

**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  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

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## **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 (collectively referred to as the Group) as of March 31, 2024 and 2023, and the related consolidated statement of comprehensive income, changes in equity and of cash flows for the three 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 March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$1,080,884 thousand and NT\$1,123,244 thousand, respectively, representing 6% and 7%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of March 31, 2024 and 2023 were NT\$54,369 thousand and NT\$54,066 thousand, respectively, representing both 1% of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$12,375 thousand, NT\$18,759 thousand, respectively, representing (34%) 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 March 31, 2024 and 2023, were NT\$(14,689) thousand, NT\$(1,958) thousand, respectively, representing 40% and (1%), 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 March 31, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the three 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

May 2, 2024

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<div>China General Plastics Corporation and Subsidiaries</div> <div>Consolidated Balance Sheets</div> <div>March 31, 2024 and 2023, And December 31, 2023</div>							
Unit: NT\$ thousands							
CODE	ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 1,476,181	8	\$ 1,203,186	7	\$ 1,546,546	9
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	890,829	5	941,551	5	794,655	4
1136	Financial assets at amortized cost - current (Notes 9 and 29)	1,002,636	5	960,748	5	283,179	2
1150	Notes receivables (Note 10)	139,610	1	139,062	1	141,747	1
1170	Trade receivables (Notes 10 and 28)	1,007,679	6	1,018,774	6	1,251,066	7
1200	Other receivables (Notes 10 and 28)	90,638	-	82,246	-	121,850	1
1220	Current tax assets	1,315	-	583	-	612	-
1310	Inventories (Note 11)	2,664,128	15	2,527,010	14	2,719,589	16
1410	Prepayments	133,259	1	92,747	1	116,046	1
1470	Other current assets	1,004	-	838	-	1,252	-
11XX	Total current assets	<u>7,407,279</u>	<u>41</u>	<u>6,966,745</u>	<u>39</u>	<u>6,976,542</u>	<u>41</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	62,777	-	63,521	-	70,207	1
1550	Investments accounted for using the equity method (Note 13)	346,698	2	359,601	2	385,743	2
1600	Property, plant and equipment (Notes 14)	9,256,376	51	9,249,791	52	8,602,267	50
1755	Right-of-use assets (Notes 15 and 28)	137,370	1	144,767	1	168,414	1
1760	Investment properties (Note 16)	461,390	2	454,437	3	477,791	3
1840	Deferred tax assets	463,717	3	445,588	3	373,500	2
1990	Other non-current assets (Note 29)	62,374	-	65,782	-	34,423	-
15XX	Total non-current assets	<u>10,790,702</u>	<u>59</u>	<u>10,783,487</u>	<u>61</u>	<u>10,112,345</u>	<u>59</u>
1XXX	Total Assets	<u>\$18,197,981</u>	<u>100</u>	<u>\$17,750,232</u>	<u>100</u>	<u>\$17,088,887</u>	<u>100</u>
CODE	LIABILITIES AND EQUITY						
	Current Liabilities						
2100	Short-term borrowings (Note 17)	\$ 1,720,000	9	\$ 1,380,000	8	\$ 800,000	5
2110	Short-term notes and bills payable (Note 17)	-	-	-	-	99,976	1
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	-	-	795	-	508	-
2150	Notes Payables (Note 18)	38,473	-	42,018	-	-	-
2170	Trade payables (Note 18)	724,541	4	513,702	3	741,961	4
2180	Trade payables to related parties (Notes 18 and 28)	277,391	2	222,356	1	85,581	1
2200	Other payables (Note 19)	682,786	4	777,321	4	709,145	4
2220	Other payables to related parties (Note 28)	25,994	-	31,295	-	17,208	-
2230	Current tax liabilities	111,853	1	111,565	1	97,403	1
2280	Lease liabilities (Notes 15 and 28)	30,524	-	33,515	-	33,901	-
2322	Long-term borrowings due within one year or one operating cycle (Note 17)	480,721	3	217,027	1	-	-
2399	Other current liabilities (Note 22)	94,047	-	92,237	1	85,490	-
21XX	Total current liabilities	<u>4,186,330</u>	<u>23</u>	<u>3,421,831</u>	<u>19</u>	<u>2,671,173</u>	<u>16</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17)	2,740,780	15	2,999,206	17	2,999,349	18
2570	Deferred tax liabilities	598,872	3	594,334	3	595,957	3
2580	Lease liabilities (Notes 15 and 28)	112,515	1	117,111	1	138,989	1
2640	Net defined benefit liabilities	301,191	2	311,996	2	315,950	2
2670	Other non-current liabilities	67,700	-	78,266	-	72,963	-
25XX	Total non-current liabilities	<u>3,821,058</u>	<u>21</u>	<u>4,100,913</u>	<u>23</u>	<u>4,123,208</u>	<u>24</u>
2XXX	Total Liabilities	<u>8,007,388</u>	<u>44</u>	<u>7,522,744</u>	<u>42</u>	<u>6,794,381</u>	<u>40</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Ordinary share	5,810,505	32	5,810,505	33	5,810,505	34
3200	Capital surplus	17,970	-	17,986	-	15,896	-
	Retained earnings						
3310	Legal reserve	1,117,245	6	1,117,245	6	1,117,245	7
3320	Special reserve	408,223	2	408,223	2	408,223	2
3350	Unappropriated retained earnings	2,155,686	12	2,187,353	13	2,261,431	13
3300	Total retained earnings	3,681,154	20	3,712,821	21	3,786,899	22
3400	Other equity	45,632	1	40,165	-	65,012	1
31XX	Total equity attributable to owners of the Company	9,555,261	53	9,581,477	54	9,678,312	57
36XX	Non-controlling interests	635,332	3	646,011	4	616,194	3
3XXX	Total equity	<u>10,190,593</u>	<u>56</u>	<u>10,227,488</u>	<u>58</u>	<u>10,294,506</u>	<u>60</u>
	Total Liabilities and Equity	<u>\$18,197,981</u>	<u>100</u>	<u>\$17,750,232</u>	<u>100</u>	<u>\$17,088,887</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 May 2, 2024)

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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2024 and 2023**

		Unit: NT\$ thousands, except (Losses) Earnings Per Share			
CODE		For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
		Amount	%	Amount	%
4100	Net revenue (Notes 22 and 28)	\$ 2,904,775	100	\$ 3,780,066	100
5110	Cost of revenue (Notes 11, 23, and 28)	<u>2,732,195</u>	<u>94</u>	<u>3,080,315</u>	<u>81</u>
5900	Gross profit	<u>172,580</u>	<u>6</u>	<u>699,751</u>	<u>19</u>
	Operating expenses (Notes 23 and 28)				
6100	Selling and marketing expenses	180,909	6	230,743	6
6200	General and administrative expenses	73,884	2	71,299	2
6300	Research and development expenses	<u>17,851</u>	<u>1</u>	<u>20,061</u>	<u>1</u>
6000	Total operating expenses	<u>272,644</u>	<u>9</u>	<u>322,103</u>	<u>9</u>
6900	Net operating (loss) income	( <u>100,064</u> )	( <u>3</u> )	<u>377,648</u>	<u>10</u>
	Non-operating income and expenses (Notes 13, 23 and 28)				
7100	Interest income	7,615	-	4,939	-
7010	Other income	19,102	1	19,361	1
7020	Other gains and losses	36,036	1	( 24,629 )	( 1 )
7510	Interest expense	( 21,167 )	( 1 )	( 14,537 )	-
7060	Share of loss of associates accounted for using the equity method	( <u>1,606</u> )	<u>-</u>	( <u>3,137</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>39,980</u>	<u>1</u>	( <u>18,003</u> )	<u>-</u>
7900	Net (loss) profit before income tax	( 60,084 )	( 2 )	359,645	10
7950	Income tax (benefit) expense(Note 24)	( <u>17,808</u> )	( <u>1</u> )	<u>105,567</u>	<u>3</u>
8200	Net (loss) profit for the period	( <u>42,276</u> )	( <u>1</u> )	<u>254,078</u>	<u>7</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	( 744 )	-	( 1,110 )	-
8326	Share of the other comprehensive income of associates accounted for using the equity method – unrealized (losses) gains on investments in equity instruments at FVTOCI	( <u>12,148</u> )	( <u>1</u> )	<u>137</u>	<u>-</u>
8310		( <u>12,892</u> )	( <u>1</u> )	( <u>973</u> )	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	21,798	1	( 1,525 )	-
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	851	-	53	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( <u>4,360</u> )	<u>-</u>	<u>305</u>	<u>-</u>
8360		<u>18,289</u>	<u>1</u>	( <u>1,167</u> )	<u>-</u>
8300	Other comprehensive income (loss) for the period, net of income tax	<u>5,397</u>	<u>-</u>	( <u>2,140</u> )	<u>-</u>
8500	Total comprehensive income (loss) for the period	( \$ <u>36,879</u> )	( <u>1</u> )	\$ <u>251,938</u>	<u>7</u>
	Net (loss) profit attributable to:				
8610	Owners of the Company	( \$ 31,667 )	( 1 )	\$ 232,351	6
8620	Non-controlling interests	( <u>10,609</u> )	<u>-</u>	<u>21,727</u>	<u>1</u>
8600		( \$ <u>42,276</u> )	( <u>1</u> )	\$ <u>254,078</u>	<u>7</u>
	Total comprehensive income (loss) attributable to:				
8710	Owners of the Company	( \$ 26,200 )	( 1 )	\$ 230,200	6
8720	Non-controlling interests	( <u>10,679</u> )	<u>-</u>	<u>21,738</u>	<u>1</u>
8700		( \$ <u>36,879</u> )	( <u>1</u> )	\$ <u>251,938</u>	<u>7</u>
	Earnings (losses) per share (Note 25)				
9750	Basic	( \$ <u>0.05</u> )		\$ <u>0.40</u>	
9850	Diluted	( \$ <u>0.05</u> )		\$ <u>0.40</u>	

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

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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Three Months Ended March 31, 2024 and 2023**

Unit: NT\$ thousands

		Equity attributable to owners of the Company								Other Equity					
		Ordinary share	Capital surplus			Retained earnings				Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI	Total	Total	Non-controlling interests	Total equity
CODE			Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
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
C7	Changes in equity of associates accounted for using equity method	-	-	1,358	1,358	-	-	-	-	-	-	-	1,358	-	1,358
C17	Other changes in capital surplus	-	( 15)	( 3)	( 18)	-	-	-	-	-	-	-	( 18)	-	( 18)
D1	Net profit for the three months ended March 31, 2023	-	-	-	-	-	-	232,351	232,351	-	-	-	232,351	21,727	254,078
D3	Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	( 1,167)	( 984)	( 2,151)	( 2,151)	11	( 2,140)
D5	Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	232,351	232,351	( 1,167)	( 984)	( 2,151)	230,200	21,738	251,938
Z1	Balance as of March 31, 2023	\$5,810,505	\$ 13,857	\$ 2,039	\$ 15,896	\$1,117,245	\$ 408,223	\$2,261,431	\$3,786,899	(\$ 20,028)	\$ 85,040	\$ 65,012	\$9,678,312	\$ 616,194	\$10,294,506
A1	Balance as of January 1, 2024	\$5,810,505	\$ 15,939	\$ 2,047	\$ 17,986	\$1,117,245	\$ 408,223	\$2,187,353	\$3,712,821	(\$ 21,141)	\$ 61,306	\$ 40,165	\$9,581,477	\$ 646,011	\$10,227,488
C17	Other changes in capital surplus	-	( 16)	-	( 16)	-	-	-	-	-	-	-	( 16)	-	( 16)
D1	Net loss for the three months ended March 31, 2024	-	-	-	-	-	-	( 31,667)	( 31,667)	-	-	-	( 31,667)	( 10,609)	( 42,276)
D3	Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	-	18,289	( 12,822)	5,467	5,467	( 70)	5,397
D5	Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	( 31,667)	( 31,667)	18,289	( 12,822)	5,467	( 26,200)	( 10,679)	( 36,879)
Z1	Balance as of March 31, 2024	\$5,810,505	\$ 15,923	\$ 2,047	\$ 17,970	\$1,117,245	\$ 408,223	\$2,155,686	\$3,681,154	(\$ 2,852)	\$ 48,484	\$ 45,632	\$9,555,261	\$ 635,332	\$10,190,593

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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2024 and 2023**

Unit: NT\$ thousands

CODE		For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
	Cash flows from operating activities		
A10000	Net (loss) profit before income tax	( \$ 60,084 )	\$ 359,645
A20010	Adjustments for:		
A20100	Depreciation expenses	214,675	174,620
A20200	Amortization expense	5,493	4,985
A20400	Net (gain) loss on fair value change on financial instruments at FVTPL	( 17,063 )	1,474
A20900	Interest expense	21,167	14,537
A21200	Interest income	( 7,615 )	( 4,939 )
A21300	Dividend income	-	( 334 )
A22300	Share of loss of associates accounted for using the equity method	1,606	3,137
A22500	Loss (gain) on the disposal of property, plant, and equipment	3,716	( 199 )
A23800	Reversal of write-downs of inventories and obsolescence losses	( 34,720 )	( 72,458 )
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	66,990	77,592
A31130	Notes receivable	( 548 )	77,775
A31150	Trade receivables (including related parties)	15,509	( 49,474 )
A31180	Other receivables (including related parties)	( 7,959 )	( 42,473 )
A31200	Inventories	( 93,239 )	( 86,674 )
A31230	Prepayments	( 40,512 )	73,285
A31240	Other current assets	( 166 )	( 94 )
A32130	Notes payables	( 3,545 )	-
A32150	Trade payables (including related parties)	265,620	( 374,194 )
A32180	Other payables (including related parties)	( 83,767 )	( 54,227 )
A32230	Other current liabilities	1,810	( 59,416 )
A32240	Net defined benefit liabilities	( 12,572 )	( 14,372 )
A33000	Cash generated from operations	234,796	28,196
A33100	Interest received	7,182	3,243
A33300	Interest paid	( 17,784 )	( 11,732 )
A33500	Income tax paid	( 587 )	( 353 )
AAAA	Net cash generated from operating activities	<u>223,607</u>	<u>19,354</u>

(Continued)

<u>CODE</u>		<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	( \$ 557,395 )	( \$ 184,580 )
B00050	Proceeds from disposal of financial assets at amortized cost	515,507	244,425
B01800	Acquisition of investments accounted for using equity method	-	( 7,810 )
B02700	Payments for property, plant and equipment	( 236,792 )	( 279,822 )
B02800	Proceeds from disposal of property, plant and equipment	1,829	1,427
B03700	Increase in refundable deposits	( 101 )	( 550 )
B03800	Decrease in refundable deposits	-	851
B05400	Acquisition of investment properties	( 319 )	( 529 )
BBBB	Net cash used in investing activities	( 277,271 )	( 226,588 )
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	340,000	10,000
C00600	Decrease in short-term notes and bills payable	-	( 100,000 )
C01600	Proceeds from long-term borrowings	-	1,476,000
C01700	Repayments of long-term borrowings	-	( 900,000 )
C03000	Increase in guarantee deposits received	125	141
C03100	Decrease in guarantee deposits received	( 8,694 )	( 975 )
C04020	Repayment of the principal portion of lease liabilities	( 8,473 )	( 8,214 )
C04300	Decrease in other non-current liabilities	( 32 )	( 16 )
C04500	Dividends paid	( 91 )	( 65 )
CCCC	Net cash generated from financing activities	322,835	476,871
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	3,824	364
EEEE	Net increase in cash and cash equivalents of the period	272,995	270,001
E00100	Cash and cash equivalents at the beginning of the period	1,203,186	1,276,545
E00200	Cash and cash equivalents at the end of the period	\$ 1,476,181	\$ 1,546,546

(Concluded)

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

(Please refer to Deloitte & Touche auditors' review report dated May 2, 2024)

**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.

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China General Plastics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2024 and 2023

(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 May 2, 2024.

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 "IFRS Accounting Standard") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the International Financial Reporting Standards (IFRS) Accounting Standard endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

(2) International Financial Reporting Standards (IFRS) Accounting Standard that have been issued by IASB but not yet endorsed and issued into effect by the FSC

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
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
IFRS 18 - "Presentation and Disclosure in Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note2: The amendments are applied for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods should not be restated. Instead, the effects shall be recognized in retained earnings or the exchange differences on translation of foreign equity (as appropriate), as of the date of initial application, along with the related impacted assets and liabilities.

#### IFRS 18 - "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements", the major changes in the standard include:

- Income statement should categorize income and expenses items into operating, investing, financing, income tax, and discontinued operations.
- Income statement should report operating profit or loss, profit or loss before financing and income tax, as well as subtotals and totals of these amounts.
- Provide guidance to enhance aggregation and disaggregation requirements: The Group must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics. This ensures that each line item reported in the primary financial statements shares at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. The Group should label such items as "Other" only when there were no more informative label could be found.

- Increase disclosure of management-defined performance measures: When the Group engages in public announcement outside the financial statements and communicates management's perspective on a specific aspect of the Group's overall financial performance to users of the financial statements, it should disclose relevant information about management-defined performance measures in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation to the subtotals or totals specified by IFRS, and the effects of related reconciling items on income tax and non-controlling interests.

In addition to the aforementioned impacts, as of the approval date of these consolidated financial statements, the Group is still evaluating the effects of the amendments to the standards and interpretations on its financial position and performance. The related impacts will be disclosed upon the completion of this evaluation.

#### 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 IFRS 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 6 and 7 for detailed 6 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, 2023.

#### 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, 2023.

6. Cash and Cash Equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 482	\$ 399	\$ 485
Checking accounts and demand deposits	250,452	340,451	346,824
Cash equivalents			
Time deposits	207,520	237,251	638,681
Reverse repurchase agreements collateralized by bonds	1,017,727	625,085	560,556
	<u>\$ 1,476,181</u>	<u>\$ 1,203,186</u>	<u>\$ 1,546,546</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits	1.50%-5.28%	1.35%-5.45%	1.25%-4.80%
Reverse repurchase agreements collateralized by bonds	1.40%-1.55%	1.32%-1.55%	1.23%-1.30%

7. Financial Instruments at FVTPL

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
— Foreign exchange forward contracts	\$ 6,180	\$ 77	\$ -
Non-derivative financial assets			
— Mutual Funds	711,405	784,565	701,469
— Beneficiary securities	68,260	67,309	66,623
— Domestic listed equity investments	104,984	89,600	26,563
— Overseas unlisted equity investments	-	-	-
	<u>\$ 890,829</u>	<u>\$ 941,551</u>	<u>\$ 794,655</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
— Foreign exchange forward contracts	\$ -	\$ 795	\$ 508

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2024</u>			
Buy	NTD/USD	2024.04.01- 2024.06.20	NTD 555,199 /USD 17,610
<u>December 31, 2023</u>			
Buy	NTD/USD	2024.01.10- 2024.02.20	NTD 92,539 /USD 3,000
<u>March 31, 2023</u>			
Buy	NTD/USD	2024.04.17- 2024.05.24	NTD 295,693 /USD 9,720

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

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic equity investments			
Listed ordinary shares			
Asia Polymer Corporation	\$ 2,500	\$ 3,047	\$ 3,758
Unlisted ordinary share			
KHL IB Venture Capital Co., Ltd.	<u>60,277</u>	<u>60,474</u>	<u>66,449</u>
	<u>\$ 62,777</u>	<u>\$ 63,521</u>	<u>\$ 70,207</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

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic equity investments			
Pledged time deposits	\$ 284,002	\$ 283,707	\$ 283,179
Time deposits with maturity over 3 months	74,000	71,410	-
Reverse repurchase agreements collateralized by bonds with maturities over 3 months	<u>644,634</u>	<u>605,631</u>	<u>-</u>
	<u>\$1,002,636</u>	<u>\$ 960,748</u>	<u>\$ 283,179</u>

The market rate intervals of financial assets at amortized cost- current at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic equity investments			
Pledged time deposits	0.535%-1.530%	0.535%-1.530%	0.285%-1.155%
Time deposits with maturity over 3 months	1.250%-5.400%	1.250%-5.720%	-
Reverse repurchase agreements collateralized by bonds with maturities over 3 months	1.530%-1.610%	1.500%-1.610%	-

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

10. Notes Receivable, Trade Receivables and Other Receivables

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 139,610</u>	<u>\$ 139,062</u>	<u>\$ 141,747</u>
<u>Trade receivables (including related parties) (Note 28)</u>			
At amortized cost			
Gross carrying amount	\$ 1,020,740	\$ 1,031,738	\$ 1,264,115
Less: Allowance for impairment loss	( <u>13,061</u> )	( <u>12,964</u> )	( <u>13,049</u> )
	<u>\$ 1,007,679</u>	<u>\$ 1,018,774</u>	<u>\$ 1,251,066</u>
<u>Other receivables (including related parties) (Note 28)</u>			
Tax refunds receivables	\$ 82,744	\$ 75,211	\$ 116,179
Interest receivable	5,043	4,610	2,882
Others	<u>2,851</u>	<u>2,425</u>	<u>2,789</u>
	<u>\$ 90,638</u>	<u>\$ 82,246</u>	<u>\$ 121,850</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:

March 31, 2024

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$177,703	\$299,219	\$158,858	\$524,570	\$1,160,350
Loss allowance (lifetime ECLs)	-	( 3,271)	( 3,168)	( 6,622)	( 13,061)
Amortized cost	<u>\$177,703</u>	<u>\$295,948</u>	<u>\$155,690</u>	<u>\$517,948</u>	<u>\$1,147,289</u>

December 31, 2023

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$171,065	\$316,590	\$180,837	\$502,308	\$1,170,800
Loss allowance (lifetime ECLs)	-	( 3,550)	( 3,649)	( 5,765)	( 12,964)
Amortized cost	<u>\$171,065</u>	<u>\$313,040</u>	<u>\$177,188</u>	<u>\$496,543</u>	<u>\$1,157,836</u>

March 31, 2023

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$297,557	\$325,242	\$176,709	\$606,354	\$1,405,862
Loss allowance (lifetime ECLs)	-	( 3,758)	( 3,748)	( 5,543)	( 13,049)
Amortized cost	<u>\$297,557</u>	<u>\$321,484</u>	<u>\$172,961</u>	<u>\$600,811</u>	<u>\$1,392,813</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Not past due	\$ 1,088,591	\$ 1,134,146	\$ 1,381,750
Less than and including 60 days	67,805	36,489	23,598
Over 60 days	<u>3,954</u>	<u>165</u>	<u>514</u>
	<u>\$ 1,160,350</u>	<u>\$ 1,170,800</u>	<u>\$ 1,405,862</u>

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

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

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Balance at January 1	\$ 12,964	\$ 13,069
Foreign exchange gains and losses	<u>97</u>	( 20)
Balance at March 31	<u>\$ 13,061</u>	<u>\$ 13,049</u>

#### 11. Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 1,887,896	\$ 1,925,087	\$ 1,965,547
Work in progress	52,889	58,186	56,604
Raw materials	<u>723,343</u>	<u>543,737</u>	<u>697,438</u>
	<u>\$ 2,664,128</u>	<u>\$ 2,527,010</u>	<u>\$ 2,719,589</u>

For the three months ended March 31, 2024 and 2023, the cost of goods sold for inventories was \$2,732,195 thousand and \$3,080,315 thousand, respectively. For the three months ended March 31, 2024 and 2023, the cost of goods sold included reversal of write-downs of inventories and obsolescence losses amounted to \$34,720 thousand, and \$72,458 thousand, respectively. The reversal of write-downs of inventories and obsolescence losses are resulted by the recovery of inventory prices.

## 12. Subsidiary

Subsidiaries included in the consolidated financial statements:

Investor Company	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	CGPC Polymer Corporation ("CGPCPOL")	Manufacturing and marketing of PVC resins	100.00%	100.00%	100.00%	Subsidiaries (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 (Note 2)
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 3)
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI)
CGPC (BVI)	CGPC Consumer Products Corporation ("CGPC (CP)")	Manufacturing and marketing of PVC consumer products	-	-	100.00%	Subsidiary of CGPC (BVI) (Note 4)

Note1: On November 27, 2023, the board of directors of CGPCPOL resolved to reduce capital to make up its losses of \$298,293 thousand and to eliminate 29,829 thousand issued shares. The base date for capital reduction was November 28, 2023.

Note2: On November 21, 2023, the board of directors of CGPC (BVI) resolved to reduce capital to make up its losses and return part of the share capital, totaling USD1,500 thousand.

Note3: On May 22, 2023, the shareholders' meeting executed by the board of directors of GGTC by proxy resolved to re-capitalize earnings of \$2,000 thousand to issue 200 thousand new shares, with a record date set on August 7, 2023.

Note4: 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

	March 31, 2024	December 31, 2023	March 31, 2023
Listed companies			
Acme Electronics Corporation ("ACME")	\$ 31,415	\$ 29,629	\$ 32,089
Unlisted companies			
China General Terminal & Distribution Corporation ("CGTD")	<u>315,283</u>	<u>329,972</u>	<u>353,654</u>
	<u>\$ 346,698</u>	<u>\$ 359,601</u>	<u>\$ 385,743</u>

#### Aggregate information of associates that are not individually material

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
The Group's share of:		
Loss for the period	(\$ 1,606)	(\$ 3,137)
Other comprehensive (loss) income	( <u>11,297</u> )	<u>190</u>
Total comprehensive loss	( <u>\$ 12,903</u> )	( <u>\$ 2,947</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:

Company Name	March 31, 2024	December 31, 2023	March 31, 2023
ACME	1.67%	1.67%	1.67%
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 7 “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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
ACME	<u>\$ 98,971</u>	<u>\$ 89,520</u>	<u>\$ 96,475</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 three months ended March 31, 2024 and 2023 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, 2024	\$ 2,090,707	\$ 1,873,218	\$ 12,616,326	\$ 74,373	\$ 440,348	\$ 2,457,864	\$ 19,552,836
Additions	-	311	344	-	4,212	214,839	219,706
Disposal	-	( 24,184)	( 85,628 )	( 1,281 )	( 309 )	-	(111,402)
Reclassification	-	2,996	111,894	1,005	532	(124,233)	(7,806)
Effect of foreign currency exchange differences	-	40	1,488	135	350	17	2,030
Balance as of March 31, 2024	<u>\$ 2,090,707</u>	<u>\$ 1,852,381</u>	<u>\$ 12,644,424</u>	<u>\$ 74,232</u>	<u>\$ 445,133</u>	<u>\$ 2,548,487</u>	<u>\$ 19,655,364</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2024	\$ -	\$ 1,137,859	\$ 8,749,676	\$ 59,872	\$ 355,218	\$ 420	\$ 10,303,045
Depreciation expenses	-	18,552	172,632	1,387	7,408	-	199,979
Disposal	-	( 19,217)	( 85,050 )	( 1,281 )	( 309 )	-	(105,857)
Effect of foreign currency exchange differences	-	6	1,430	135	233	17	1,821
Balance as of March 31, 2024	<u>\$ -</u>	<u>\$ 1,137,200</u>	<u>\$ 8,838,688</u>	<u>\$ 60,113</u>	<u>\$ 362,550</u>	<u>\$ 437</u>	<u>\$ 10,398,988</u>
Net amount as of March 31, 2024	<u>\$ 2,090,707</u>	<u>\$ 715,181</u>	<u>\$ 3,805,736</u>	<u>\$ 14,119</u>	<u>\$ 82,583</u>	<u>\$ 2,548,050</u>	<u>\$ 9,256,376</u>

(Continued)

	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	-	472	161	-	214	314,649	315,496
Disposal	-	( 18,444)	( 37,229)	(400)	(2,327)	-	( 58,400)
Reclassification	-	1,774	658,378	-	1,627	(661,779)	-
Effect of foreign currency exchange differences	-	(4)	118	(4)	(33)	3	80
Balance as of March 31, 2023	<u>\$ 2,090,707</u>	<u>\$ 1,797,983</u>	<u>\$ 11,654,820</u>	<u>\$ 71,630</u>	<u>\$ 431,508</u>	<u>\$ 2,924,265</u>	<u>\$ 18,970,913</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	-	17,202	133,146	1,671	7,470	-	159,489
Disposal	-	( 18,444)	( 36,019)	(400)	(2,309)	-	( 57,172)
Effect of foreign currency exchange differences	-	(5)	127	(2)	(26)	3	97
Balance as of March 31, 2023	<u>\$ -</u>	<u>\$ 1,125,382</u>	<u>\$ 8,846,191</u>	<u>\$ 56,820</u>	<u>\$ 339,823</u>	<u>\$ 430</u>	<u>\$ 10,368,646</u>
Net amount as of March 31, 2023	<u>\$ 2,090,707</u>	<u>\$ 672,601</u>	<u>\$ 2,808,629</u>	<u>\$ 14,810</u>	<u>\$ 91,685</u>	<u>\$ 2,923,835</u>	<u>\$ 8,602,267</u>

(Concluded)



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 three months ended March 31, 2024 and 2023.

#### 15. Lease Arrangements

##### (1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of right-of-use assets			
Land	\$ 112,041	\$ 117,272	\$ 132,175
Buildings	20,167	20,613	24,196
Machinery and Equipment	5,162	6,882	12,043
	<u>\$ 137,370</u>	<u>\$ 144,767</u>	<u>\$ 168,414</u>
	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023	
Additions of right-of-use assets	<u>\$ -</u>	<u>\$ 51,100</u>	
Depreciation expense of right-of-use assets			
Land	\$ 5,231	\$ 5,239	
Buildings	1,293	1,185	
Machinery and Equipment	1,720	1,720	
	<u>\$ 8,244</u>	<u>\$ 8,144</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 three months ended March 31, 2024 and 2023.

(2) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 30,524</u>	<u>\$ 33,515</u>	<u>\$ 33,901</u>
Non-current	<u>\$ 112,515</u>	<u>\$ 117,111</u>	<u>\$ 138,989</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	0.8244%- 2.0500%	0.8244%- 2.0500%	0.8244%- 1.9250%
Buildings	5.7000%- 8.0000%	1.0392%- 8.0000%	1.0392%- 8.0000%
Machinery and Equipment	1.9250%	1.9250%	1.9250%

(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 March 31, 2024	For the Three Months Ended March 31, 2023
Expenses relating to short-term leases	<u>\$ 3,251</u>	<u>\$ 3,473</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 16,694</u>	<u>\$ 16,227</u>
Total cash outflow for leases	<u>(\$ 29,117)</u>	<u>(\$ 28,624)</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

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 118,251	\$ 117,932	\$ 118,715
Building and improvements, net	262,014	257,707	276,015
Right-of-use assets, net	<u>81,125</u>	<u>78,798</u>	<u>83,061</u>
	<u>\$ 461,390</u>	<u>\$ 454,437</u>	<u>\$ 477,791</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 March 31, 2024, and December 31, 2023, and March 31, 2023 is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 41,694	\$ 44,080	\$ 30,456
Year 2	30,089	32,456	12,369
Year 3	25,736	25,647	10,970
Year 4	25,647	25,647	10,970
Year 5	25,647	25,648	10,970
Over 5 years	<u>6,412</u>	<u>12,824</u>	<u>13,713</u>
	<u>\$ 155,225</u>	<u>\$ 166,302</u>	<u>\$ 89,448</u>

Except for the recognition of depreciation expense, the Group's investment properties did not experience significant additions, disposals, and impairments for the three months ended March 31, 2024 and 2023.

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

Buildings and Improvements  
Right-of-use assets

5~26 years  
50 years

17. Borrowings

(1) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Bank loans	<u>\$1,720,000</u>	<u>\$1,380,000</u>	<u>\$ 800,000</u>
The range of interest rate	1.640%-1.738%	1.659%-1.738%	1.550%-1.650%

(2) Short-term notes and bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Commercial note payable</u>	\$ -	\$ -	\$ 100,000
Less: Discount on commercial note payable	<u>-</u>	<u>-</u>	( <u>24</u> )
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,976</u>
The range of interest rate	-	-	1.450%

(3) Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Bank loans	\$ 3,221,501	\$ 3,216,233	\$ 2,999,349
Less: Portion listed as due within 1 year	( <u>480,721</u> )	( <u>217,027</u> )	<u>-</u>
	<u>\$ 2,740,780</u>	<u>\$ 2,999,206</u>	<u>\$ 2,999,349</u>
The range of interest rate	1.025%-1.375%	0.893%-1.250%	0.893%-1.550%

Based on "Action Plan for Accelerated Investment by Domestic Corporations" and "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan," the Company obtained a low-interest bank loan of \$1,451,200 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 March 31, 2024, it has made drawdowns of \$634,565 thousand.

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 March 31, 2024, it has made drawdowns of \$2,611,400 thousand.

Some of the Group's credit contracts stipulate that the current ratio and debt ratio as stated on the 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 March 31, 2024, the Group has not defaulted on any of the aforementioned financial ratios.

18. Notes/Trade Payables

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes payables</u>			
Operating	\$ 38,473	\$ 42,018	\$ -
<u>Trade payables (including related parties) (Note 28)</u>			
Operating	\$ 1,001,932	\$ 736,058	\$ 827,542

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

	March 31, 2024	December 31, 2023	March 31, 2023
Payables for purchases of equipment	\$ 201,378	\$ 218,464	\$ 170,025
Payables for salaries or bonuses	140,123	208,818	143,974
Payables for utilities and fuel fees	128,475	132,098	128,593
Payables for freight	54,495	68,192	62,587
Dividends payable	12,262	12,337	9,391
Miscellaneous tax payable	11,860	5,758	11,404
Others	134,193	131,654	183,171
	<u>\$ 682,786</u>	<u>\$ 777,321</u>	<u>\$ 709,145</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, 2023 and 2022; the employee pension expense for the three months ended March 31, 2024 and 2023 were \$2,538, and \$2,990 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 \$15,054 thousand and \$17,362 thousand for the three months ended March 31, 2024 and 2023, 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

	March 31, 2024	December 31, 2023	March 31, 2023
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 and which generated from investments in associates accounted for using the equity method 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 appropriations of earnings for 2023 and 2022 as approved in the Company's board of directors meeting on March 5, 2024 and the shareholders' meeting on May 26, 2023, respectively, was as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 33,259	\$ -		
Cash dividends	203,368	174,315	\$ 0.35	\$ 0.3

The distribution of earnings for 2023 is subject to the resolution in the shareholders' meeting on May 28, 2024.

#### (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 International Financial Reporting Standards (IFRS) Accounting Standards. As of March 31, 2024, such amount has not changed.

(5) Other Equity

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

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Balance at January 1	(\$ 21,141)	(\$ 18,861)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	21,798	( 1,525)
Share of exchange of differences associates accounted for using the equity method	851	53
Related income tax	( 4,360)	305
Balance at March 31	(\$ 2,852)	(\$ 20,028)

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

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Balance at January 1	\$ 61,306	\$ 86,024
Recognized for the period		
Unrealized losses equity Instruments	( 674)	( 1,121)
Share of exchange of differences associates accounted for using the equity method	( 12,148)	137
Balance at March 31	\$ 48,484	\$ 85,040

22. Revenue

(1) Revenue from contracts with customers

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Revenue from the sale of goods		
PVC products	\$ 2,769,012	\$ 3,539,722
VCM products	135,763	240,344
	<u>\$ 2,904,775</u>	<u>\$ 3,780,066</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 details about revenue from contracts with customers.

(2) Contract balances

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

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Contract liabilities (presented in other current liabilities)	<u>\$ 49,994</u>	<u>\$ 47,011</u>	<u>\$ 48,339</u>	<u>\$ 101,549</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

	March 31, 2024	December 31, 2023	March 31, 2023
Refunds liabilities (presented in other current liabilities)	<u>\$ 21,232</u>	<u>\$ 23,490</u>	<u>\$ 14,361</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 (loss) profit for the period

(1) Interest income

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Bank deposits	\$ 1,691	\$ 3,565
Financial assets at amortized cost	2,675	380
Others	<u>3,249</u>	<u>994</u>
	<u>\$ 7,615</u>	<u>\$ 4,939</u>

(2) Other income

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Rental income	\$ 12,113	\$ 12,677
Others	<u>6,989</u>	<u>6,684</u>
	<u>\$ 19,102</u>	<u>\$ 19,361</u>

(3) Other gains and losses

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Gains (losses) on the disposal of property, plant, and equipment	(\$ 3,716)	\$ 199
Gross foreign exchange gains	65,696	45,055
Gross foreign exchange losses	( 30,577)	( 51,246)
Net gains (losses) on fair value change on financial instruments at FVTPL	17,063	( 1,474)
Depreciation expenses from investment properties	( 6,452)	( 6,987)
Depreciation expenses of property, plant and equipment	( 1,011)	( 1,011)
Others	( <u>4,967</u> )	( <u>9,165</u> )
	<u>\$ 36,036</u>	<u>(\$ 24,629)</u>

(4) Interest expense

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Interest on bank loans	\$ 20,468	\$ 15,069
Interest on lease liabilities	699	710
Less: Capitalized interest (presented under construction in progress)	<u>-</u>	( <u>1,242</u> )
	<u>\$ 21,167</u>	<u>\$ 14,537</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Capitalized interest	\$ -	\$ 1,242
Capitalization rate	-	0.850% - 1.125%

(5) Depreciation and amortization

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Property, Plant and Equipment	\$ 199,979	\$ 159,489
Right-of-use assets	8,244	8,144
Investment property	6,452	6,987
Intangible assets	515	16
Others	<u>4,978</u>	<u>4,969</u>
	<u>\$ 220,168</u>	<u>\$ 179,605</u>
Analysis of depreciation by function		
Operating costs	\$ 201,950	\$ 160,585
Operating expenses	5,262	6,037
Other gains and losses	<u>7,463</u>	<u>7,998</u>
	<u>\$ 214,675</u>	<u>\$ 174,620</u>
Analysis of amortization by function		
Operating costs	\$ 5,477	\$ 4,969
Operating expenses	<u>16</u>	<u>16</u>
	<u>\$ 5,493</u>	<u>\$ 4,985</u>

(6) Employee benefits expense

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 8,200	\$ 7,978
Defined benefit plans	<u>2,538</u>	<u>2,990</u>
	10,738	10,968
Other employee benefits	<u>261,214</u>	<u>306,512</u>
Total employee benefits expenses	<u>\$ 271,952</u>	<u>\$ 317,480</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 220,678	\$ 255,150
Operating expenses	<u>51,274</u>	<u>62,330</u>
	<u>\$ 271,952</u>	<u>\$ 317,480</u>

(7) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2024, the remuneration of employees and directors were not accrued due to the deficit. The estimated remuneration of employees and directors for the three months ended March 31, 2023 was as follows:

Accrual rate

	For the Three Months Ended March 31, 2023
Remuneration of Employees	1%
Remuneration of Directors-	-
<u>Amount</u>	

	For the Three Months Ended March 31, 2023
Remuneration of Employees	<u>\$ 2,570</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.

The remuneration of employees and directors for 2023, approved by the Company's board of directors on March 5, 2024 was as follows:

Amount of Cash

	2023
Remuneration of Employees	<u>\$ 3,130</u>

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, 2023.

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 (benefits) expenses are as follows:

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Current tax		
In respect of the current period	\$ 289	\$ 96,604
Adjustments for prior periods	( <u>146</u> )	<u>450</u>
	<u>143</u>	<u>97,054</u>
Deferred tax		
In respect of the current period	( <u>17,951</u> )	<u>8,513</u>
Income tax (benefits) expenses recognized in profit or loss	( <u>\$ 17,808</u> )	<u>\$ 105,567</u>

### (2) Income tax recognized in other comprehensive income

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
<u>Deferred tax</u>		
Recognized for the period		
- Translation of foreign operations	( <u>\$ 4,360</u> )	<u>\$ 305</u>

### (3) Income tax assessments

The income tax returns of the Company and CGPCPOL through 2021 and TVCM through 2022 have been assessed by the tax authorities.

## 25. Earnings (Losses) Per Share

Unit: NT\$ Per Share

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Basic Earnings (Losses) Per Share	( <u>\$ 0.05</u> )	<u>\$ 0.40</u>
Diluted Earnings (Losses) Per Share	( <u>\$ 0.05</u> )	<u>\$ 0.40</u>

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

Net (loss) profit for the period

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	(\$ <u>31,667</u> )	<u>\$ 232,351</u>

Shares

Unit: Thousands of shares

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	581,050	581,050
Effect of potentially dilutive ordinary shares:		
Remuneration of Employees	<u>111</u>	<u>98</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (losses) per share	<u>581,161</u>	<u>581,148</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 March 31, 2024, the remuneration of employees was not accrued due to the 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

March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Derivative financial				
assets	\$ -	\$ 6,180	\$ -	\$ 6,180
Mutual Funds	711,405	-	-	711,405
Beneficiary securities	68,260	-	-	68,260
Investments in equity				
instruments				
— Domestic listed				
equity investments	104,984	-	-	104,984
— Overseas unlisted				
equity investments	-	-	-	-
	<u>\$ 884,649</u>	<u>\$ 6,180</u>	<u>\$ -</u>	<u>\$ 890,829</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity				
instruments				
— Domestic listed				
equity investments	\$ 2,500	\$ -	\$ -	\$ 2,500
— Domestic				
unlisted equity				
investments	-	-	60,277	60,277
	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 60,277</u>	<u>\$ 62,777</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Derivative financial				
assets	\$ -	\$ 77	\$ -	\$ 77
Mutual Funds	784,565	-	-	784,565
Beneficiary securities	67,309	-	-	67,309
Investments in equity				
instruments				
— Domestic				
listed equity				
investments	89,600	-	-	89,600
— Overseas				
unlisted equity				
investments	-	-	-	-
	<u>\$ 941,474</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 941,551</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity				
instruments				
— Domestic				
listed equity				
investments	\$ 3,047	\$ -	\$ -	\$ 3,047
— Domestic				
unlisted equity				
investments	-	-	60,474	60,474
	<u>\$ 3,047</u>	<u>\$ -</u>	<u>\$ 60,474</u>	<u>\$ 63,521</u>
<u>Financial liabilities at</u>				
<u>FVTPL</u>				
Derivative financial				
liabilities	<u>\$ -</u>	<u>\$ 795</u>	<u>\$ -</u>	<u>\$ 795</u>



March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Mutual Funds	\$ 701,469	\$ -	\$ -	\$ 701,469
Beneficiary securities	66,623	-	-	66,623
Investments in equity instruments				
— Domestic listed equity investments	26,563	-	-	26,563
— Overseas unlisted equity investments	-	-	-	-
	<u>\$ 794,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,655</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Domestic listed equity investments	\$ 3,758	\$ -	\$ -	\$ 3,758
— Domestic unlisted equity investments	-	-	66,449	66,449
	<u>\$ 3,758</u>	<u>\$ -</u>	<u>\$ 66,449</u>	<u>\$ 70,207</u>
<u>Financial liabilities at</u>				
<u>FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 508	\$ -	\$ 508

There were no transfers between Levels 1 and 2 fair value measurement for the three months ended March 31, 2024 and 2023.

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

For the three months ended March 31, 2024

	<u>Financial assets at</u>
	<u>FVTOCI</u>
Balance at January 1	\$ 60,474
Components recognized in other comprehensive income	( 197 )
Balance at March 31	<u>\$ 60,277</u>

For the three months ended March 31, 2023

	Financial assets at FVTOCI
Balance at January 1	\$ 67,644
Components recognized in other comprehensive income	( 1,195 )
Balance at March 31	<u>\$ 66,449</u>

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

<u>Financial Instruments Category</u>	<u>Valuation Technique and Inputs</u>
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 March 31, 2024, December 31, 2023, and March 31, 2023. When other inputs remain unchanged, the fair value will decrease by \$709 thousand, \$711 thousand, and \$782 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	\$ 890,829	\$ 941,551	\$ 794,655
Financial assets at amortized cost			
Cash and Cash Equivalents	1,476,181	1,203,186	1,546,546
Pledged time deposits	284,002	283,707	283,179
Time deposits with maturities over 3 months	74,000	71,410	-
Reverse repurchase agreements collateralized by bonds with maturities over 3 months	644,634	605,631	-
Notes receivable	139,610	139,062	141,747
Trade receivables (including related parties)	1,007,679	1,018,774	1,251,066
Other receivables (including related parties and excluding tax refund receivable)	7,894	7,035	5,671
Refundable deposits	31,210	30,892	25,831
Financial assets at FVTOCI—			
Equity instruments	62,777	63,521	70,207

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial liabilities</u>			
Financial liabilities at			
FVTPL-Held for trading	\$ -	\$ 795	\$ 508
Financial liabilities			
measured at amortized			
cost			
Short-term notes and			
bills payable	-	-	99,976
Short-term			
borrowings	1,720,000	1,380,000	800,000
Notes payables	38,473	42,018	-
Trade payables			
(including related			
parties)	1,001,932	736,058	827,542
Other payables (Note)	556,797	594,040	570,975
Long-term borrowings			
(including due			
within one year)	3,221,501	3,216,233	2,999,349
Guarantee deposits	18,063	26,480	21,964
			(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 net income (loss) before tax for the three months ended March 31, 2024 and 2023 would have increased/decreased \$10,613 thousand and decreased/increased by \$19,394 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
- Financial assets	\$2,174,076	\$1,769,277	\$1,428,402
- Financial liabilities	1,663,039	1,330,626	1,272,866
Cash flow interest rate risk			
- Financial assets	290,117	370,053	342,875
- Financial liabilities	3,421,501	3,416,233	2,799,349

#### 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 (loss) for the three months ended March 31, 2024 and 2023 would have increased/decreased \$3,914 thousand and decreased/increased by \$3,071 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 (loss) for the three months ended March 31, 2024 and 2023 would

have decreased/increased by \$8,662 thousand and increased/decreased \$4,659 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL (excluding investment in money market funds). The pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$3,139 thousand and \$3,510 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.

March 31, 2024

	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		\$1,597,202	\$ -	\$ -
Lease liabilities	0.824-8.000	32,010	81,531	37,119
Floating interest rate liabilities	1.025-1.738	724,722	2,797,555	-
Fixed interest rate liabilities	1.640-1.680	1,522,320	-	-
		<u>\$3,876,254</u>	<u>\$2,879,086</u>	<u>\$ 37,119</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>\$ 32,010</u>	<u>\$ 81,531</u>	<u>\$ 30,972</u>	<u>\$ 6,147</u>

December 31, 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		\$1,372,116	\$ -	\$ -
Lease liabilities	0.824-8.000	35,056	82,271	41,497
Floating interest rate liabilities	0.893-1.738	458,498	3,073,148	-
Fixed interest rate liabilities	1.659-1.727	1,182,463	-	-
		<u>\$3,048,133</u>	<u>\$3,155,419</u>	<u>\$ 41,497</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>\$ 35,056</u>	<u>\$ 82,271</u>	<u>\$ 35,121</u>	<u>\$ 6,376</u>



March 31, 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		\$1,398,517	\$ -	\$ -
Lease liabilities	0.824-8.000	34,828	96,218	52,025
Floating interest rate liabilities	0.893-1.250	27,906	2,910,741	-
Fixed interest rate liabilities	1.450-1.650	901,282	200,000	-
		<u>\$2,362,533</u>	<u>\$3,206,959</u>	<u>\$ 52,025</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>\$ 34,828</u>	<u>\$ 96,218</u>	<u>\$ 45,785</u>	<u>\$ 6,240</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Bank loan facilities — Amount unused	<u>\$ 9,187,451</u>	<u>\$ 8,915,115</u>	<u>\$ 7,978,032</u>

28. Transactions with Related Parties

As of March 31, 2024, December 31, 2023, and March 31, 2023, 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

Related Party Name	Related Party Category
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
USI Green Energy Corporation	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

Related Party Category	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Investor with significant influence	\$ 1,548	\$ 1,223
Associate	1,355	-
Fellow subsidiary	116	114
	<u>\$ 3,019</u>	<u>\$ 1,337</u>

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

(3) Purchases

Related Party Category	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Related party in substance	\$ 56,754	\$ 394,753
Fellow subsidiary	6,121	17,569
Ultimate parent company	99	248
	<u>\$ 62,974</u>	<u>\$ 412,570</u>

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

(4) Trade receivables

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Associate	\$ 630	\$ -	\$ -
Investor with significant influence	595	-	-
Fellow subsidiary	-	-	120
	<u>\$ 1,225</u>	<u>\$ -</u>	<u>\$ 120</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for the three months ended March 31, 2024 and 2023.

(5) Trade payables to related parties

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Ultimate parent company	\$ 273,090	\$ 216,028	\$ 76,937
Fellow subsidiary	4,301	6,328	8,637
Investor with significant influence	-	-	7
	<u>\$ 277,391</u>	<u>\$ 222,356</u>	<u>\$ 85,581</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

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Ultimate parent company	\$ 849	\$ 849	\$ 824
Investor with significant influence	304	574	1,429
Fellow subsidiary	10	39	11
Associate	1	-	1
	<u>\$ 1,164</u>	<u>\$ 1,462</u>	<u>\$ 2,265</u>

(7) Other payables to related parties

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Associate	\$ 20,273	\$ 28,714	\$ 14,234
Ultimate parent company	1,983	1,839	2,345
Fellow subsidiary	3,268	401	136
Investor with significant influence	427	308	478
Subsidiary of investor with significant influence	43	33	15
	<u>\$ 25,994</u>	<u>\$ 31,295</u>	<u>\$ 17,208</u>

(8) Lease arrangements

Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
<u>Lease liabilities</u>			
Investor with significant influence			
APC	\$ 93,875	\$ 97,227	\$ 107,231
TTC	7,460	9,247	14,558
Associate	4,686	6,233	10,829
	<u>\$ 106,021</u>	<u>\$ 112,707</u>	<u>\$ 132,618</u>

Related Party Category/Name	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
<u>Interest expense</u>		
Investor with significant influence		
APC	\$ 250	\$ 284
TTC	37	68
Associate	27	56
	<u>\$ 314</u>	<u>\$ 408</u>
<u>Lease expenses</u>		
Ultimate parent company	\$ 1,714	\$ 1,689
Investor with significant influence	800	1,111
	<u>\$ 2,514</u>	<u>\$ 2,800</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.

(9) Storage tank operating service expenses

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Associate		
CGTD	<u>\$ 22,082</u>	<u>\$ 33,909</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 service expenses are paid each month.

(10) Management service revenue

<u>Related Party Category</u>	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Ultimate parent company	<u>\$ 804</u>	<u>\$ 778</u>

(11) Management service expenses

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Fellow subsidiary		
UM	\$ 34,021	\$ 27,463
Ultimate parent company	<u>1,249</u>	<u>1,218</u>
	<u>\$ 35,270</u>	<u>\$ 28,681</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.

(12) Donations

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Related party in substance		
USIF	<u>\$ 3,000</u>	<u>\$ -</u>

(13) Rental income

<u>Related Party Category</u>	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Fellow subsidiary	\$ 1,373	\$ 1,203
Subsidiary of investor with significant influence	294	295
Investor with significant influence	<u>67</u>	<u>66</u>
	<u>\$ 1,734</u>	<u>\$ 1,564</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.

(14) Other income

<u>Related Party Category</u>	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Investor with significant influence	<u>\$ 198</u>	<u>\$ 157</u>

(15) Compensation of key management personnel

The compensation of directors and key executives for the three months ended March 31, 2024 and 2023 were as follows:

	<u>For the Three Months Ended March 31, 2024</u>	<u>For the Three Months Ended March 31, 2023</u>
Salaries and others	\$ 2,657	\$ 2,678
Post-employment benefits	<u>54</u>	<u>54</u>
	<u>\$ 2,711</u>	<u>\$ 2,732</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Pledge time deposits (classified as financial assets at amortized cost and other non-current assets)	<u>\$ 308,895</u>	<u>\$ 308,600</u>	<u>\$ 307,804</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 March 31, 2024, December 31, 2023, and March 31, 2023, the Group's unused letters of credit amounted to \$767,861 thousand, \$257,968 thousand and \$465,101 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 \$231,585 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 \$15,860 thousand as of April 26, 2024.

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 April 26, 2024, 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 \$3,831,319 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,467,861 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 from paying \$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 of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$1,860,633 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 Blue Water Alliance. The purchase price was negotiated by both parties according to a pricing formula.

### 31. Others

#### (1) 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

March 31, 2024

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 28,855	32.000 (USD : NTD)	\$ 923,344	\$ 923,344
EUR	584	34.460 (EUR : NTD)	20,138	20,138
AUD	819	20.820 (AUD : NTD)	17,056	17,056
USD	301	7.095 (USD : RMB)	2,134	9,624
GBP	97	40.390 (GBP : NTD)	3,902	3,902
Foreign currency liabilities				
<u>Monetary items</u>				
USD	18,092	32.000 (USD : NTD)	578,944	578,944
EUR	25	34.460 (EUR : NTD)	873	873
USD	8	7.095 (USD : RMB)	56	253
GBP	5	40.390 (GBP : NTD)	191	191
AUD	4	20.820 (AUD : NTD)	82	82

December 31, 2023

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 30,809	30.705 (USD : NTD)	\$ 945,983	\$ 945,983
EUR	483	33.980 (EUR : NTD)	16,404	16,404
AUD	517	20.980 (AUD : NTD)	10,845	10,845
USD	301	7.0827 (USD : RMB)	2,130	9,233
GBP	48	39.150 (GBP : NTD)	1,865	1,865
Foreign currency liabilities				
<u>Monetary items</u>				
USD	9,292	30.705 (USD : NTD)	285,326	285,326
RMB	323	4.3352 (RMB : NTD)	1,402	1,402
EUR	33	33.980 (EUR : NTD)	1,110	1,110
JPY	4,700	0.2172 (JPY : NTD)	1,021	1,021
USD	8	7.0827 (USD : RMB)	56	243

March 31, 2023

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 34,398	30.450 (USD : NTD)	\$1,047,428	\$1,047,428
AUD	563	20.330 (AUD : NTD)	11,454	11,454
EUR	456	33.150 (EUR : NTD)	15,125	15,125
USD	301	6.8717 (USD : RMB)	2,066	9,153
GBP	182	37.670 (GBP : NTD)	6,846	6,846
Foreign currency liabilities				
<u>Monetary items</u>				
USD	13,460	30.450 (USD : NTD)	409,871	409,871
USD	8	6.8717 (USD : RMB)	54	241
EUR	5	33.150 (EUR : NTD)	166	166
AUD	4	20.330 (AUD : NTD)	78	78

For the three months ended March 31, 2024 and 2023, net foreign exchange gains (losses) were \$35,119 thousand and \$(6,191) 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.

(2) Others Matters

The President announced amendments to the “Climate Change Response Act”, including the addition of impose carbon fees provisions on February 15, 2023. Following on December 29, 2023, the Ministry of Environment formulated an official draft of the “Regulations for Charging Carbon Fees” in accordance with the aforementioned act. The draft stipulates that starting from 2024, electric power industries and large manufacturing enterprises with emission sources that meet the Ministry of Environment's announced requirements for inventory registration and verification, and whose total annual GHG emissions from whole plant direct emissions and indirect emissions from electricity use exceed 25,000 metric tons of CO2 equivalent, must pay carbon fees. As of the approval date of the consolidated financial statements, the specific implementation details for the carbon fee collection, including the initial levy rates and the effective date, along with other main subsidiary regulations, have not yet been clearly defined. Consequently, the Group lacks a reasonable basis for estimating the carbon fees.

## 32. Supplementary Disclosures

### (1) Information on Significant Transactions:

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

### (2) Information on Reinvestment: Table 6.

### (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 7.
- 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 8.

### 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, mainly 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 three months ended March 31, 2024

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 135,763	\$ 2,769,012	\$ 2,904,775
Inter-segment revenue	<u>1,712,636</u>	<u>117,676</u>	<u>1,830,312</u>
Segment revenue	<u>\$ 1,848,399</u>	<u>\$ 2,886,688</u>	4,735,087
Eliminations			( <u>1,830,312</u> )
Consolidated revenue			<u>\$ 2,904,775</u>
Segment loss	( <u>\$ 12,779</u> )	( <u>\$ 87,285</u> )	( \$ 100,064 )
Interest income			7,615
Other income			19,102
Other gains and losses			36,036
Interest expense			( 21,167 )
Share of loss of associates accounted for using the equity method			( <u>1,606</u> )
Loss before income tax			( <u>\$ 60,084</u> )

For the three months ended March 31, 2023

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 240,344	\$ 3,539,722	\$ 3,780,066
Inter-segment revenue	<u>2,238,514</u>	<u>88,885</u>	<u>2,327,399</u>
Segment revenue	<u>\$ 2,478,858</u>	<u>\$ 3,628,607</u>	6,107,465
Eliminations			( <u>2,327,399</u> )
Consolidated revenue			<u>\$ 3,780,066</u>
Segment income	<u>\$ 39,606</u>	<u>\$ 338,042</u>	\$ 377,648
Interest income			4,939
Other income			19,361
Other gains and losses			( 24,629 )
Interest expense			( 14,537 )
Share of loss of associates accounted for using the equity method			( <u>3,137</u> )
Profit before income tax			<u>\$ 359,645</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**

**Endorsements/Guarantees Provided**

**For the Three Months Ended March 31, 2024**

Table 1

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	\$ 5,733,157	\$ 1,064,320	\$ 1,064,320	\$ 400,320	None	11.14%	\$ 9,555,261	Yes	No	No

Note 1. The ratio is calculated using the ending balance of equity of the Company as of March 31, 2024.

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**

**March 31, 2024**

Table 2

Unit: NT\$ thousands

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				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	3,964,000	\$ 68,260	-	\$ 68,260	(Note 1)
	<u>Mutual Funds</u>							
	Jih Sun Money Market Fund	—	Financial assets at FVTPL - current	4,772,185	73,037	-	73,037	(Note 1)
	Fubon Chi-Hsiang Money Market Fund	—	"	1,857,079	30,001	-	30,001	(Note 1)
	CTBC Hwa-win Money Market Fund	—	"	2,554,593	29,000	-	29,000	(Note 1)
	UPAMC James Bond Money Market Fund	—	"	813,911	14,000	-	14,000	(Note 1)
	<u>Ordinary shares</u>							
	Taiwan Cement Corporation	—	Financial assets at FVTPL - current	2,000,000	64,300	-	64,300	(Note 1)
	Cathay Financial Holding Co., Ltd.	—	"	356,000	17,319	-	17,319	(Note 1)
	Hon Hai Precision Ind. Co., Ltd.	—	"	100,000	15,000	-	15,000	(Note 1)
	China Steel Corporation	—	"	350,000	8,365	-	8,365	(Note 1)
	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	6,566,096	60,277	5.95%	60,277	(Note 1)
Taiwan VCM Corporation	<u>Mutual Funds</u>							
	SinoPac TWD Money Market Fund	—	Financial assets at FVTPL - current	10,792,282	154,847	-	154,847	(Note 1)
	Taishin 1699 Money Market Fund	—	"	10,370,857	145,077	-	145,077	(Note 1)
	Jih Sun Money Market Fund	—	"	5,242,925	80,242	-	80,242	(Note 1)
	CTBC Hwa-win Money Market Fund	—	"	2,646,716	30,046	-	30,046	(Note 1)
	Capital Money Market Fund	—	"	180,925	3,011	-	3,011	(Note 1)
	<u>Ordinary shares</u>							
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	130,244	2,500	0.02%	2,500	(Note 1)
CGPC Polymer Corporation	<u>Mutual Funds</u>							
	Jih Sun Money Market Fund	—	Financial assets at FVTPL - current	4,313,892	66,023	-	66,023	(Note 1)
	Fubon Chi-Hsiang Money Market Fund	—	"	2,169,722	35,052	-	35,052	(Note 1)
CGPC (BVI) Holding Co., Ltd.	<u>Ordinary shares</u>							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHOware, Inc - preferred shares	—	"	100,000	-	-	-	(Notes 1, 2, and 3)
Global Green Technology Corporation	<u>Mutual Funds</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	3,650,690	51,069	-	51,069	(Note 1)

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 March 31, 2024, the Group evaluates the fair value of the equity instrument as \$0.



**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 Three Months Ended March 31, 2024**

Table 3

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 Taiwan VCM Corporation	CGPC America Corporation	Subsidiary	Sales	( \$ 109,748 )	( 7% )	90 days	No major difference	No major difference	\$ 158,249	19%	Note.
	China General Plastics Corporation	Parent company	Sales	( 806,431 )	( 44% )	45 days	"	"	538,156	34%	Note.
	CGPC Polymer Corporation	Fellow subsidiary	Sales	( 906,205 )	( 49% )	75 days	"	"	951,515	61%	Note.

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**

**March 31, 2024**

Table 4

Unit: NT\$ thousands

Company Name	Counterparty	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Treatment Method		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Trade receivables - related parties \$ 158,249	2.77	\$ -	—	\$ 41,361	Note 1.
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables - related parties 538,156	5.45	-	—	242,274	Note 1.
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables - related parties 951,515	3.69	-	—	357,646	Note 1.

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

Note 2. The subsequent period is between April 1 and April 24, 2024.

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 Three Months Ended March 31, 2024**

Table 5

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	\$ 538,156	No major difference	3%
			1	Purchases	806,431	"	28%
		CGPC America Corporation	1	Trade receivables - related parties	158,249	"	1%
			1	Sales revenue	109,748	"	4%
1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	951,515	"	5%
			3	Other payables to related parties	20,708	"	-
			3	Purchase	906,205	"	31%

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.

Note 4. Disclosure of transaction amounts of NT\$10,000 thousand or more.

**China General Plastics Corporation and Subsidiaries**

**Information on Investees**

**For the Three Months Ended March 31, 2024**

Table 6

Unit: NT\$ thousands, Unless Stated Otherwise

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				March 31, 2024	January 1, 2024	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%	\$4,357,190	( \$ 137,630 )	( \$ 72,763 )	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of PVC resins	800,000	800,000	70,170,682	100%	643,600	16,639	16,639	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,059,344	1,059,344	14,808,258	100%	320,072	( 6,445 )	( 6,445 )	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	25,053,469	33.33%	315,283	( 7,623 )	( 2,541 )	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%	177,547	163	163	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	41,805	3,566,526	1.67%	31,415	55,821	935	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	5,200,000	100%	54,699	1,155	-	Subsidiary

Note: 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 Three Months Ended March 31, 2024

Table 7

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, 2024 (Note 1)	Current Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 1)	Net Loss of Investee	Ownership Percentage of Direct or Indirect Investment	Current Investment Loss (Note 4)	Carrying Amount as of March 31, 2024 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	\$ 640,000 (USD\$20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 640,000 (USD\$20,000 thousand)	\$	\$	\$ 640,000 (USD\$20,000 thousand)	( \$7,486) (USD\$-238 thousand)	100%	( \$7,486) (USD\$-238 thousand)	\$ 232,239 (USD\$7,257 thousand)	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated in Mainland China by Investment Commission, MOEA (Note 2)
\$ 851,680 (US\$26,615 thousand)	\$ 956,800 (US\$29,900 thousand)	\$ -

Note 1. The calculation was based on the spot exchange rate of March 31, 2024.

Note 2. As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 11251035580 on September 6, 2023, the upper limit on investment is not applicable.

Note 3. QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of 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.

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.

**China General Plastics Corporation**

**Information on Major Shareholders**

**March 31, 2024**

Table 8

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: 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.