
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.

China General Plastics Corporation

Information on Major Shareholders

December 31, 2022

Table 9

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.

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China General Plastics Corporation

Schedule of cash

December 31, 2022

Schedule 1

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

Item	Description	Amount
Cash on hand and petty cash		$ 77
Bank deposits		
Demand Deposit		27,556
Checking accounts		33,650
Foreign currency deposits	USD 845,136, exchange rate 30.710 EUR 166,266, exchange rate 32.720 AUD 44,411, exchange rate 20.830 GBP 60,950, exchange rate 37.090 JPY 964,637, exchange rate 0.2324 HKD 31,193, exchange rate 3.938	34,927
		96,133
Total		$ 96,210

China General Plastics Corporation

Schedule of notes receivable and trade receivables

December 31, 2022

Schedule 2 Unit: NT$ thousands

Item	Amount
Notes receivable	
San Yanier Chemical Co., Ltd.	$ 20,863
Avatack Co., Ltd.	13,731
Ji Lun Co., Ltd.	8,282
Jumbo Electric Wire & Cable Co., Ltd.	8,161
Ld Valve Co., Ltd.	7,284
Others (Note)	70,065
	128,386
Trade receivables	
Zheng Yi Plastics Co., Ltd.	54,402
Tricon Energy Ltd.	51,733
Resol Vinyls And Chlorides Ltd.	51,372
Others (Note)	588,195
	745,702
Less: Allowance for impairment loss	(10,652)
	735,050
Trade receivables from related parties	
CGPC America Corporation	144,312
Others (Note)	758
	145,070
Total	$ 1,008,506

Note: The amount of each client included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of Inventories

December 31, 2022

Schedule 3 | Unit: NT$ thousands

Item	Amount: Cost	Amount: Market value (Note 1)
Finished goods	$ 810,061	$ 798,258
Work in progress	66,906	63,628
Raw materials	354,527	328,113
	1,231,494	$ 1,189,999
Less: Allowance for write-downs of inventories and obsolescence losses	(113,462)	
Total	$ 1,118,032	

Note 1. Evaluated at replacement cost or net realizable value.

Note 2. The amount of insured inventories is $1,667,778 thousand

China General Plastics Corporation

Schedule of changes in investments accounted for using the equity method

For the Year ended December 31, 2022

Schedule 4

Unit: NT$ thousands

	Balance at January 1		Additions (decrease)					Balance at December 31				
Investee Company	Shares	Amount	Shares	Amount	Gain (loss) on investments accounted for under equity method	Exchange differences on translating the financial statements of foreign operations	Others (Note 2)	Shares	Amount	Percentage of shareholding at the end of the year	Market Value/ Net Value	Endorsement/ Guarantee Collateral
Listed company												
Acme Electronics Corporation	3,176,019	$ 23,171	-	$ -	$ 284	$ 379	$ 77	3,176,019	$ 23,911	1.74	$ 76,066	None
Unlisted companies												
Taiwan VCM Corporation	259,591,005	4,610,674	-	-	223,093	-	(756,909)	259,591,005	4,076,858	87.27	4,076,858	None
CGPC Polymer Corporation	80,000,000	1,503,749	20,000,000	-	(522,042)	-	(280,000)	100,000,000	701,707	100	701,707	None
CGPC（BVI）Holding Co., Ltd.	16,308,258	345,845	-	-	(24,490)	12,271	-	16,308,258	333,626	100	333,626	None
China General Terminal & Distribution Corporation	22,009,594	373,731	1,883,278	-	9,924	-	(28,044)	23,892,872	355,611	33.33	355,611	None
CGPC America Corporation	100	194,709	-	-	(47,522)	29,255	9,953	100	186,395	100	247,294	None
Total		$ 7,051,879		$ -	($ 360,753)	$ 41,905	($ 1,054,923)		$ 5,678,108			

Note: The details of amounts are as follows:

Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method - unrealized net loss on investments in equity instruments at FVTOCI	($ 31,976)
Capital surplus accounted for using the equity method	118
Cash dividends	(1,058,773)
Realized gains from sales	9,953
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method - remeasurement of defined benefit plans	25,755
	($ 1,054,923)

China General Plastics Corporation

Schedule of trade payables

December 31, 2022

Schedule 5 Unit: NT$ thousands

Item	Amount
Trade payables	
Nan Ya Plastics Corporation	$ 29,763
Power Chemical Corporation	17,011
Others (Note)	170,377
	217,151
Trade payables to related parties	
Taiwan VCM Corporation	790,837
Others (Note)	12,588
	803,425
Total	$ 1,020,576

Note: The amount of each client included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of net revenue

For the Year ended December 31, 2022

Schedule 6

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

Item	Unit (PVC leather in thousands of yards and the rest in metric tons)	Amount
Sales revenue		
PVC resin and compound	170,592	$ 5,890,087
PVC film	23,109	1,613,844
Chlor-alkali products	59,697	1,054,557
Construction products	19,678	933,973
PVC leather	5,096	694,515
Total		$ 10,186,976

China General Plastics Corporation

Schedule of cost of revenue

For the Year Ended December 31, 2022

Schedule 7 Unit: NT$ thousand

Item	Amount
Raw materials	
Raw materials at January 1	$ 367,765
Raw materials purchased	7,758,557
Raw materials transferred to other accounts	(334,442)
Raw materials at December 31	(354,527)
Raw materials used in current year	7,437,353
Direct labor	292,989
Production overheads (Schedule 8)	1,749,757
Manufacturing cost	9,480,099
Work in progress at January 1	48,183
Other accounts transferred to work in progress	221
Work in progress at December 31	(66,906)
Cost of finished goods	9,461,597
Finished goods at January 1	1,005,718
Other accounts transferred to finished goods	5,298
Finished goods purchased in the current year	14,222
Finished goods transferred to other accounts	(28,494)
Finished goods at December 31	(810,061)
Costs of revenue before adjustment	9,648,280
Write-downs of inventories and obsolescence losses	55,776
Other reduced cost of revenue	(6,015)
Cost of revenue	$ 9,698,041

China General Plastics Corporation

Schedule of production overheads

For the Year Ended December 31, 2022

Schedule 8 Unit: NT$ thousands

Item	Amount
Utilities expenses	$ 425,587
Payroll and other personnel expense	334,491
Depreciation expense	221,126
Repair and maintenance expense	206,299
Packing materials	173,189
Fuel expense	127,582
Environmental protection expenditure	119,178
Others (Note)	142,305
Total	$ 1,749,757

Note: The amount of each client included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of operating expenses

For the Year Ended December 31, 2022

Schedule 9 | Unit: NT$ thousands

Item	Selling and Marketing expenses	General and administrative expenses	Research and development expenses
Freight	$ 420,372	$ 1	$ 18
Payroll and other personnel expense (Note 1)	67,429	38,252	21,678
Management service expenses	-	77,787	-
Repair expense	88	2,169	2,019
Research and experiment material expense	-	-	1,808
Others (Note 2)	50,598	24,037	2,716
Total	$ 538,487	$ 142,246	$ 28,239

Note 1. The amount of payroll and personnel expense includes salary, pension, insurance and other personnel expenses.

Note 2. The amount of each client included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of employee benefits, depreciation and amortization by function

Years Ended December 31, 2022 and 2021

Schedule 10

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

	For the year ended December 31, 2022				For the year ended December 31, 2021			
	Cost of Revenue	Operating expenses	Other gains and losses	Total	Cost of Revenue	Operating expenses	Other gains and losses	Total
Employee benefits expense								
Salary and bonus	$ 523,280	$ 100,703	$ -	$ 623,983	$ 670,997	$ 154,838	$ -	$ 825,835
Labor and health insurance	51,558	8,805	-	60,363	49,830	9,285	-	59,115
Pension	23,666	4,888	-	28,554	24,394	5,295	-	29,689
Remuneration of Directors	-	6,538	-	6,538	-	6,340	-	6,340
Other employee benefits	28,976	6,425	-	35,401	29,279	5,250	-	34,529
Total	$ 627,480	$ 127,359	$ -	$ 754,839	$ 774,500	$ 181,008	$ -	$ 955,508
Depreciation expenses	$ 221,126	$ 1,703	$ 15,621	$ 238,450	$ 210,055	$ 1,377	$ 14,139	$ 225,571
Amortization expense	$ -	$ 59	$ -	$ 59	$ -	$ 46	$ -	$ 46

Note 1. As of December 31, 2022 and 2021, the Company had 687 and 703 employees, respectively, and the number of directors who did not served concurrently as employees were both 8.

Note 2. The average amount of employee benefits expense of the Company in 2022 was $1,102 thousand; the average amount of employee benefits expense of the Company in 2021 was $1,366 thousand..

Note 3. The average amount of salary expense of the Company in 2022 was $919 thousand; the average amount of salary expense of the Company in 2021 was $1,188 thousand.

Note 4. The average of salary expense adjustment of the Company decreased at 22.64% in 2022.

Note 5. The Company's Remuneration Policy for Directors and Managers: a. Remuneration payment shall refer to that of median across peer industry, along with consideration of reasonableness related with personal performance, operating achievements of company and future risks. b. Directors and managers should not be guided to behave beyond the risk of company for higher remuneration. c. The proportion of employee remuneration on short-term performance basis and the payment time of partial change on remuneration shall be determined by considering characteristic of industry and business nature; Employee remuneration & salary policy was formulated by referring to the government laws and regulations, salary price and trend on market across peer industry, overall economy and change of business conditions , as well as organization chart of company, wherein the Company's formulated "Measures on Salary Management", "Measures of Employee Performance Assessment", "Measures of Allowance for Supervisor and Personal Staff" and other regulations as the criteria of issuance and the Company also has formulated "Management Measures of Year-end Bonus" which appropriates year-end bonus to employee depending on profit and reviewing result of employee performance (included employee remuneration).