

Notice to Readers:

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

China General Plastics Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Review Report

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

Tel:(02)87516888

§Table of Contents§

ITEM	PAGE	NOTE
I. Cover Page	1	-
II. Table of Contents	2	-
III. Independent Auditors' Review Report	3-5	-
IV. Consolidated Balance Sheets	6	-
V. Consolidated Statements of Comprehensive Income	7-8	-
VI. Consolidated Statements of Changes in Equity	9	-
VII. Consolidated Statements of Cash Flows	10-11	-
VIII. Notes to Consolidated Financial Report		
1. Company History	12	1
2. Date and Procedures of Authorization of Financial Statements	12	2
3. Application of New, Amended, and Revised Standards and Interpretations	12-13	3
4. Summary of Significant Accounting Policies	14-15	4
5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	15	5
6. Description of Important Accounting Items	15-43	6 ~ 27
7. Transactions with Related Parties	43-48	28
8. Assets Pledged as Collateral or for Security	49	29
9. Significant Contingent Liabilities and Unrecognized Commitments	49-51	30
10. Significant Losses Attributed to Critical Incidents or Disasters	-	-
11. Critical Events after the Reporting Date	22-23	14
12. Significant Assets and Liabilities Denominated in Foreign Currencies	51-52	31
13. Supplementary Disclosures		
(1) Information on Significant Transactions	52-53, 55-61	32
(2) Information on Reinvestment	52, 62	32
(3) Information on Investments in Mainland China	52, 63	32
(4) Information on Major Shareholders	53, 64	32
14. Segment Information	53-54	33

Independent Auditors' Review Report

The Board of Directors and Shareholders

China General Plastics Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China General Plastics Corporation and its subsidiaries (the Group) as of June 30, 2023 and 2022, and the related consolidated statement of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, of changes in equity and of cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 12 and 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements were not reviewed. As of June 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$1,135,713 thousand and NT\$1,291,623 thousand, respectively, representing 6% and 8%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of June 30, 2023 and 2022 were NT\$58,118 thousand and NT\$38,119 thousand, respectively, representing both 1% of the consolidated total liabilities; for the three months ended June 30, 2023 and 2022, and the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$4,378 thousand, NT\$11,068 thousand, NT\$23,137 thousand, and NT\$27,134 thousand, respectively, representing 50%, (9%), 9%, and 7%, respectively, of the consolidated total comprehensive income, and the Group's share of loss of these investments accounted for using the equity method for the three months ended June 30, 2023 and 2022, and the six months ended June 30, 2023 and 2022, were NT\$(12,739) thousand, NT\$(23,028) thousand, NT\$(14,697) thousand, and NT\$(18,418) thousand, respectively, representing (146%), 19%, (6%), and (5%), respectively, of the consolidated total comprehensive income. The additional disclosures of these non-significant subsidiaries and investments accounted for using the equity method were based on financial statements which were not reviewed by auditors.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months then ended, and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche, Taipei, Taiwan,

Republic of China

CPA Huang, Hsiu-Chun

CPA Chiu, Cheng-Chun

Securities and Futures Commission

Approved Document No.

Tai Cai Zheng Liu Zi No. 0920123784

Financial Supervisory Commission Approved

Document No.

Jin Guan Zheng Liu Zi No. 0930160267

August 1, 2023

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China General Plastics Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2023 and 2022, And December 31, 2022

Unit: NT\$ thousands

CODE	ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 2,246,839	13	\$ 1,276,545	8	\$ 1,181,325	7
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	830,479	5	882,742	5	477,777	3
1136	Financial assets at amortized cost - current (Notes 9 and 29)	283,179	2	343,024	2	269,312	1
1150	Notes receivables (Note 10)	140,111	1	219,522	1	140,204	1
1170	Trade receivables (Notes 10 and 28)	1,316,945	7	1,202,318	7	1,504,610	9
1200	Other receivables (Notes 10 and 28)	76,758	-	77,351	1	100,825	1
1220	Current tax assets	189	-	570	-	14	-
1310	Inventories (Note 11)	2,509,171	14	2,562,490	15	3,639,209	21
1410	Prepayments	82,652	-	189,331	1	118,908	1
1470	Other current assets	456	-	1,158	-	3,141	-
11XX	Total current assets	<u>7,486,779</u>	<u>42</u>	<u>6,755,051</u>	<u>40</u>	<u>7,435,325</u>	<u>44</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	68,898	-	71,317	1	72,768	-
1550	Investments accounted for using the equity method (Note 13)	371,118	2	379,522	2	379,204	2
1600	Property, plant and equipment (Notes 14 and 28)	8,810,842	50	8,447,505	51	8,142,332	48
1755	Right-of-use assets (Notes 15 and 28)	160,727	1	125,418	1	138,742	1
1760	Investment properties (Note 16)	466,879	3	483,501	3	497,503	3
1840	Deferred tax assets	396,738	2	381,748	2	250,197	2
1990	Other non-current assets (Note 29)	30,306	-	39,717	-	49,093	-
15XX	Total non-current assets	<u>10,305,508</u>	<u>58</u>	<u>9,928,728</u>	<u>60</u>	<u>9,529,839</u>	<u>56</u>
1XXX	Total Assets	<u>\$ 17,792,287</u>	<u>100</u>	<u>\$ 16,683,779</u>	<u>100</u>	<u>\$ 16,965,164</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	Current Liabilities						
2100	Short-term borrowings (Note 17)	\$ 880,000	5	\$ 790,000	5	\$ 180,000	1
2110	Short-term notes and bills payable (Note 17)	-	-	199,668	1	-	-
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	-	-	9,529	-	2,121	-
2170	Trade payables (Note 18)	729,027	4	973,959	6	1,119,239	7
2180	Trade payables to related parties (Notes 18 and 28)	156,185	1	227,795	2	35,448	-
2200	Other payables (Note 19)	885,944	5	727,073	4	1,797,333	11
2220	Other payables to related parties (Note 28)	86,871	-	18,753	-	529,575	3
2230	Current tax liabilities	108,127	1	661	-	69,894	-
2280	Lease liabilities (Notes 15 and 28)	35,040	-	16,268	-	26,264	-
2300	Other current liabilities (Note 22)	95,567	1	144,906	1	126,978	1
21XX	Total current liabilities	<u>2,976,761</u>	<u>17</u>	<u>3,108,612</u>	<u>19</u>	<u>3,886,852</u>	<u>23</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17)	3,567,778	20	2,432,380	15	1,185,871	7
2570	Deferred tax liabilities	599,550	3	595,996	3	597,169	3
2580	Lease liability (Notes 15 and 28)	130,713	1	113,696	1	117,145	1
2640	Net defined benefit liabilities	309,639	2	330,322	2	479,888	3
2670	Other non-current liabilities	79,017	-	61,545	-	39,865	-
25XX	Total non-current liabilities	<u>4,686,697</u>	<u>26</u>	<u>3,533,939</u>	<u>21</u>	<u>2,419,938</u>	<u>14</u>
2XXX	Total Liabilities	<u>7,663,458</u>	<u>43</u>	<u>6,642,551</u>	<u>40</u>	<u>6,306,790</u>	<u>37</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Ordinary share	<u>5,810,505</u>	<u>33</u>	<u>5,810,505</u>	<u>35</u>	<u>5,810,505</u>	<u>34</u>
3200	Capital surplus	<u>15,811</u>	<u>-</u>	<u>14,556</u>	<u>-</u>	<u>11,980</u>	<u>-</u>
	Retained earnings						
3310	Legal reserve	1,117,245	6	1,117,245	7	1,117,245	7
3320	Special reserve	408,223	2	408,223	2	408,223	2
3350	Unappropriated retained earnings	<u>2,087,807</u>	<u>12</u>	<u>2,029,080</u>	<u>12</u>	<u>2,645,091</u>	<u>16</u>
3300	Total retained earnings	<u>3,613,275</u>	<u>20</u>	<u>3,554,548</u>	<u>21</u>	<u>4,170,559</u>	<u>25</u>
3400	Other equity	<u>53,681</u>	<u>-</u>	<u>67,163</u>	<u>1</u>	<u>57,521</u>	<u>-</u>
31XX	Total equity attributable to owners of the Company	<u>9,493,272</u>	<u>53</u>	<u>9,446,772</u>	<u>57</u>	<u>10,050,565</u>	<u>59</u>
36XX	Non-controlling interests	<u>635,557</u>	<u>4</u>	<u>594,456</u>	<u>3</u>	<u>607,809</u>	<u>4</u>
3XXX	Total equity	<u>10,128,829</u>	<u>57</u>	<u>10,041,228</u>	<u>60</u>	<u>10,658,374</u>	<u>63</u>
	Total Liabilities and Equity	<u>\$ 17,792,287</u>	<u>100</u>	<u>\$ 16,683,779</u>	<u>100</u>	<u>\$ 16,965,164</u>	<u>100</u>

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

(Please refer to Deloitte & Touche auditors' review report dated August 1, 2023)

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China General Plastics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months Ended June 30, 2023 and 2022 And For the Six Months Ended June 30, 2023 and 2022
(Reviewed, Not Audited)

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

CODE		For the Three Months Ended June 30, 2023		For the Three Months Ended June 30, 2022		For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Net revenue (Notes 22 and 28)	\$ 3,339,951	100	\$ 4,839,691	100	\$ 7,120,017	100	\$10,146,763	100
5110	Cost of revenue (Notes 11, 23, and 28)	<u>3,065,723</u>	<u>92</u>	<u>4,590,363</u>	<u>95</u>	<u>6,146,038</u>	<u>86</u>	<u>9,146,530</u>	<u>90</u>
5900	Gross profit	<u>274,228</u>	<u>8</u>	<u>249,328</u>	<u>5</u>	<u>973,979</u>	<u>14</u>	<u>1,000,233</u>	<u>10</u>
	Operating expenses (Notes 23 and 28)								
6100	Selling and marketing expenses	203,901	6	342,297	7	434,644	6	750,956	8
6200	General and administrative expenses	45,757	1	67,757	2	117,056	2	150,447	2
6300	Research and development expenses	<u>20,965</u>	<u>1</u>	<u>18,885</u>	<u>-</u>	<u>41,026</u>	<u>-</u>	<u>36,248</u>	<u>-</u>
6000	Total operating expenses	<u>270,623</u>	<u>8</u>	<u>428,939</u>	<u>9</u>	<u>592,726</u>	<u>8</u>	<u>937,651</u>	<u>10</u>
6900	Profit (loss) from operation	<u>3,605</u>	<u>-</u>	<u>(179,611)</u>	<u>(4)</u>	<u>381,253</u>	<u>6</u>	<u>62,582</u>	<u>-</u>
	Non-operating income and expenses (Notes 13, 23, and 28)								
7100	Interest income	9,352	-	2,368	-	14,291	-	3,693	-
7010	Other income	22,537	1	18,751	1	41,898	1	275,601	3
7020	Other gains and losses	19,913	1	39,937	1	(4,716)	-	103,440	1
7510	Interest expense	(17,925)	(1)	(3,548)	-	(32,462)	(1)	(6,436)	-
7060	Share of profit (loss) of associates accounted for using the equity method	<u>(3,304)</u>	<u>-</u>	<u>11,792</u>	<u>-</u>	<u>(6,441)</u>	<u>-</u>	<u>14,937</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>30,573</u>	<u>1</u>	<u>69,300</u>	<u>2</u>	<u>12,570</u>	<u>-</u>	<u>391,235</u>	<u>4</u>
7900	Profit (loss) before income tax	34,178	1	(110,311)	(2)	393,823	6	453,817	4
7950	Income tax expense (benefit) (Note 24)	<u>14,065</u>	<u>-</u>	<u>(23,530)</u>	<u>-</u>	<u>119,632</u>	<u>2</u>	<u>41,569</u>	<u>-</u>
8200	Net profit (loss) for the period	<u>20,113</u>	<u>1</u>	<u>(86,781)</u>	<u>(2)</u>	<u>274,191</u>	<u>4</u>	<u>412,248</u>	<u>4</u>
	Other comprehensive income (loss) (Notes 21 and 24)								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized losses on investments in equity instruments at FVTOCI	(1,309)	-	(3,171)	-	(2,419)	-	(14,383)	-
8326	Share of the other comprehensive income of associates accounted for using the equity method - unrealized losses on investments in equity instruments at FVTOCI	<u>(10,536)</u>	<u>(1)</u>	<u>(34,666)</u>	<u>-</u>	<u>(10,399)</u>	<u>-</u>	<u>(32,990)</u>	<u>-</u>
8310		<u>(11,845)</u>	<u>(1)</u>	<u>(37,837)</u>	<u>-</u>	<u>(12,818)</u>	<u>-</u>	<u>(47,373)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	1,519	-	7,978	-	(6)	-	30,098	-
8371	Share of the other comprehensive income of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(760)	-	(475)	-	(707)	-	355	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(304)</u>	<u>-</u>	<u>(1,596)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(6,020)</u>	<u>-</u>
8360		<u>455</u>	<u>-</u>	<u>5,907</u>	<u>-</u>	<u>(712)</u>	<u>-</u>	<u>24,433</u>	<u>-</u>
8300	Other comprehensive loss for the period, net of income tax	<u>(11,390)</u>	<u>(1)</u>	<u>(31,930)</u>	<u>-</u>	<u>(13,530)</u>	<u>-</u>	<u>(22,940)</u>	<u>-</u>
8500	Total comprehensive income (loss) for the period	<u>\$ 8,723</u>	<u>-</u>	<u>(\$ 118,711)</u>	<u>(2)</u>	<u>\$ 260,661</u>	<u>4</u>	<u>\$ 389,308</u>	<u>4</u>

(Continued)

CODE		For the Three Months Ended June 30, 2023		For the Three Months Ended June 30, 2022		For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	Net profit (loss) attributable to:								
8610	Owners of the Company	\$ 691	-	(\$ 87,847)	(2)	\$ 233,042	3	\$ 362,987	4
8620	Non-controlling Interests	<u>19,422</u>	<u>1</u>	<u>1,066</u>	<u>-</u>	<u>41,149</u>	<u>1</u>	<u>49,261</u>	<u>-</u>
8600		<u>\$ 20,113</u>	<u>1</u>	<u>(\$ 86,781)</u>	<u>(2)</u>	<u>\$ 274,191</u>	<u>4</u>	<u>\$ 412,248</u>	<u>4</u>
	Total comprehensive income (loss) attributable to:								
8710	Owners of the Company	(\$ 10,640)	(1)	(\$ 119,570)	(2)	\$ 219,560	3	\$ 340,236	3
8720	Non-controlling Interests	<u>19,363</u>	<u>1</u>	<u>859</u>	<u>-</u>	<u>41,101</u>	<u>1</u>	<u>49,072</u>	<u>1</u>
8700		<u>\$ 8,723</u>	<u>-</u>	<u>(\$ 118,711)</u>	<u>(2)</u>	<u>\$ 260,661</u>	<u>4</u>	<u>\$ 389,308</u>	<u>4</u>
	Earnings (losses) per share (Note 25)								
9750	Basic	\$ -		(\$ 0.15)		\$ 0.40		\$ 0.62	
9810	Diluted	\$ -		(\$ 0.15)		\$ 0.40		\$ 0.62	

(Concluded)

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(Please refer to Deloitte & Touche auditors' review report dated August 1, 2023)

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China General Plastics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2023 and 2022
(Reviewed, Not Audited)

Unit: NT\$ thousands

		Equity attributable to owners of the Company								Other Equity					
CODE		Capital surplus				Retained earnings				Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI		Non-controlling Interests	Total equity	
		Ordinary share	Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated retained earnings	Total		Total	Total			
A1	Balance as of January 1, 2022	\$ 5,810,505	\$ 11,436	\$ 566	\$ 12,002	\$ 870,332	\$ 408,223	\$ 3,981,643	\$ 5,260,198	(\$ 52,461)	\$ 132,733	\$ 80,272	\$ 11,162,977	\$ 672,292	\$ 11,835,269
	Appropriation and distribution of earnings for 2021														
B1	Legal reserve	-	-	-	-	246,913	-	(246,913)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(1,452,626)	(1,452,626)	-	-	-	(1,452,626)	-	(1,452,626)
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(113,555)	(113,555)
C17	Other changes in capital surplus	-	(22)	-	(22)	-	-	-	-	-	-	-	(22)	-	(22)
D1	Net profit for the six months ended June 30, 2022	-	-	-	-	-	-	362,987	362,987	-	-	-	362,987	49,261	412,248
D3	Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	24,433	(47,184)	(22,751)	(22,751)	(189)	(22,940)
D5	Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	362,987	362,987	24,433	(47,184)	(22,751)	340,236	49,072	389,308
Z1	Balance as of June 30, 2022	\$ 5,810,505	\$ 11,414	\$ 566	\$ 11,980	\$ 1,117,245	\$ 408,223	\$ 2,645,091	\$ 4,170,559	(\$ 28,028)	\$ 85,549	\$ 57,521	\$ 10,050,565	\$ 607,809	\$ 10,658,374
A1	Balance as of January 1, 2023	\$ 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	\$ 594,456	\$ 10,041,228
	Appropriation and distribution of earnings for 2022														
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(174,315)	(174,315)	-	-	-	(174,315)	-	(174,315)
C7	Changes in equity of associates accounted for using equity method	-	-	1,333	1,333	-	-	-	-	-	-	-	1,333	-	1,333
C17	Other changes in capital surplus	-	(75)	(3)	(78)	-	-	-	-	-	-	-	(78)	-	(78)
D1	Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	233,042	233,042	-	-	-	233,042	41,149	274,191
D3	Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	(712)	(12,770)	(13,482)	(13,482)	(48)	(13,530)
D5	Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	233,042	233,042	(712)	(12,770)	(13,482)	219,560	41,101	260,661
Z1	Balance as of June 30, 2023	\$ 5,810,505	\$ 13,797	\$ 2,014	\$ 15,811	\$ 1,117,245	\$ 408,223	\$ 2,087,807	\$ 3,613,275	(\$ 19,573)	\$ 73,254	\$ 53,681	\$ 9,493,272	\$ 635,557	\$ 10,128,829

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

(Please refer to Deloitte & Touche auditors' review report dated August 1, 2023)

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China General Plastics Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2023 and 2022
(Reviewed, Not Audited)

Unit: NT\$ thousands

<u>CODE</u>		<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
	Cash flows from operating activities		
A10000	Net profit before income tax	\$ 393,823	\$ 453,817
A20010	Adjustments for:		
A20100	Depreciation expenses	357,110	343,682
A20200	Amortization expense	10,000	8,112
A20400	Net gain on fair value change on financial instruments at FVTPL	(14,527)	(19,074)
A20900	Interest expense	32,462	6,436
A21200	Interest income	(14,291)	(3,693)
A21300	Dividend income	(491)	(1,823)
A22300	Share of loss (profit) of associates accounted for using the equity method	6,441	(14,937)
A22500	Gain on disposal of property, plant and equipment	(6,227)	(1,872)
A23200	Loss on disposal of subsidiaries	984	-
A23800	(Reversal) provision of write downs of inventories and obsolescence losses	(8,580)	272,799
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	57,261	405,878
A31130	Notes receivable	79,411	264,505
A31150	Trade receivables (including related parties)	(112,470)	144,910
A31180	Other receivables (including related parties)	2,716	37,609
A31200	Inventories	64,603	(789,370)
A31230	Prepayments	106,679	132,908
A31240	Other current assets	702	(2,079)
A32150	Trade payables (including related parties)	(316,590)	240,004
A32180	Other payables (including related parties)	(18,209)	(337,858)
A32230	Other current liabilities	(49,339)	6,466
A32240	Net defined benefit liabilities	(20,683)	(37,492)
A33000	Cash generated from operations	550,785	1,108,928
A33100	Interest received	12,322	3,763
A33300	Interest paid	(26,003)	(3,162)
A33500	Income tax paid	(23,220)	(684,962)
AAAA	Net cash generated from operating activities	<u>513,884</u>	<u>424,567</u>

(Continued)

<u>CODE</u>		<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 184,580)	(\$ 269,312)
B00050	Proceeds from sale of financial assets at amortized cost	244,425	269,291
B01800	Acquisition of investments accounted for using equity method	(7,810)	-
B02700	Payments for property, plant and equipment	(621,722)	(726,894)
B02800	Proceeds from disposal of property, plant and equipment	9,010	4,981
B03700	Increase in refundable deposits	(19,759)	(31,952)
B03800	Decrease in refundable deposits	19,924	36,418
B04500	Acquisitions of intangible assets	(1,711)	(192)
B05400	Acquisition of investment properties	(529)	(912)
B06700	Decrease (increase) in other non-current assets	962	(17,209)
B07600	Dividends received	335	1,072
BBBB	Net cash used in investing activities	<u>(561,455)</u>	<u>(734,709)</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	90,000	(20,000)
C00600	Decrease in short-term notes and bills payable	(200,000)	-
C01600	Proceeds from long-term borrowings	2,242,000	871,000
C01700	Repayments of long-term borrowings	(1,100,000)	(570,000)
C03000	Increase in guarantee deposits received	5,772	10,532
C03100	Decrease in guarantee deposits received	(1,355)	(242)
C04020	Repayment of the principal portion of lease liabilities	(15,889)	(17,557)
C04300	Decrease in other non-current liabilities	(18)	(4)
C04500	Dividends paid	(243)	(125)
C05800	Cash dividends paid on non-controlling interests	<u>(2)</u>	<u>(18)</u>
CCCC	Net cash generated from financing activities	<u>1,020,265</u>	<u>273,586</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(2,400)</u>	<u>(2,410)</u>
EEEE	Net increase (decrease) in cash and cash equivalents of the period	970,294	(38,966)
E00100	Cash and cash equivalents at the beginning of the period	<u>1,276,545</u>	<u>1,220,291</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 2,246,839</u>	<u>\$ 1,181,325</u> (Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' review report dated August 1, 2023)

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China General Plastics Corporation and Subsidiaries
Notes to Consolidated Financial Report
For the Six Months Ended June 30, 2023 and 2022
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Company History

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

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

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

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements have been approved by the Board of Directors on August 1, 2023.

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

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

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

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

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contract Terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	(Note 3)

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.

Note 3. The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

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

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

consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

(4) Other significant accounting policies

Except for the following, for the accounting policies applied to these interim consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Defined benefit plan

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and significant plan amendments, settlements, or other significant one-off events.

2) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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

For the critical accounting judgments and key sources of estimation and uncertainty of the consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2022.

6. Cash and Cash Equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and petty cash	\$ 445	\$ 434	\$ 466
Checking accounts and demand deposits	375,583	399,998	441,549
Cash equivalents			
Time deposits	651,200	370,363	459,471
Reverse repurchase agreements collateralized by bonds	1,219,611	505,750	279,839
	<u>\$ 2,246,839</u>	<u>\$ 1,276,545</u>	<u>\$ 1,181,325</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Time deposits	1.25%-5.20%	4.02%-4.70%	1.40%-1.80%
Reverse repurchase agreements collateralized by bonds	1.30%-1.52%	1.10%-1.15%	0.65%-0.72%

7. Financial Instruments at FVTPL

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
- Foreign exchange forward contracts	\$ 6,834	\$ 40	\$ 994
Non-derivative financial assets			
- Mutual Funds	724,365	809,600	400,090
- Beneficiary securities	68,203	54,186	53,886
- Domestic listed equity investments	31,077	18,916	22,807
- Overseas unlisted equity investments	-	-	-
	<u>\$ 830,479</u>	<u>\$ 882,742</u>	<u>\$ 477,777</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
- Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 9,529</u>	<u>\$ 2,121</u>

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

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>	
<u>June 30, 2023</u>				
Buy	NTD/USD	2023.07.04-2023.09.13	NTD 338,279 /USD	11,120
<u>December 31, 2022</u>				
Buy	NTD/USD	2023.01.03-2023.02.23	NTD 672,391 /USD	21,620
<u>June 30, 2022</u>				
Buy	NTD/USD	2022.07.04-2022.09.26	NTD 654,776 /USD	22,080
Sell	USD/NTD	2022.07.04-2022.08.26	USD 21,370 /NTD	633,151

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

8. Financial Assets at FVTOCI - Non-current

Investments in equity instruments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Domestic equity investments			
Listed ordinary shares			
Asia Polymer Corporation	\$ 3,295	\$ 3,673	\$ 3,283
Unlisted ordinary share			
KHL IB Venture Capital Co., Ltd.	<u>65,603</u>	<u>67,644</u>	<u>69,485</u>
	<u>\$ 68,898</u>	<u>\$ 71,317</u>	<u>\$ 72,768</u>

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

9. Financial Assets at Amortized Cost - Current

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Domestic equity investments			
Pledged time deposits	<u>\$ 283,179</u>	<u>\$ 343,024</u>	<u>\$ 269,312</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, the interest rates for pledged time deposits ranged from 0.410%~1.115%, 0.190%~1.405% and 0.040%~1.015%.

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

10. Notes Receivable, Trade Receivables and Other Receivables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Notes receivable</u>			
Notes receivable - operating	\$ <u>140,111</u>	\$ <u>219,522</u>	\$ <u>140,204</u>
<u>Trade receivables (including related parties) (Note 28)</u>			
At amortized cost			
Gross carrying amount	\$ 1,330,048	\$ 1,215,387	\$ 1,517,601
Less: Allowance for impairment loss	(<u>13,103</u>)	(<u>13,069</u>)	(<u>12,991</u>)
	<u>\$ 1,316,945</u>	<u>\$ 1,202,318</u>	<u>\$ 1,504,610</u>
<u>Other receivables (including related parties) (Note 28)</u>			
Tax refunds receivables	\$ 68,697	\$ 71,638	\$ 97,761
Interest receivable	3,155	1,186	241
Others	<u>4,906</u>	<u>4,527</u>	<u>2,823</u>
	<u>\$ 76,758</u>	<u>\$ 77,351</u>	<u>\$ 100,825</u>

Notes/Trade Receivables

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

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

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

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

June 30, 2023

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 169,198	\$ 340,818	\$ 162,942	\$ 797,201	\$1,470,159
Loss allowance (lifetime ECLs)	-	(3,678)	(3,792)	(5,633)	(13,103)
Amortized cost	<u>\$ 169,198</u>	<u>\$ 337,140</u>	<u>\$ 159,150</u>	<u>\$ 791,568</u>	<u>\$1,457,056</u>

December 31, 2022

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

June 30, 2022

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 110,375	\$ 503,660	\$ 209,893	\$ 833,877	\$1,657,805
Loss allowance (lifetime ECLs)	-	(6,146)	(4,608)	(2,237)	(12,991)
Amortized cost	<u>\$ 110,375</u>	<u>\$ 497,514</u>	<u>\$ 205,285</u>	<u>\$ 831,640</u>	<u>\$1,644,814</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Not past due	\$ 1,403,904	\$ 1,328,087	\$ 1,523,931
Less than and including 60 days	65,924	102,053	133,648
Over 60 days	331	4,769	226
	<u>\$ 1,470,159</u>	<u>\$ 1,434,909</u>	<u>\$ 1,657,805</u>

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

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

	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Balance at January 1	\$ 13,069	\$ 12,917
Less: Amounts written off	-	(88)
Foreign exchange gains and losses	34	162
Balance at June 30	<u>\$ 13,103</u>	<u>\$ 12,991</u>

11. Inventories

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Finished goods	\$ 1,975,194	\$ 1,744,503	\$ 2,292,425
Work in progress	53,401	63,280	56,970
Raw materials	480,576	754,707	1,289,814
	<u>\$ 2,509,171</u>	<u>\$ 2,562,490</u>	<u>\$ 3,639,209</u>

The cost of inventories recognized as the cost of goods sold for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022 was \$3,065,723 thousand, \$4,590,363 thousand, \$6,146,038 thousand, and \$9,146,530 thousand, respectively. For the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the costs of goods sold included (reversals) provisions of allowance for write-downs of inventories and obsolescence losses amounted to \$63,878 thousand, \$277,738 thousand, \$(8,580) thousand, and \$272,799 thousand, respectively.

12. Subsidiary

Subsidiaries included in the consolidated financial statements:

Investor Company	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	CGPC Polymer Corporation ("CGPCPOL")	Manufacturing and marketing of PVC resins	100.00%	100.00%	100.00%	Subsidiary (Note 1)
The Company	Taiwan VCM Corporation ("TVCM")	Manufacturing and marketing of VCM	87.27%	87.27%	87.27%	Subsidiary
The Company	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Reinvestment	100.00%	100.00%	100.00%	Subsidiary
The Company	CGPC America Corporation ("CGPC-America")	Marketing of PVC film and leather products	100.00%	100.00%	100.00%	Subsidiary
TVCM	Global Green Technology Corporation ("GGTC")	Environmental testing services	100.00%	100.00%	100.00%	Subsidiary of TVCM (Note 2)
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI)
CGPC (BVI)	CGPC Consumer Products Corporation ("CGPC (CP)")	Manufacturing and marketing of PVC consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 3)

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

Note 2. TVCM's bidding for future pollution remediation, testing and other related businesses and public works/public agency projects are specially handed over to independent companies for handling. TVCM invested and established GGTC as a single legal person shareholder with the investment price of \$50,000 thousand to obtain 100% equity. This case was approved and registered by the competent authority on February 11, 2022 with a registered capital of \$168,880 thousand.

Note 3. The liquidation of CGPC (CP) was completed on July 17, 2023.

Except for the financial statements of TVCM and CGPCPOL, the financial statements of other non-significant subsidiaries included in the consolidated financial statements were not reviewed by the auditors.

13. Investment Accounted for Equity Method

Investments in associates that are not individually material

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Listed companies			
Acme Electronics Corporation ("ACME")	\$ 30,204	\$ 23,911	\$ 23,891
Unlisted companies			
China General Terminal & Distribution Corporation ("CGTD")	<u>340,914</u>	<u>355,611</u>	<u>355,313</u>
	<u>\$ 371,118</u>	<u>\$ 379,522</u>	<u>\$ 379,204</u>

Aggregate information of associates that are not individually material

	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
The Group's share of:				
Profit (loss) for the period	(\$ 3,304)	\$ 11,792	(\$ 6,441)	\$ 14,937
Other comprehensive loss	(<u>11,296</u>)	(<u>35,141</u>)	(<u>11,106</u>)	(<u>32,635</u>)
Total comprehensive loss	(<u>\$ 14,600</u>)	(<u>\$ 23,349</u>)	(<u>\$ 17,547</u>)	(<u>\$ 17,698</u>)

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

<u>Company name</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
ACME	1.67%	1.74%	1.74%
CGTD	33.33%	33.33%	33.33%

The Group did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 1.74% to 1.67%, with the base date of capital increase on January 16, 2023.

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

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

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

<u>Company name</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
ACME	<u>\$ 103,429</u>	<u>\$ 76,066</u>	<u>\$ 93,534</u>

Except for those of ACME, the Group's investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss for the six months ended June 30, 2023 and 2022 were not reviewed by auditors.

14. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance as of January 1, 2023	\$ 2,090,707	\$ 1,814,185	\$ 11,033,392	\$ 72,034	\$ 432,027	\$ 3,271,392	\$ 18,713,737
Additions	-	786	350	-	249	691,500	692,885
Disposal	-	(18,444)	(293,019)	(1,018)	(3,727)	-	(316,208)
Reclassification	-	2,811	1,179,698	2,315	2,208	(1,187,032)	-
Effect of foreign currency exchange differences	-	12	(648)	(19)	8	(10)	(657)
Balance as of June 30, 2023	<u>\$ 2,090,707</u>	<u>\$ 1,799,350</u>	<u>\$ 11,919,773</u>	<u>\$ 73,312</u>	<u>\$ 430,765</u>	<u>\$ 2,775,850</u>	<u>\$ 19,089,757</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2023	\$ -	\$ 1,126,629	\$ 8,748,937	\$ 55,551	\$ 334,688	\$ 427	\$ 10,266,232
Depreciation expenses	-	34,234	274,400	3,368	14,810	-	326,812
Disposal	-	(18,444)	(290,613)	(1,018)	(3,350)	-	(313,425)
Effect of foreign currency exchange differences	-	(3)	(667)	(20)	(4)	(10)	(704)
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 1,142,416</u>	<u>\$ 8,732,057</u>	<u>\$ 57,881</u>	<u>\$ 346,144</u>	<u>\$ 417</u>	<u>\$ 10,278,915</u>
Net amount as of June 30, 2023	<u>\$ 2,090,707</u>	<u>\$ 656,934</u>	<u>\$ 3,187,716</u>	<u>\$ 15,431</u>	<u>\$ 84,621</u>	<u>\$ 2,775,433</u>	<u>\$ 8,810,842</u>
<u>Cost</u>							
Balance as of January 1, 2022	\$ 2,090,707	\$ 1,782,011	\$ 10,676,713	\$ 69,670	\$ 396,761	\$ 2,592,135	\$ 17,607,997
Additions	-	-	37	-	137	790,269	790,443
Disposal	-	(652)	(161,986)	(2,676)	(3,024)	-	(168,338)
Reclassification	-	21,825	186,135	5,249	5,699	(218,908)	-
Effect of foreign currency exchange differences	-	29	951	137	360	7	1,484
Balance as of June 30, 2022	<u>\$ 2,090,707</u>	<u>\$ 1,803,213</u>	<u>\$ 10,701,850</u>	<u>\$ 72,380</u>	<u>\$ 399,933</u>	<u>\$ 3,163,503</u>	<u>\$ 18,231,586</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2022	\$ -	\$ 1,059,353	\$ 8,515,016	\$ 52,591	\$ 314,183	\$ 420	\$ 9,941,563
Depreciation expenses	-	34,523	261,143	3,306	12,660	-	311,632
Disposal	-	(652)	(158,896)	(2,676)	(3,005)	-	(165,229)
Effect of foreign currency exchange differences	-	28	866	103	283	8	1,288
Balance as of June 30, 2022	<u>\$ -</u>	<u>\$ 1,093,252</u>	<u>\$ 8,618,129</u>	<u>\$ 53,324</u>	<u>\$ 324,121</u>	<u>\$ 428</u>	<u>\$ 10,089,254</u>
Net amount as of June 30, 2022	<u>\$ 2,090,707</u>	<u>\$ 709,961</u>	<u>\$ 2,083,721</u>	<u>\$ 19,056</u>	<u>\$ 75,812</u>	<u>\$ 3,163,075</u>	<u>\$ 8,142,332</u>

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

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

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

No impairment loss was recognized or reversed for the six months ended June 30, 2023 and 2022.

On August 1, 2023, the board of directors approved the introduction of a new generation of production technology that comes with the establishment of five new reactors and associated equipment, the investment amount estimated is NT\$4.5 billion.

15. Lease Arrangements

(1) Right-of-use assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount of right-of-use assets			
Land	\$ 126,939	\$ 125,063	\$ 131,776
Buildings	23,465	355	2,407
Machinery and Equipment	<u>10,323</u>	<u>-</u>	<u>4,559</u>
	<u>\$ 160,727</u>	<u>\$ 125,418</u>	<u>\$ 138,742</u>
	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>
Additions of right-of-use assets			<u>\$ 51,100</u>
Depreciation expense of right-of-use assets			<u>\$ -</u>
Land	\$ 5,235	\$ 5,500	\$ 10,474
Buildings	1,262	1,022	2,447
Machinery and Equipment	<u>1,721</u>	<u>2,280</u>	<u>3,441</u>
	<u>\$ 8,218</u>	<u>\$ 8,802</u>	<u>\$ 16,362</u>
	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>	
			<u>\$ 17,553</u>

Except for the addition and recognition of depreciation expense, the Group's right-of-use assets did not experience significant sub-lease and impairment for the six months ended June 30, 2023 and 2022.

(2) Lease liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 35,040</u>	<u>\$ 16,268</u>	<u>\$ 26,264</u>
Non-current	<u>\$ 130,713</u>	<u>\$ 113,696</u>	<u>\$ 117,145</u>

Range of discount rate for lease liabilities was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land	0.8244%-1.9250%	0.8244%-1.2750%	0.8244%-1.0392%
Buildings	1.0392%-8.0000%	1.0392%	1.0392%
Machinery and Equipment	1.9250%	-	1.0392%

(3) Material lease activities and contractual terms and conditions

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

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

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

(4) Other lease information

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Expenses relating to short-term leases	<u>\$ 3,412</u>	<u>\$ 3,384</u>	<u>\$ 6,885</u>	<u>\$ 6,372</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 17,572</u>	<u>\$ 21,922</u>	<u>\$ 33,799</u>	<u>\$ 39,100</u>
Total cash outflow for leases			<u>(\$ 58,094)</u>	<u>(\$ 63,813)</u>

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

16. Investment Property

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 118,715	\$ 118,186	\$ 117,598
Building and improvements, net	268,199	281,828	294,384
Right-of-use assets, net	<u>79,965</u>	<u>83,487</u>	<u>85,521</u>
	<u>\$ 466,879</u>	<u>\$ 483,501</u>	<u>\$ 497,503</u>

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

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

The total amount of lease payments to be collected in the future for investment property as operating lease as of June 30, 2023, December 31, 2022, and June 30, 2022 is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Year 1	\$ 34,272	\$ 36,600	\$ 46,245
Year 2	15,997	14,227	23,340
Year 3	10,970	10,970	10,776
Year 4	10,970	10,970	10,776
Year 5	10,970	10,970	10,776
Over 5 years	<u>10,970</u>	<u>16,455</u>	<u>21,552</u>
	<u>\$ 94,149</u>	<u>\$ 100,192</u>	<u>\$ 123,465</u>

Except for the recognition of depreciation expense, the Group's investment properties did not experience significant additions, disposals, and impairments for the six months ended June 30, 2023 and 2022.

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

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

17. Borrowings

(1) Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 880,000</u>	<u>\$ 790,000</u>	<u>\$ 180,000</u>
The range of interest rate	1.720%-1.780%	1.639%-1.949%	1.125%

(2) Short-term notes and bills payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Commercial note payable</u>	\$ -	\$ 200,000	\$ -
Less: Discount on commercial note payable	<u>-</u>	<u>(332)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 199,668</u>	<u>\$ -</u>
The range of interest rate	-	1.660%-1.722%	-

(3) Long-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 3,567,778</u>	<u>\$ 2,432,380</u>	<u>\$ 1,185,871</u>
The range of interest rate	0.893%-1.740%	0.761%-1.780%	0.496%-0.900%

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 \$1,500,000 thousand and a credit period due in May 2026 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of June 30, 2023, it has made drawdowns of \$400,000 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. The difference between the actual interest paid and the preferential interest rate shall be treated as government subsidies. As of June 30, 2023, it has made drawdowns of \$592,400 thousand.

In order to enrich medium- and- long-term working capital, CGPCPOL entered into a medium- and- long-term credit contracts with banks, with a total credit limit of \$800,000 thousand and credit periods due by May 2026 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of June 30, 2023, it has made drawdowns of \$200,000 thousand.

In order to enrich medium- and- long-term working capital, TVCM entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$300,000 thousand and a credit period due by November 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of June 30, 2023, it has not made any drawdown.

Based on "Action Plan for Accelerated Investment by SMEs", TVCM obtained a low-interest bank loan of \$2,977,400 thousand, and it recognized and measured the loan according to the market interest rate. The difference between the actual interest paid and the preferential interest rate shall be treated as government subsidies. As of June 30, 2023, it has made drawdowns of \$2,411,600 thousand.

Some of the Group's credit contracts stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a certain percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the bank concerned. As of June 30, 2023, the Group has not defaulted on any of the aforementioned financial ratios.

18. Trade Payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Trade payables (including related parties) (Note 28)</u>			
Operating	<u>\$ 885,212</u>	<u>\$ 1,201,754</u>	<u>\$ 1,154,687</u>

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

19. Other Payables - Non-Related Parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Payables for purchases of equipment	\$ 205,514	\$ 134,351	\$ 233,268
Payables for salaries or bonuses	160,911	183,204	149,324
Payables for utilities and fuel fees	141,288	139,293	95,383
Dividends payable	121,494	9,438	1,057,293
Payables for freight	62,106	77,039	100,982
Miscellaneous tax payable	4,699	6,142	4,793
Others	<u>189,932</u>	<u>177,606</u>	<u>156,290</u>
	<u>\$ 885,944</u>	<u>\$ 727,073</u>	<u>\$ 1,797,333</u>

20. Retirement Benefit Plans

Pension expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost rate at the end of the prior fiscal year which was stated in the respective actuarial report as of December 31, 2022 and 2021; the employee pension expense for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022 were \$2,990 thousand, \$3,102 thousand, \$5,980 thousand, and \$6,203 thousand, respectively. Under the defined benefit plans adopted by the Group, the Company and TVCM contribute amounts equal to 10% of total monthly salaries and wages of employees to a pension fund administered by the pension fund monitoring committee.

The Group contributed \$26,485 thousand and \$43,695 thousand for the six months ended June 30, 2023 and 2022, respectively, to the pension fund account with the Bank of Taiwan, which was designated by the Supervisory Committee of Workers' Pension Preparation Fund.

21. Equity

(1) Ordinary shares

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Number of shares authorized (in thousands)	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
Share authorized	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>581,050</u>	<u>581,050</u>	<u>581,050</u>
Share issued	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>

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

(2) Capital surplus

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

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

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company makes a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' meeting may retain part or all of such earnings depending on the operating circumstances. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employees' compensation and remuneration of directors" in Note 23(7).

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

The shareholders' meetings approved the earnings distribution proposal for years ended December 31, 2022 and 2021 on May 26, 2023 and May 30, 2022 as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ -	\$ 246,913		
Cash dividends	174,315	1,452,626	\$ 0.3	\$ 2.5

(4) Special reserve

The Company appropriated a special reserve in the amount of \$428,727 thousand, \$408,223 thousand after offsetting a deficit, from the net increase of retained earnings arising from the initial adoption of IFRSs. As of June 30, 2023, such amount has not changed.

(5) Other Equity

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

	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Balance at January 1	(\$ 18,861)	(\$ 52,461)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	(6)	30,098
Share of exchange of differences associates accounted for using the equity method	(707)	355
Related income tax	<u>1</u>	<u>(6,020)</u>
Balance at June 30	<u>(\$ 19,573)</u>	<u>(\$ 28,028)</u>

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

	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Balance at January 1	\$ 86,024	\$132,733
Recognized for the period		
Unrealized losses equity Instruments	(2,371)	(14,194)
Share of exchange of differences associates accounted for using the equity method	<u>(10,399)</u>	<u>(32,990)</u>
Balance at June 30	<u>\$ 73,254</u>	<u>\$ 85,549</u>

22. Revenue

(1) Revenue from contracts with customers

	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Revenue from the sale of goods				
PVC products	\$ 3,162,498	\$ 4,715,129	\$ 6,702,220	\$ 9,731,952
VCM products	<u>177,453</u>	<u>124,562</u>	<u>417,797</u>	<u>414,811</u>
	<u>\$ 3,339,951</u>	<u>\$ 4,839,691</u>	<u>\$ 7,120,017</u>	<u>\$ 10,146,763</u>

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

Please refer to Note 33 for information about revenue from contracts with customers.

(2) Contract balances

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities (presented in other current liabilities)	<u>\$ 55,225</u>	<u>\$ 101,549</u>	<u>\$ 85,076</u>	<u>\$ 76,557</u>

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

(3) Refunds liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Refunds liabilities (presented in other current liabilities)	<u>\$ 17,358</u>	<u>\$ 21,246</u>	<u>\$ 18,917</u>

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

23. Net profit (loss) for the period

(1) Interest income

	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Bank deposits	\$ 6,191	\$ 937	\$ 9,756	\$ 1,390
Financial assets at FVTPL	1,510	1,110	1,510	1,110
Financial assets at amortized cost	455	100	835	184
Others	<u>1,196</u>	<u>221</u>	<u>2,190</u>	<u>1,009</u>
	<u>\$ 9,352</u>	<u>\$ 2,368</u>	<u>\$ 14,291</u>	<u>\$ 3,693</u>

(2) Other income

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Rental income	\$ 12,356	\$ 12,561	\$ 25,033	\$ 24,828
Indemnity income	655	318	662	240,480
Others	9,526	5,872	16,203	10,293
	<u>\$ 22,537</u>	<u>\$ 18,751</u>	<u>\$ 41,898</u>	<u>\$ 275,601</u>

(3) Other gains and losses

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Net gains (losses) on the disposal of property, plant and equipment	\$ 6,028	(\$ 116)	\$ 6,227	\$ 1,872
Losses on disposal of subsidiaries	(984)	-	(984)	-
Gross foreign exchange gains	39,899	94,308	84,954	190,076
Gross foreign exchange losses	(13,592)	(48,904)	(64,838)	(87,293)
Net gains on fair value change on financial instruments at FVTPL	16,001	5,521	14,527	19,074
Depreciation expenses from investment properties	(6,949)	(7,268)	(13,936)	(14,497)
Depreciation expenses of property, plant and equipment	(1,012)	-	(2,023)	-
Others	(19,478)	(3,604)	(28,643)	(5,792)
	<u>\$ 19,913</u>	<u>\$ 39,937</u>	<u>(\$ 4,716)</u>	<u>\$ 103,440</u>

(4) Interest expense

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Interest on bank loans	\$ 17,298	\$ 3,221	\$ 32,367	\$ 5,720
Interest on lease liabilities	811	381	1,521	784
Less: Capitalized interest (presented under construction in progress)	(184)	(54)	(1,426)	(68)
	<u>\$ 17,925</u>	<u>\$ 3,548</u>	<u>\$ 32,462</u>	<u>\$ 6,436</u>

Information about capitalized interest was as follows:

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Capitalized interest	\$ 184	\$ 54	\$ 1,426	\$ 68
Capitalization rate	0.975%-1.250%	0.600%-0.875%	0.850%-1.250%	0.500%-0.875%

(5) Depreciation and amortization

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Property, Plant and Equipment	\$ 167,323	\$ 155,194	\$ 326,812	\$ 311,632
Right-of-use assets	8,218	8,802	16,362	17,553
Investment property	6,949	7,268	13,936	14,497
Intangible assets	45	16	61	27
Others	4,970	4,228	9,939	8,085
	<u>\$ 187,505</u>	<u>\$ 175,508</u>	<u>\$ 367,110</u>	<u>\$ 351,794</u>
Analysis of depreciation by function				
Operating costs	\$ 170,232	\$ 158,695	\$ 330,817	\$ 318,699
Operating expenses	4,297	5,301	10,334	10,486
Other gains and losses	7,961	7,268	15,959	14,497
	<u>\$ 182,490</u>	<u>\$ 171,264</u>	<u>\$ 357,110</u>	<u>\$ 343,682</u>
Analysis of amortization by function				
Operating costs	\$ 4,999	\$ 4,228	\$ 9,968	\$ 8,085
General and administrative expenses	16	16	32	27
	<u>\$ 5,015</u>	<u>\$ 4,244</u>	<u>\$ 10,000</u>	<u>\$ 8,112</u>

(6) Employee benefits expense

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Post-employment benefits (Note 20)				
Defined contribution plans	\$ 8,031	\$ 7,873	\$ 16,009	\$ 15,680
Defined benefit plans	2,990	3,102	5,980	6,203
	11,021	10,975	21,989	21,883
Other employee benefits	236,787	260,180	543,299	530,826
Total employee benefits expenses	<u>\$ 247,808</u>	<u>\$ 271,155</u>	<u>\$ 565,288</u>	<u>\$ 552,709</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 210,784	\$ 213,849	\$ 465,934	\$ 438,801
Operating expenses	37,024	57,306	99,354	113,908
	<u>\$ 247,808</u>	<u>\$ 271,155</u>	<u>\$ 565,288</u>	<u>\$ 552,709</u>

(7) The remuneration of employees and directors

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

and directors for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022 were as follows:

Accrual rate

	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Remuneration of Employees	1%	1%
Remuneration of Directors	-	-

Amount

	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Remuneration of Employees	<u>\$ 10</u>	<u>(\$ 874)</u>	<u>\$ 2,580</u>	<u>\$ 3,906</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. 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, approved by the Company's board of directors on March 9, 2022 was as follows:

Amount of Cash

Remuneration of Employees	<u>2021</u> <u>\$ 26,485</u>
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There was no difference between the actual amounts of remuneration of employees and directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

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

24. Taxation

(1) Income tax expense recognized in profit or loss

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

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Current tax				
In respect of the current period	\$ 13,797	\$ 23,685	\$ 110,401	\$ 71,291
Adjustments for prior periods	<u>20,217</u>	<u>(4,423)</u>	<u>20,667</u>	<u>(4,423)</u>
	<u>34,014</u>	<u>19,262</u>	<u>131,068</u>	<u>66,868</u>
Deferred tax				
In respect of the current period	(19,907)	(43,491)	(11,394)	(25,996)
Adjustments for prior periods	<u>(42)</u>	<u>699</u>	<u>(42)</u>	<u>697</u>
	<u>(19,949)</u>	<u>(42,792)</u>	<u>(11,436)</u>	<u>(25,299)</u>
Income tax expenses (benefits) recognized in profit or loss	<u>\$ 14,065</u>	<u>(\$ 23,530)</u>	<u>\$ 119,632</u>	<u>\$ 41,569</u>

(2) Income tax recognized in other comprehensive income

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
<u>Deferred tax</u>				
Recognized for the period				
- Translation of foreign operations	<u>(\$ 304)</u>	<u>(\$ 1,596)</u>	<u>\$ 1</u>	<u>(\$ 6,020)</u>

(3) Income tax assessments

The income tax returns of the Company and TVCM through 2021, as well as CGPCPOL through 2020, have been assessed by the tax authorities.

25. Earnings (Losses) Per Share

Unit: NT\$ Per Share

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Basic earnings (losses) per share	<u>\$ -</u>	<u>(\$ 0.15)</u>	<u>\$ 0.40</u>	<u>\$ 0.62</u>
Diluted earnings (losses) per share	<u>\$ -</u>	<u>(\$ 0.15)</u>	<u>\$ 0.40</u>	<u>\$ 0.62</u>

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

Net profit (loss) for the period

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	<u>\$ 691</u>	<u>(\$ 87,847)</u>	<u>\$ 233,042</u>	<u>\$ 362,987</u>

Shares

	Unit: Thousands of shares			
	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	581,050	581,050	581,050	581,050
Effect of potentially dilutive ordinary shares:				
Remuneration of Employees	<u>110</u>	<u>-</u>	<u>110</u>	<u>419</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>581,160</u>	<u>581,050</u>	<u>581,160</u>	<u>581,469</u>

If the Group offered to settle remuneration paid to employees in cash or shares, the Group assumed the entire amount of the remuneration would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. For the three months ended June 30, 2022, the remuneration of employees was not accrued due to the state of deficit.

26. Capital Management

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

27. Financial Instruments

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

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

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

1) Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 6,834	\$ -	\$ 6,834
Mutual Funds	724,365	-	-	724,365
Beneficiary securities	68,203	-	-	68,203
Investments in equity instruments				
- Domestic listed equity investments	31,077	-	-	31,077
- Overseas unlisted equity investments	-	-	-	-
	<u>\$ 823,645</u>	<u>\$ 6,834</u>	<u>\$ -</u>	<u>\$ 830,479</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- Domestic listed equity investments	\$ 3,295	\$ -	\$ -	\$ 3,295
- Domestic unlisted equity investments	-	-	65,603	65,603
	<u>\$ 3,295</u>	<u>\$ -</u>	<u>\$ 65,603</u>	<u>\$ 68,898</u>

December 31, 2022

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

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 994	\$ -	\$ 994
Mutual Funds	400,090	-	-	400,090
Beneficiary securities	53,886	-	-	53,886
Investments in equity instruments				
- Domestic listed equity investments	22,807	-	-	22,807
- Overseas unlisted equity investments	-	-	-	-
	<u>\$ 476,783</u>	<u>\$ 994</u>	<u>\$ -</u>	<u>\$ 477,777</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- Domestic listed equity investments	\$ 3,283	\$ -	\$ -	\$ 3,283
- Domestic unlisted equity investments	-	-	69,485	69,485
	<u>\$ 3,283</u>	<u>\$ -</u>	<u>\$ 69,485</u>	<u>\$ 72,768</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 2,121</u>	<u>\$ -</u>	<u>\$ 2,121</u>

There were no transfers between Levels 1 and 2 fair value measurement for the six months ended June 30, 2023 and 2022.

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

For the Six Months Ended June 30, 2023

	<u>Financial assets at FVTOCI</u>
Balance at January 1	\$ 67,644
Components recognized in other comprehensive income	(2,041)
Balance at June 30	<u>\$ 65,603</u>

For the Six Months Ended June 30, 2022

	<u>Financial assets at FVTOCI</u>
Balance at January 1	\$ 82,377
Components recognized in other comprehensive income	(12,892)
Balance at June 30	<u>\$ 69,485</u>

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

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

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

To determine the fair value for Level 3 financial instruments, the Group's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on June 30, 2023, December 31, 2022, and June 30, 2022. When other inputs remain unchanged, the fair value will decrease by \$772 thousand, \$796 thousand, and \$817 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	\$ 830,479	\$ 882,742	\$ 477,777
Financial assets at amortized cost			
Cash and Cash Equivalents	2,246,839	1,276,545	1,181,325
Pledged time deposits	283,179	343,024	269,312
Notes receivable	140,111	219,522	140,204
Trade receivables (including related parties)	1,316,945	1,202,318	1,504,610
Other receivables (including related parties and excluding tax refund receivable)	8,061	5,713	3,064
Refundable deposits	25,980	26,140	25,483
Financial assets at FVTOCI			
— Equity instruments	68,898	71,317	72,768

(Continued)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at			
FVTPL-Held for trading	\$ -	\$ 9,529	\$ 2,121
Financial liabilities			
measured at amortized cost			
Short-term notes and bills			
payable	-	199,668	-
Short-term borrowings	880,000	790,000	180,000
Trade payables (including			
related parties)	885,212	1,201,754	1,154,687
Other payables (Note)	807,205	556,480	2,172,791
Long-term borrowings	3,567,778	2,432,380	1,185,871
Guarantee deposits	27,061	22,771	19,963
			(Concluded)

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency of the Group against U.S. dollars, the Group's net income before tax for the six months ended June 30, 2023 and 2022 would have decreased/increased by \$20,925 thousand and \$31,545 thousand, respectively.

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

b) Interest rate risk

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 2,100,112	\$ 1,165,123	\$ 1,033,166
- Financial liabilities	1,445,753	1,519,632	573,409
Cash flow interest rate risk			
- Financial assets	374,338	421,923	370,664
- Financial liabilities	3,167,778	2,032,380	935,871

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared to assume that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for

the whole year. A 50 basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

When reporting to the management, the Group considers any interest rate fluctuation within 50 basis points reasonable. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2023 and 2022 would have decreased/increased by \$6,984 thousand and \$1,413 thousand, respectively.

c) Other price risks

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

Sensitivity analysis

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

If the price marketable securities had increased/decreased by 5%, the pre-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$4,964 thousand and \$3,835 thousand, respectively, 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 six months ended June 30, 2023 and 2022 would have increased/decreased by \$3,445 thousand and \$3,638 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

a) Liquidity and interest rate risk tables

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

June 30, 2023

	Effective Interest Rate(%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,692,417	\$ -	\$ -
Lease liabilities	0.824-8.000	34,992	91,945	48,192
Floating interest rate liabilities	0.893-1.740	239,522	3,061,412	-
Fixed interest rate liabilities	1.650-1.780	<u>682,117</u>	<u>600,000</u>	<u>-</u>
		<u>\$ 2,649,048</u>	<u>\$ 3,753,357</u>	<u>\$ 48,192</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Over 10 Years
Lease liabilities	<u>\$ 34,992</u>	<u>\$ 91,945</u>	<u>\$ 42,114</u>	<u>\$ 6,078</u>

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

June 30, 2022

	Effective Interest Rate(%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 3,327,478	\$ -	\$ -
Lease liabilities	0.824-1.039	26,546	61,536	61,853
Floating interest rate liabilities	0.496-1.675	5,214	970,260	-
Fixed interest rate liabilities	0.900-1.125	<u>180,242</u>	<u>250,000</u>	<u>-</u>
		<u>\$ 3,539,480</u>	<u>\$ 1,281,796</u>	<u>\$ 61,853</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Over 10 Years
Lease liabilities	<u>\$ 26,546</u>	<u>\$ 61,536</u>	<u>\$ 55,056</u>	<u>\$ 6,797</u>

b) Financing facilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Bank loan facilities			
- Amount unused	<u>\$ 7,765,619</u>	<u>\$ 7,479,040</u>	<u>\$ 8,051,496</u>

28. Transactions with Related Parties

As of June 30, 2023, December 31, 2022, and June 30, 2022, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company's outstanding ordinary shares.

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

(1) Related parties names and categories

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

(2) Sales

<u>Related Party Category</u>	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Investor with significant influence	\$ 406	\$ -	\$ 1,629	\$ 569
Fellow subsidiary	98	343	212	343
	<u>\$ 504</u>	<u>\$ 343</u>	<u>\$ 1,841</u>	<u>\$ 912</u>

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

(3) Purchases

<u>Related Party Category</u>	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Related party in substance	\$ 211,772	\$ 283,500	\$ 606,525	\$ 555,379
Fellow subsidiary	11,202	16,109	28,771	34,411
Ultimate parent company	-	749	248	1,079
	<u>\$ 222,974</u>	<u>\$ 300,358</u>	<u>\$ 635,544</u>	<u>\$ 590,869</u>

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

(4) Trade receivables

<u>Related Party Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fellow subsidiary	\$ -	\$ 128	\$ -
Investor with significant influence	-	630	-
	<u>\$ -</u>	<u>\$ 758</u>	<u>\$ -</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for the six months ended June 30, 2023 and 2022.

(5) Trade payables to related parties

<u>Related Party Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Ultimate parent company	\$ 147,848	\$ 219,827	\$ 25,666
Fellow subsidiary	8,330	7,968	9,782
Investor with significant influence	7	-	-
	<u>\$ 156,185</u>	<u>\$ 227,795</u>	<u>\$ 35,448</u>

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

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

<u>Related Party Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Ultimate parent company	\$ 2,421	\$ 839	\$ 945
Investor with significant influence	721	733	1,050
Fellow subsidiary	393	10	84
Associate	278	6	1
	<u>\$ 3,813</u>	<u>\$ 1,588</u>	<u>\$ 2,080</u>

(7) Other payables to related parties

<u>Related Party Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Parent company	\$ 43,524	\$ -	\$ 362,698
Investor with significant influence	17,940	846	146,316
Associate	23,234	9,657	15,876
Fellow subsidiary	282	232	2,282
Ultimate parent company	1,847	7,360	1,842
Subsidiary of investor with significant influence	44	658	561
	<u>\$ 86,871</u>	<u>\$ 18,753</u>	<u>\$ 529,575</u>

Other payables of the parent company and the investors with significant influence as of June 30, 2023 and 2022 were mainly cash dividend payables.

(8) Acquisitions of property, plant and equipment

<u>Related Party Category</u>	<u>Purchase Price</u>	
	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Ultimate parent company	<u>\$ 3,800</u>	<u>\$ 105</u>

(9) Lease arrangements

<u>Related Party Category/Name</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Lease liabilities</u>			
Investor of significant influence			
APC	\$ 103,905	\$ 110,549	\$ 117,158
TTC	12,796	2,549	7,339
Associate	9,304	-	3,932
	<u>\$ 126,005</u>	<u>\$ 113,098</u>	<u>\$ 128,429</u>

<u>Related Party Category/Name</u>	<u>For the Three Months Ended June 30, 2023</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
<u>Interest expense</u>				
Investor with significant influence				
APC	\$ 276	\$ 310	\$ 560	\$ 629
TTC	62	24	130	53
Associate	49	13	105	32
	<u>\$ 387</u>	<u>\$ 347</u>	<u>\$ 795</u>	<u>\$ 714</u>
<u>Lease expenses</u>				
Ultimate parent company	\$ 1,657	\$ 1,741	\$ 3,346	\$ 3,482
Investor with significant influence	851	753	1,962	1,591
	<u>\$ 2,508</u>	<u>\$ 2,494</u>	<u>\$ 5,308</u>	<u>\$ 5,073</u>

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

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

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

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

(10) Storage tank operating expenses

Related Party Category/Name	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Associate CGTD	<u>\$ 21,685</u>	<u>\$ 22,500</u>	<u>\$ 55,594</u>	<u>\$ 48,238</u>

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

(11) Management service revenue

Related Party Category	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Ultimate parent company	\$ 779	\$ 866	\$ 1,557	\$ 1,733
Investor with significant influence	-	20	-	40
	<u>\$ 779</u>	<u>\$ 886</u>	<u>\$ 1,557</u>	<u>\$ 1,773</u>

(12) Management service expenses

Related Party Category/Name	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Fellow subsidiary				
UM	\$ 29,124	\$ 25,589	\$ 56,587	\$ 63,070
Ultimate parent company	1,228	1,010	2,446	2,012
	<u>\$ 30,352</u>	<u>\$ 26,599</u>	<u>\$ 59,033</u>	<u>\$ 65,082</u>

UM and the ultimate parent company provide labor support, equipment and other related services to the Company and its subsidiaries. The service expenses were based on the actual

quarterly expenses which should be paid in the subsequent quarter following the related service.

(13) Donations

Related Party Category/Name	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Related party in substance USIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>

(14) Rental income

Related Party Category	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Fellow subsidiary	\$ 1,344	\$ 897	\$ 2,547	\$ 1,732
Subsidiary of investor with significant influence	291	296	586	589
Investor with significant influence	<u>67</u>	<u>66</u>	<u>133</u>	<u>140</u>
	<u>\$ 1,702</u>	<u>\$ 1,259</u>	<u>\$ 3,266</u>	<u>\$ 2,461</u>

USIO signed a factory lease contract with the Company with a lease term until April 15, 2024. The Company collects fixed rental amounts on a monthly basis. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

(15) Other income

Related Party Category	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Investor with significant influence	<u>\$ 259</u>	<u>\$ 344</u>	<u>\$ 416</u>	<u>\$ 677</u>

(16) Compensation of key management personnel

The compensation of directors and key executives for the three months and six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Salaries and others	\$ 3,301	\$ 3,307	\$ 5,979	\$ 5,851
Post-employment benefits	<u>54</u>	<u>54</u>	<u>108</u>	<u>108</u>
	<u>\$ 3,355</u>	<u>\$ 3,361</u>	<u>\$ 6,087</u>	<u>\$ 5,959</u>

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

29. Assets Pledged as Collateral or for Security

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Pledge time deposits (classified as financial assets at amortized cost or other non-current assets)	<u>\$ 307,940</u>	<u>\$ 367,648</u>	<u>\$ 293,856</u>

30. Significant Contingent Liabilities and Unrecognized Commitments

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

(1) As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group's unused letters of credit amounted to \$455,201 thousand, \$1,314,845 thousand and \$1,468,482 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 \$229,532 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 \$10,557 thousand as of July 26, 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 July 26, 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 \$1,470,793 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 \$1,882,829 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 \$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

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

31. Significant Assets and Liabilities Denominated in Foreign Currencies

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

Unit: Except for the exchange rate, all in thousands

June 30, 2023

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 36,824	31.140 (USD:NTD)	\$ 1,146,712	\$ 1,146,712
AUD	775	20.620 (AUD:NTD)	15,988	15,988
EUR	484	33.810 (EUR:NTD)	16,348	16,348
USD	301	7.2257 (USD:CNY)	2,172	9,362
GBP	32	39.380 (GBP:NTD)	1,279	1,279
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	14,718	31.140 (USD:NTD)	458,326	458,326
EUR	30	33.810 (GBP:NTD)	1,010	1,010
USD	8	7.2257 (USD:CNY)	57	247
AUD	4	20.620 (AUD:NTD)	89	89

December 31, 2022

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

June 30, 2022

	<u>Foreign currencies</u>	<u>Exchange Rate (In Single Dollars)</u>	<u>Functional Currencies</u>	<u>NT\$</u>
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 55,991	29.720 (USD:NTD)	\$ 1,664,046	\$ 1,664,046
AUD	1,023	20.450 (AUD:NTD)	20,924	20,924
EUR	598	31.050 (EUR:NTD)	18,555	18,555
USD	300	6.7114 (USD:CNY)	2,017	8,930
GBP	28	36.070 (GBP:NTD)	1,025	1,025
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	20,911	29.720 (USD:NTD)	621,467	621,467
GBP	159	31.050 (GBP:NTD)	4,951	4,951

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, net foreign exchange gains were \$26,307 thousand, \$45,404 thousand, \$20,116 thousand, and \$102,783 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

32. Supplementary Disclosures

(1) Information on Significant Transactions

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held: Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4.
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6.
- 9) Trading in derivative instruments: Note 7.
- 10) Other: Intercompany relationships and significant intercompany transactions: Table 7.

(2) Information on Reinvestment: Table 8.

(3) Information on Investments in Mainland China

- 1) Information on any investee company in Mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China: Table 9.
- 2) The following information on any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and their purposes.
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- (4) Information of Major Shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: Table 10.

33. Segment Information

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

Segment revenue and results

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

For the Six Months Ended June 30, 2023

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 417,797	\$ 6,702,220	\$ 7,120,017
Inter-segment revenue	<u>4,173,993</u>	<u>219,207</u>	<u>4,393,200</u>
Segment revenue	<u>\$ 4,591,790</u>	<u>\$ 6,921,427</u>	11,513,217
Eliminations			(<u>4,393,200</u>)
Consolidated revenue			<u>\$ 7,120,017</u>
Segment income	<u>\$ 46,975</u>	<u>\$ 334,278</u>	\$ 381,253
Interest income			14,291
Other income			41,898
Other gains and losses			(4,716)
Interest expense			(32,462)
Share of loss of associates accounted for using the equity method			(<u>6,441</u>)
Profit before income tax			<u>\$ 393,823</u>

For the Six Months Ended June 30, 2022

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 414,811	\$ 9,731,952	\$ 10,146,763
Inter-segment revenue	<u>6,946,759</u>	<u>300,309</u>	<u>7,247,068</u>
Segment revenue	<u>\$ 7,361,570</u>	<u>\$ 10,032,261</u>	17,393,831
Eliminations			(<u>7,247,068</u>)
Consolidated revenue			<u>\$ 10,146,763</u>
Segment income	<u>\$ 10</u>	<u>\$ 62,572</u>	\$ 62,582
Interest income			3,693
Other income			275,601
Other gains and losses			103,440
Interest expense			(6,436)
Share of profit of associates accounted for using the equity method			<u>14,937</u>
Profit before income tax			<u>\$ 453,817</u>

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

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

China General Plastics Corporation and Subsidiaries
Financing Provided to Others
For the Six Months Ended June 30, 2023

Table 1

Unit: NT\$ thousands, Unless Stated Otherwise

Number	Lender	Borrower	Financial Statement Account	Related Party (Yes/No)	Highest Balance for the Period	Balance at the End of the Period	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Name	Value		
0	China General Plastics Corporation	CGPC Polymer Corporation	Other receivables from related parties	Yes	\$ 300,000	\$ 300,000	\$ -	-	Short-term financing	\$ -	Business turnover	\$ -	-	\$ -	\$ 3,797,309	\$ 3,797,309

Note 1. The latest audited or reviewed financial statements of the Company were 40% of the net value.

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

China General Plastics Corporation and Subsidiaries
Endorsements/Guarantees Provided
For the Six Months Ended June 30, 2023

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 1)	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	\$ 5,695,963	\$ 800,000	\$ 800,000	\$ 200,000	None	8.43%	\$ 9,493,272	Yes	No	No

Note 1. The ratio is calculated using the ending balance of equity of the Company as of June 30, 2023.

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

China General Plastics Corporation and Subsidiaries
Marketable Securities Held
June 30, 2023

Table 3

Unit: NT\$ thousands

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Unit / Share	Carrying Amount	Percentage of Ownership (%)	Fair value	
China General Plastics Corporation	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	3,806,000	\$ 68,203	-	\$ 68,203	(Note 1)
	<u>Ordinary shares</u>							
	Hon Hai Precision Ind. Co., Ltd.	-	Financial assets at FVTPL - current	100,000	11,300	-	11,300	(Note 1)
	China Steel Corporation	-	"	350,000	10,290	-	10,290	(Note 1)
	Tung Ho Steel Enterprise Corporation	-	"	95,500	5,682	-	5,682	(Note 1)
Taiwan Cement Corporation	-	"	100,000	3,805	-	3,805	(Note 1)	
Taiwan VCM Corporation	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,977,475	65,603	5.95%	65,603	(Note 1)
	<u>Mutual Funds</u>							
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	17,639,711	250,662	-	250,662	(Note 1)
	Taishin 1699 Money Market Fund	-	"	17,374,180	240,685	-	240,685	(Note 1)
	Hua Nan Phoenix Money Market Fund	-	"	6,545,690	108,788	-	108,788	(Note 1)
Fubon Chi-Hsiang Money Market Fund	-	"	6,698,441	107,204	-	107,204	(Note 1)	
CGPC Polymer Corporation	<u>Ordinary shares</u>							
	Asia Polymer Corporation	-	Financial assets at FVTOCI - non-current	130,244	3,295	0.02%	3,295	(Note 1)
CGPC (BVI) Holding Co., Ltd.	<u>Mutual Funds</u>							
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	1,198,170	17,026	-	17,026	(Note 1)
CGPC (BVI) Holding Co., Ltd.	<u>Ordinary shares</u>							
	Teratech Corporation	-	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Note 1 and 3)
	SOHWARE, Inc - preferred shares	-	"	100,000	-	-	-	(Notes 1, 2, and 3)

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

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

Note 3. As of June 30, 2023, the Group evaluates the fair value of the equity instrument as \$0.

China General Plastics Corporation and Subsidiaries
Marketable Securities Acquired and Disposed of at Costs and Prices of at Least NT\$300 Million or 20% of the Paid-in Capital
For the Six Months Ended June 30, 2023

Table 4

Unit: NT\$ thousands

Buyer/Seller	Type and Name of Marketable Securities	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
Taiwan VCM Corporation	<u>Mutual Funds</u> Fubon Chi-Hsiang Money Market Fund	Financial assets at FVTPL - current	-	-	-	\$ -	20,679,465	\$ 330,000	13,981,024	\$ 223,214	\$ 223,000	\$ 214	6,698,441	\$ 107,000

Note. The amount refers to the original acquisition cost.

China General Plastics Corporation and Subsidiaries
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
For the Six Months Ended June 30, 2023

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	(\$ 205,314)	(5%)	90 days	No major difference	No major difference	\$ 141,272	16%	Note
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sales	(2,102,229)	(46%)	45 days	No major difference	No major difference	674,282	47%	Note
	CGPC Polymer Corporation	Fellow subsidiary	Sales	(2,071,649)	(45%)	45 days	No major difference	No major difference	661,332	46%	Note
	Fujian Gulei Petrochemical Co., Ltd.	Related party in substance	Purchase	606,525	18%	Sight Letter of Credit	No major difference	No major difference	-	-	-

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

China General Plastics Corporation and Subsidiaries
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
June 30, 2023

Table 6

Unit: NT\$ thousands

Company Name	Counterparty	Relationship	Financial Statement Account and Ending Balance (Note 3)	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 \$141,272	2.88	\$ -	-	\$ 26,137	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables - related parties 674,282	5.74	-	-	427,638	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables - related parties 661,332	5.95	-	-	402,541	Note 1

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

Note 2. The subsequent period is between July 1 and July 25, 2023.

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

China General Plastics Corporation and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
For the Six Months Ended June 30, 2023

Table 7

Unit: NT\$ thousands

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Sales or Asset (Note 3)
0	China General Plastics Corporation	Taiwan VCM Corporation	1	Trade payables to related parties	\$ 674,282	No major difference	4%
			1	Purchases	2,102,229	No major difference	30%
		CGPC America Corporation	1	Trade receivables from related parties	141,272	No major difference	1%
			1	Sales revenue	205,314	No major difference	3%
		CGPC Polymer Corporation	1	Other receivables from related parties	680	No major difference	-
			1	Trade payables to related parties	4,581	No major difference	-
		1	Purchases	13,893	No major difference	-	
1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	661,332	No major difference	4%
			3	Other payables to related parties	28,786	No major difference	-
			3	Purchases	2,071,649	No major difference	29%
			3	Rental income	876	No major difference	-

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

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

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

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

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

China General Plastics Corporation and Subsidiaries
Information on Investees
For the Six Months Ended June 30, 2023

Table 8

Unit: NT\$ thousands

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				June 30, 2023	January 1, 2023	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%	\$ 4,358,734	\$ 413,832	\$ 282,209	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%	631,177	(70,530)	(70,530)	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%	337,667	7,288	7,288	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%	340,914	(12,895)	(4,298)	Associate accounted for using the equity method
	CGPC America Corporation	4 Latitude Way, Suite 108 Corona, CA 92881, U.S.A	Marketing of PVC film and leather products	648,931	648,931	100	100%	202,866	(10,291)	(10,291)	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	41,805 (Note 1)	33,995	3,566,526	1.67%	30,204	(127,951)	(2,143)	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	50,000	5,000,000	100%	54,889	2,624	-	Subsidiary

Note 1. The Group did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 1.74% to 1.67%.

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

China General Plastics Corporation and Subsidiaries
Information on Investments in Mainland China
For the Six Months Ended June 30, 2023

Table 9

Unit: NT\$ thousands, 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, 2023 (Note 1)	Current Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023 (Note 1)	Net Income of Investee	Ownership Percentage of Direct or Indirect Investment	Current Investment Gain (Note 4)	Carrying Amount as of June 30, 2023 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	\$ 622,800 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 622,800 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 622,800 (US\$ 20,000 thousand)	\$ 6,341 (US\$ 208 thousand)	100%	\$ 6,341 (US\$ 208 thousand)	\$ 240,985 (US\$ 7,739 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 5)	Manufacturing and marketing of PVC consumer products	- (US\$ - thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	46,710 (US\$ 1,500 thousand)	-	-	46,710 (US\$ 1,500 thousand)	8 (US\$ - thousand)	100%	8 (US\$ - thousand)	- (US\$ - thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2023 (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)
\$ 843,333 (US\$ 27,082 thousand)	\$ 977,796 (US\$ 31,400 thousand)	\$ -

Note 1. The calculation was based on the spot exchange rate of June 30, 2023.

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)"), Union (Zhong Shan) Co., Ltd. ("Union (ZS)") and CGPC Consumer Products Corporation ("CGPC (CP)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of China General Plastics (SanHe) 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 USD684 thousand, the investment amount of Union (ZS) of USD898 thousand, the investment amount of CGPC (SH) of USD4,000 thousand and the investment amount of CGPC (CP) USD1,500 thousand.

Note 4. All the transactions were written off when preparing the consolidated financial statements; the investment income was recognized based on the financial statements not reviewed by auditors. Please refer to Note 12.

Note 5. The liquidation of CGPC (CP) was completed on July 17, 2023.

China General Plastics Corporation
Information on Major Shareholders
June 30, 2023

Table 10

Names of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer International Investment Corporation	145,079,236	24.97%
Asia Polymer Corporation	46,886,185	8.07%

Note 1. 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.