Cheng Loong Corporation
2023 Annual General Shareholders' Meeting Minutes

Time: 9:00 a.m., June 9, 2023, Friday.

Location: Basement 1, No. 1, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City (Cheng Loong Lizi International Conference Hall)

Attendance: The attending shareholders and shareholder representatives represent 825,193,664 shares, accounting for 74.46% of the total number of 1,108,274,522 shares issued by the Company.

Directors Present: Jen-Ming Cheng, Su-Yun Cheng, Yen-Hao Chen, Ching-Biao Chang, Ching-Huei Yu and Mu-Hsiang Peng (Directors); Yung-Chi Wang, Fu-Hsing Chang, and Feng-Chih Huang (Independent Directors), totaling 9 people.

Others: CPA Shyh-Gang Horng, KPMG Taiwan; Lawyer Jan-Chin Chen, Jan-Chin Chen Law Firm

Chairperson: Jen-Ming Cheng

Recorded by: Ta-Feng Yu and Shu-Han Wu

I. Call the Meeting to Order: The total number of shares represented the attending shareholders has exceeded the authorized number of shares, and the Chairperson calls the meeting to order.

II. Chairperson's Remarks: (Omitted)

III. Management Presentation: (Refer to the "Meeting Handbook" section on the website: www.clc.com.tw)

   (I) 2022 Business Overview - Business Report

   (II) Endorsements/guarantees provided by the Company for others and its necessity and reasonableness, as well as loaning funds to others

   (III) 2022 Distribution of Employee Compensation

   (IV) 2022 Distribution of Cash Dividends

   (V) Amendment to the Company's Rules of Procedure for Board of Directors' Meetings

   (VI) 2022 Audit Committee's Review Report

IV. Proposals

Proposal No. 1: Proposed by the Board of Directors

Proposal: Adoption of the Company's 2022 Financial Statements

Explanation: The Company's 2022 parent company-only financial statements and consolidated financial statements (refer to Page 11 to Page 28) prepared by the Board of Directors and jointly audited by CPAs Mei-Ping Wu and Hung-Wen Fu from KPMG, along with the Company's business report (refer to Page 5 to Page 9) were submitted to and reviewed by the Audit Committee, and are now submitted to the shareholders' meeting for approval.

Ballot examiners designated by the Chairperson:

Personnel from the Accounting Division of the Company

Ballot Inspector: Shareholder No. 235970 Yang-Wei Kuo

Shareholder No. 235971 Ching-Huai Lin

were responsible for matters related to ballot counting and inspection throughout the entire process during this annual general meeting.

Resolution: The proposal was voted upon and approved by the shareholders present as proposed.

The total number of votes cast represented by the shareholders present at the time of voting were 819,709,470,

Agree: 807,375,694 votes (222,015,386 votes were casted electronically), constituting 98.495% of the total number of votes cast.

Disagree: 85,636 votes (85,636 votes were casted electronically), constituting 0.011% of the total number of votes cast.

Abstain: 12,248,140 votes (12,237,135 votes were casted electronically), constituting 1.494% of the total number of votes cast.

Invalid: 0 votes, constituting 0% of the total number of votes cast.

Proposal No. 2: Proposed by the Board of Directors

Proposal: Adoption of the Company's 2022 Profit Distribution

Explanation: The Company's 2022 profit distribution plan (refer to Page 29) approved by the Board of Directors were submitted to and reviewed by the Audit Committee, and are now submitted to the shareholders' meeting for approval.

Resolution: The proposal was voted upon and approved by the shareholders present as proposed.

The total number of votes cast represented by the shareholders present at the time of voting were 819,709,470,

Agree: 808,351,874 votes (222,991,566 votes were casted electronically), constituting 98.614% of the total number of votes cast.

Disagree: 103,769 votes (103,769 votes were casted electronically), constituting 0.013% of the total number of votes cast.

Abstain: 11,253,827 votes (11,242,822 votes were casted electronically), constituting 1.373% of the total number of votes cast.

Invalid: 0 votes, constituting 0% of the total number of votes cast.

V. Discussion — Proposed by the Board of Directors

Proposal: Lifting of "Non-Compete Restriction" Against the Company's Directors

Explanation: I. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain the essential contents of such an act to the shareholders' meeting and secure its approval.

II. Due to the Company's business development needs, the Company's Directors serve in concurrent positions at the following companies. It is proposed to discuss the lifting of the non-compete restriction against them.

Title	Name	Concurrent Positions in Other Companies
Director	Ching-Biao Chang	Director, GemTech Optoelectronics Corp.
Independent Director	Feng-Chih Huang	Independent Director, Tainan Enterprise (Cayman) Co., Limited

Resolution: The proposal was voted upon and approved by the shareholders present as proposed.

The total number of votes cast represented by the shareholders present at the time of voting were 819,548,094,

Agree: 803,244,683 votes (218,045,751 votes were casted electronically), constituting 98.011% of the total number of votes cast.

Disagree: 354,412 votes (354,412 votes were casted electronically), constituting 0.043% of the total number of votes cast.

Abstain: 15,948,999 votes (15,937,994 votes were casted electronically), constituting 1.946% of the total number of votes cast.

Invalid: 0 votes, constituting 0% of the total number of votes cast.

VI. Questions and Motions: None.

VII. Adjournment: 9:26 a.m.

No questions were raised by shareholders at the annual general shareholders' meeting.
This annual general shareholders' meeting minutes only stated the gist and the results of the proposals, please referred to the video recording for the on-site contents and procedures of the meeting.

Cheng Loong Corporation
2022 Business Overview - Business Report

Instability continued to plague the overall global landscape in 2022. While most countries around the world have gradually switched to the approach of living with COVID-19, only China persisted on a zero-COVID policy, which led to chaos in production and sales across the country. On top of that, energy supply woes caused by the Ukraine-Russia war and rising regional geopolitical confrontations contributed to growing inflationary pressures worldwide, forcing the U.S. and other major economies across the globe to speed up an interest rate hike and maintain a tight monetary policy. Consequently, it was a supply chain imbalances, along with conservative consumption and cooling trade owing to pessimism about the economy, a rising downside risks in global economic growth. S&P Global(S&P Global) projected the global economy to grow at 3.0% in 2022, down from 5.9% in 2021.

Looking back on 2022, Taiwan continued to experience economic growth via exports in the first half of the year thanks to the effect of delayed orders resulted from port congestion and container shortages at the end of 2021 on Taiwan's overall market. As Taiwan began towards co-existence with COVID-19 during midyear, the country's progressively easing of COVID-19 restrictions led to the gradual opening of its domestic consumer market. However, international turmoil resulted in a weak export performance in the second half of the year, Taiwan experienced a shift in economic support from exports to domestic demand. Although paper product price had been adjusted in the beginning of the year to reflect surging raw material and energy costs of Taiwan's paper market, Taiwan's paper market remained sluggish in the first half of the year due to weak domestic and global economy along with conservative consumption. In the second half of the year, the persistent inflation effect triggered below-seasonality during the traditional peak season in the fourth quarter, resulting in a worse-than-expected performance throughout 2022, Taiwan's paper industry adopted a wait-and-see attitude on the whole. Despite a pessimistic industry environment, the Company constantly remained slow and steady with plans to build new factories and expand equipment capacity, expecting to give full play to the intention of reaching new heights in the future. In 2022, Taiwan's paper industry experienced a 5.3% and 3.9% decline in production and sales compared to the previous year, indicating the impact of a noticeable slowdown in the economy.

In 2022, the revenue of the whole group was NT$43,921.73 million, and the profit after tax was NT$2,709.49 million. The Group's operating revenue and expenses, profit and loss are as follows:

Revenue: The operating revenue in 2022 was NT$43,921.73 million, a decrease from NT$44,986.09 million in 2021.

Expenses: The operating costs in 2022 was NT$36,588.96 million, an increase from NT$34,783.4 million in 2021.

The operating expenses in 2022 was NT$5,675.18 million, an increase from NT$5,628.29 million in 2021.

Profit and loss: The net profit after tax was NT$2,709.49 million in 2022, a decrease from NT$4,011.49 million in 2021.

The Group's highlights in business management are listed as follows:

(1) The Group has ranked among the top 6% to 20% in《the Corporate Governance Evaluation》for two years in a row.

(2) The Group was one of the only two Taiwanese companies to be listed in the global Clean 200 (2022 CLEAN 200) compiled by《Corporate Knights from Canada》, and also became the first Taiwanese paper manufacturer to be awarded the leadership status by CDP, because of its success in low-carbon transition.

(3) The Group has been honored with four major awards in the Taiwan Corporate Sustainability Awards, in recognition of "the Taiwan Top 100 Sustainability Model Company Award", "the Sustainability Report Platinum Award", "the Circular Economy Leader Award", and "the Talent Development Leader Award".

(4) The Group has been honored with the Common Wealth Sustainability Citizen Award for nine consecutive years in recognition of its outstanding performance in environmental sustainability.

(5) The Group was the only company in the paper industry to receive the Silver Award in the "APSAA Asia-Pacific Sustainability Action Award".

(6) The Group's Binh Duong Mill in Vietnam was the first in Vietnam's paper industry to be awarded the ISO 14064-1 Greenhouse Gas Inventory certification, and it became the first Taiwanese company to receive《the Vietnam Top 100 Sustainable Enterprise Award》.

(7) The Group's Vina Tawana Container Plant was named among the top ten of VietNam Top Brands in 2022(VietNam Top Brands 2022).

(8) Phase 3 construction of smart manufacturing systems: Smart warehouse for Banqiao Box Plant, cogeneration facilities for Houli Mill G2, smart manufacturing with cogeneration facilities for Tayuan Mill, visual analytics for interactive sales and business intelligence, RPA robotic process automation, and digital equipment

inspection system.

(9) [Taiwan–Papermaking]

Tayuan Mill The recycled white pulp production will begin commercial operation in the first half of 2023, while the biogas power generation system has entered commercial operation in the fourth quarter of 2022.

ChuPei Mill The biomass-thermal power generation system will begin commercial operation in the first half of 2023.

(10) [Vietnam–Papermaking]

Binh Duong Mill The Phase 2 industrial paper project will begin commercial operation in the first half of 2023, with Phase 3 planning currently in progress.

(11) [Vietnam–Corrugated Containers]

Ben Cat Box Plant will start operation in the first half of 2023.

Bac Giang Box Plant is scheduled for trial operation in the first half of 2023.

The Group's directions and achievements in research and development are listed as follows:

(1) The Group continues to expand its plants and carry out modification and optimization works at each plant, such as conditioning chemical dosing for wastewater treatment plant, improving the quality of medium paper with micro-gluing, and odor control for white water systems, in an effort to enhance its competitiveness in the future.

(2) The Group has introduced new raw materials and ingredients, including retention aids, starch-based dry strength agents, and direct dyes, to improve manufacturing processes and quality, thereby reducing production costs.

(3) The Group has completed the development of new products, including Andante bath soap gift set, boxed facial tissue with lotion, Dandelion eco household cleaner, Lover three-ply pull tissue, Andante Sillace three-ply pull tissue, high-quality paper for paper tubes, and food storage paper boxes, with a view to creating a complete product portfolio.

(4) The Group is making ongoing efforts to develop elderly adult diaper, Andante cleansing mousse, paper packaging for household paper products, paper handbags, and mulch paper for agriculture.

(5) The Group is currently applying for patents for three technology development projects which have been carried out in an industry-academia collaboration initiative with the Academy of Circular Economy under National Chung Hsing University, (including the development of bioactive materials, antibacterial coatings for food storage), functional paper boxes (high waterproof ,for food storage) and coating and dyeing technology.

(6) In line with ESG trends and green policies centered on plastic reduction, the Group has

developed all-paper cushion packaging and reusable packaging design, which has not only yielded actual order benefits, but also enables the Group to exchange ideas and opinions on packaging technology with customers on an ongoing basis.

In response to the rapid changes in the global trend, the Group's major operational directions are listed as follows:

(1) Continuously engage in digital transformation, bolster smart production and marketing, and boost the Group's efficiency in operations and maintenance
(2) Keep abreast of market developments to safeguard the Group's advantage in sources of materials at home and abroad, and develop a low-carbon, green supply chain system
(3) Adopt an optimized inventory and asset-light approach, strengthen cost management, and implement strict control of capital expenditure
(4) Develop niche products with creativity, and enhance the Group's image in the industry with an emphasis on brand marketing
(5) Develop experts with specific competencies aimed at overseas development, and increase growth momentum to expand the Group's scope of business
(6) Roll out and promote the production of low-carbon, intelligent paper with a comprehensive plan to engage in circular economy, and develop green operations to implement ESG sustainable development and goals
(7) Enhance corporate risk management and raise cyber security awareness to ensure normal operations across the Group

Looking ahead to 2023, S&P Global(S&P Global) has projected the global economy to grow at 2.0%. With interest rate hikes gradually having the desired effect on the fight against inflation, countries around the world have also begun efforts to revive their previously sluggish economic activity. Supply chain imbalances resulted from China's strong COVID-19 restrictions have forced countries and businesses worldwide to consider the adoption of "short chains" through the regionalization of supply chains aimed at meeting the needs of target markets. From the Company's point of view, which presents an opportunity that is worth seizing for overseas businesses and should not be overlooked. With domestic consumption driven by the domestic pandemic showing a sign of easing, relevant industries have been clearing their inventories as the global political and economic situation stabilizes, while the operations side has also been gradually moving forward in a cautious manner. The Directorate-General of Budget, Accounting and Statistics has projected Taiwan's economy to grow at 2.12% in 2023, down 0.33 percentage points from the previous base period. However, following the downward revision of wood pulp and recycled paper prices, industrial operations which implement relevant policies were right on track, the paper industry is anticipated to experience a rebound progressively. Aside from stepping up efforts to make strategic plans at domestic and abroad investment market and implement lean management, the company has taken the competition of encountering capacity expansion among Industry players seriously, the Company also proactively engages in business ESG practices and achieves regeneration and recycling performance based on "product, energy, and water recycling" with a view to exerting its influence and leading supply chains to stay on top of the sustainable prospect of net-zero emission across the globe.

Chairperson: Jen-Ming Cheng Manager: Ching-Biao Chang Accounting Manager: Tai-Lang Ho

Cheng Loong Corporation

Audit Committee's Review Report

The Audit Committee has completed the review of the 2022 financial statements, including business report, parent company-only financial statements, consolidated financial statements, and profit distribution plan prepared by the Board of Directors. The parent company-only financial statements and consolidated financial statements are jointly audited by CPAs Mei-Ping Wu and Hung-Wen Fu from KPMG in accordance with the law, and found them to be presented fairly. The Report which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, together with the CPA audit report, is hereby submitted for review.

Yours faithfully,

2023 Annual General Meeting of Shareholders

Cheng Loong Corporation

Convener of the Audit Committee: Yung-Chi Wang

March 14, 2023

Independent Auditors’ Report

To the Board of Directors of CHENG LOONG CORPORATION:

Opinion

We have audited the parent company only financial statements of CHENG LOONG CORPORATION (“the Corporation”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to those investments accounted for using equity method, are based solely on the reports of the other auditors. As of December 31, 2022 and 2021, the investments accounted for using equity method constituted 6.52% and 5.89%, respectively, of the total assets; and the share of profit of associates accounted for using equity method constituted 8.23% and 4.89%, respectively, of the profit before income tax.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

   Please refer to note 4(g) for the accounting policy for "Inventories", note 5 for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(d) for the details and related expenses for "Inventories".

   Description of key audit matter:

   Inventories of the Corporation are measured at the lower of cost and net realizable value. Due to the rapid transformation of economic environment and the fact that paper prices are directly affected by the international raw materials market, there is a risk that the cost of the inventory would be higher than its net realizable value. Furthermore, the estimation of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty.

   How the matter was addressed in our audit:

   Understanding the policies of evaluating the allowance and obsolescence of the inventories of the Corporation; inspecting whether existing inventory policies are applied; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate; sampling the price variation or inventories sold in the subsequent period and understanding the sales price used by the management to access whether the net realizable value and the allowance for inventories are reasonable.

2. Investments accounted for using equity method

   Please refer to note 4(i) for the accounting policy for "Investments in subsidiaries", and note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(f) for the related transacions and information for "Investments accounted for using equity method".

   Description of key audit matter:

   The estimation of net realizable value of inventories of certain subsidiaries of the Corporation requires subjective judgments of the management, which is the major source of estimation uncertainty. It is an accounting estimate with uncertainty and affects the operating results of the subsidiaries. Therefore, the valuation of inventories of the subsidiaries accounted for using equity method is the key audit matters for our audit.

How the matter was addressed in our audit:

For the main audit procedures for the valuation of the net realizable value of inventories related to the investments accounted for using equity method, please refer to Key Audit Matters "Evaluation of inventories".

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial statements of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To the Board of Directors of CHENG LOONG CORPORATION:

Opinion

We have audited the consolidated financial statements of CHENG LOONG CORPORATION and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of certain subsidiaries and the investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to those subsidiaries and the investments accounted for using equity method, are based solely on the reports of the other auditors. As of December 31, 2022 and 2021, the assets of those subsidiaries constituted 5.82% and 4.69%, respectively, of the consolidated total assets; the operating revenue of those subsidiaries constituted 5.58% and 6.25%, respectively, of the consolidated operating revenue; the investments accounted for using equity method constituted 2.20% and 2.08%, respectively, of the consolidated total assets; and the share of profit of associates accounted for using equity method constituted 6.89% and 3.05%, respectively, of the consolidated profit before income tax.

CHENG LOONG CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with other matter paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

Evaluation of inventories

Please refer to note 4(h) for the accounting policy for "Inventories", note 5 for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(e) for the details and related expenses for "Inventories".

Description of key audit matter:

Inventories of the Group are measured at the lower of cost and net realizable value. Due to the rapid transformation of economic environment and the fact that paper prices are directly affected by the international raw materials market, there is a risk that the cost of the inventory would be higher than its net realizable value. Furthermore, the estimation of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty.

How the matter was addressed in our audit:

Understanding the policies of evaluating the allowance and obsolescence of the inventories of the Group; inspecting whether existing inventory policies are applied; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate; sampling the price variation or inventories sold in the subsequent period and understanding the sales price used by the management to access whether the net realizable value and the allowance for inventories are reasonable.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Balance Sheets
December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents	$ 2,213,361	4	2,170,491	4
1170	Notes and accounts receivable, net	3,269,753	6	3,772,019	7
1180	Notes and accounts receivable−related parties, net	1,195,113	2	1,561,084	3
1310	Inventories, net	3,892,581	7	3,422,062	6
1320	Construction in progress and building for sale	3,007,952	5	2,710,756	5
1479	Other current assets	1,544,502	3	1,608,106	3
		15,123,262	27	15,244,518	28
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income−non-current	566,790	1	658,046	1
1550	Investments accounted for using equity method	14,082,753	25	13,145,714	24
1600	Property, plant and equipment	24,287,847	42	23,050,768	42
1755	Right-of-use assets	1,085,492	2	1,056,873	2
1760	Investment property, net	928,679	2	1,003,387	2
1840	Deferred tax assets	553,653	1	629,411	1
1990	Other non-current assets	204,614	-	201,290	-
		41,709,828	73	39,745,489	72
	Total assets	**$ 56,833,090**	**100**	**54,990,007**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings	$ 11,349	-	1,827,276	4
2170	Notes and accounts payable	4,663,815	8	4,554,420	8
2180	Notes and accounts payable−related parties	302,359	1	348,284	1
2280	Current lease liabilities	79,746	-	53,227	-
2320	Current portion of long-term borrowings	712,800	1	148,700	-
2399	Other current liabilities	3,387,047	6	3,756,052	7
		9,157,116	16	10,687,959	20
	Non-Current liabilities:				
2540	Long-term borrowings	16,809,178	30	13,755,781	25
2570	Deferred tax liabilities	1,141,915	2	1,336,315	2
2580	Non-current lease liabilities	757,082	1	739,667	1
2640	Net defined benefit liability	58,441	-	706,367	1
2670	Other non-current liabilities	565,586	1	509,726	1
		19,332,202	34	17,047,856	30
	Total liabilities	28,489,318	50	27,735,815	50
3100	Capital stock	11,082,745	19	11,082,745	20
3200	Capital surplus	1,157,532	2	1,157,532	2
3310	Legal reserve	3,871,782	7	3,485,170	7
3320	Special reserve	1,636,282	3	1,589,982	3
3350	Unappropriated retained earnings	12,048,748	21	11,575,045	21
3411	Exchange differences on translation of foreign financial statements	(1,787,408)	(3)	(2,095,698)	(4)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	334,091	1	459,416	1
	Total equity	28,343,772	50	27,254,192	50
	Total liabilities and equity	**$ 56,833,090**	**100**	**54,990,007**	**100**

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue**	$ 32,631,563	100	34,294,239	100
5000	**Operating costs**	26,723,272	82	26,144,648	76
	Gross profit from operations	5,908,291	18	8,149,591	24
	Operating expenses:				
6100	Selling expenses	2,095,678	7	2,094,703	6
6200	Administrative expenses	1,596,817	5	1,577,878	5
6300	Research and development expenses	104,268	-	101,623	-
6450	Expected credit losses (reversal of expected credit losses)	(993)	-	23,264	-
		3,795,770	12	3,797,468	11
	Net operating income	2,112,521	6	4,352,123	13
	Non-operating income and expenses:				
7010	Other income	237,235	-	183,247	-
7020	Other gains and losses, net	322,147	1	(31,258)	-
7050	Finance costs	(219,220)	-	(146,583)	-
7070	Share of profit of subsidiaries and associated accounted for using equity method	280,783	1	410,045	1
		620,945	2	415,451	1
	Profit before income tax	2,733,466	8	4,767,574	14
7950	**Less: Income tax expenses**	213,368	-	804,152	2
	Profit	2,520,098	8	3,963,422	12
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans after income tax	485,771	1	(139,485)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(62,291)	-	122,594	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(56,566)	-	33,527	-
	Items that may not be reclassified subsequently to profit or loss	366,914	1	16,636	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	385,363	1	(200,304)	(1)
8399	Income tax expenses related to items that may be reclassified to profit or loss	(77,073)	-	40,061	-
	Items that may be reclassified subsequently to profit or loss	308,290	1	(160,243)	(1)
8300	**Other comprehensive income (loss)**	675,204	2	(143,607)	(1)
	Comprehensive income	**$ 3,195,302**	**10**	**3,819,815**	**11**
	Earnings per share				
9750	**Basic earnings per share (NT dollars)**	**$ 2.27**		**3.58**	
9850	**Diluted earnings per share (NT dollars)**	**$ 2.27**		**3.57**	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
Balance on January 1, 2021	$ 11,082,745	1,132,062	3,126,808	1,014,000	10,638,168	(1,935,455)	345,473	25,403,801
Profit	-	-	-	-	3,963,422	-	-	3,963,422
Other comprehensive income	-	-	-	-	(97,307)	(160,243)	113,943	(143,607)
Total comprehensive income	-	-	-	-	3,866,115	(160,243)	113,943	3,819,815
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	358,362	-	(358,362)	-	-	-
Special reserve	-	-	-	575,982	(575,982)	-	-	-
Cash dividends	-	-	-	-	(1,994,894)	-	-	(1,994,894)
Changes in equity of associates accounted for using equity method	-	25,470	-	-	-	-	-	25,470
Balance on December 31, 2021	11,082,745	1,157,532	3,485,170	1,589,982	11,575,045	(2,095,698)	459,416	27,254,192
Profit	-	-	-	-	2,520,098	-	-	2,520,098
Other comprehensive income	-	-	-	-	489,273	308,290	(122,359)	675,204
Total comprehensive income	-	-	-	-	3,009,371	308,290	(122,359)	3,195,302
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	386,612	-	(386,612)	-	-	-
Special reserve	-	-	-	46,300	(46,300)	-	-	-
Cash dividends	-	-	-	-	(2,105,722)	-	-	(2,105,722)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	2,966	-	(2,966)	-
Balance on December 31, 2022	**$ 11,082,745**	**1,157,532**	**3,871,782**	**1,636,282**	**12,048,748**	**(1,787,408)**	**334,091**	**28,343,772**

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Statements of Cash Flows
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before income tax	$ 2,733,466	4,767,574
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,708,325	1,526,882
Expected credit losses (reversal of expected credit losses)	(993)	23,264
Interest expense	219,220	146,583
Interest income	(13,903)	(13,160)
Dividend income	(35,228)	(30,423)
Share of profit of subsidiaries and associates accounted for using equity method	(280,783)	(410,045)
Gain on disposal of property, plant and equipment	(31,669)	(2,328)
Impairment loss on property, plant and equipment	-	33,110
Gain on disposal of investment properties	(703)	-
Net gains on financial assets and liabilities at fair value through profit or loss	(7,609)	(6,570)
Total adjustments to reconcile profit (loss)	1,556,657	1,267,313
Changes in operating assets and liabilities:		
Notes and accounts receivable	503,259	(824,436)
Notes and accounts receivable–related parties	365,971	161,331
Inventories	(470,519)	(777,110)
Construction in progress and building for sale	(297,196)	462,308
Other current assets	(45,045)	114,087
Notes and accounts payable	109,395	430,624
Notes and accounts payable–related parties	(45,925)	20,988
Other current liabilities	(273,023)	(419,006)
Net defined benefit liability and other non-current liabilities	(106,569)	(590,851)
Total adjustments	1,297,005	(154,752)
Cash inflow generated from operations	4,030,471	4,612,822
Interest received	15,092	11,530
Cash dividends received	116,114	100,705
Interest paid	(227,852)	(159,205)
Income taxes paid	(571,450)	(499,984)
Net cash flows from operating activities	3,362,375	4,065,868
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(2,482,355)	(1,669,760)
Proceeds from capital reduction of investments accounted for using equity method	2,074,010	-
Acquisition of property, plant and equipment	(2,727,191)	(4,046,834)
Proceeds from disposal of property, plant and equipment	49,699	11,939
Proceeds from disposal of investment properties	2,402	-
Increase in non-current assets	(16,789)	(5,214)
Decrease in other current assets	112,667	220,245
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,965	-
Net cash flows used in investing activities	(2,958,592)	(5,489,624)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(1,815,927)	29,072
Increase in long-term borrowings	3,617,497	2,372,201
Cash dividends paid	(2,105,722)	(1,994,894)
Payment of lease liabilities	(56,761)	(55,500)
Net cash flows from (used in) financing activities	(360,913)	350,879
Net increase (decrease) in cash and cash equivalents	42,870	(1,072,877)
Cash and cash equivalents at beginning of year	2,170,491	3,243,368
Cash and cash equivalents at end of year	**$ 2,213,361**	**2,170,491**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents	$ 7,361,090	11	7,075,052	11
1170	Notes and accounts receivable, net	6,015,980	8	6,774,820	10
1180	Notes and accounts receivable−related parties, net	403,473	1	723,106	1
1206	Other receivables	29,456	-	987,041	1
1310	Inventories, net	6,359,188	9	5,931,287	9
1320	Construction in progress and building for sale	3,007,952	4	2,710,756	4
1479	Other current assets	2,003,964	3	1,684,419	3
		25,181,103	36	25,886,481	39
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income−non-current	566,790	1	658,046	1
1550	Investments accounted for using equity method	1,572,590	2	1,365,176	2
1600	Property, plant and equipment	38,152,595	54	33,871,492	51
1755	Right-of-use assets	2,524,635	4	2,298,780	3
1760	Investment property, net	1,220,629	2	1,313,226	2
1840	Deferred tax assets	555,496	1	637,549	1
1990	Other non-current assets	236,642	-	409,575	1
		44,829,377	64	40,553,844	61
	Total assets	**$ 70,010,480**	**100**	**66,440,325**	**100**

Code	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings	$ 4,130,859	6	5,092,443	7
2170	Notes and accounts payable	6,326,444	9	5,846,371	9
2180	Notes and accounts payable–related parties	351,816	-	389,620	1
2280	Current lease liabilities	93,366	-	65,704	-
2320	Current portion of long-term borrowings	1,401,337	2	2,026,641	3
2399	Other current liabilities	4,136,696	6	4,495,259	7
		16,440,518	23	17,916,038	27
	Non-Current liabilities:				
2540	Long-term borrowings	21,584,572	31	16,655,389	25
2570	Deferred tax liabilities	1,257,607	2	1,441,250	2
2580	Non-current lease liabilities	757,679	1	753,046	1
2640	Net defined benefit liability	100,922	-	758,989	1
2670	Other non-current liabilities	571,401	1	515,408	1
		24,272,181	35	20,124,082	30
	Total liabilities	40,712,699	58	38,040,120	57
	Equity attributable to owners of parent:				
3100	Capital stock	11,082,745	16	11,082,745	17
3200	Capital surplus	1,157,532	2	1,157,532	2
3310	Legal reserve	3,871,782	6	3,485,170	5
3320	Special reserve	1,636,282	2	1,589,982	2
3350	Unappropriated retained earnings	12,048,748	17	11,575,045	17
3410	Exchange differences on translation of foreign financial statements	(1,787,408)	(2)	(2,095,698)	(3)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	334,091	-	459,416	1
	Total equity attributable to owners of parent	28,343,772	41	27,254,192	41
36XX	**Non-controlling interests**	954,009	1	1,146,013	2
	Total equity	29,297,781	42	28,400,205	43
	Total liabilities and equity	**$ 70,010,480**	**100**	**66,440,325**	**100**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue**	$ 43,921,728	100	44,986,090	100
5000	**Operating costs**	36,588,956	83	34,783,398	77
	Gross profit from operations	7,332,772	17	10,202,692	23
	Operating expenses:				
6100	Selling expenses	2,958,635	7	2,954,187	7
6200	Administrative expenses	2,593,001	6	2,523,759	6
6300	Research and development expenses	119,242	-	116,833	-
6450	Expected credit losses	4,301	-	33,506	-
		5,675,179	13	5,628,285	13
	Net operating income	1,657,593	4	4,574,407	10
	Non-operating income and expenses:				
7010	Other income	1,168,324	3	201,280	1
7020	Other gains and losses, net	617,159	1	146,719	-
7050	Finance costs	(466,599)	(1)	(299,627)	(1)
7060	Share of profit of associates accounted for using equity method	220,483	-	151,923	-
7225	Gains on disposal of investments	-	-	212,873	1
		1,539,367	3	413,168	1
	Profit before income tax	3,196,960	7	4,987,575	11
7950	**Less: Income tax expenses**	487,471	1	976,087	2
	Profit	2,709,489	6	4,011,488	9
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans after income tax	487,302	1	(140,452)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(62,291)	-	122,594	-
8320	Share of other comprehensive income of associates accounted for using equity method	(57,465)	-	34,099	-
	Items that may not be reclassified subsequently to profit or loss	367,546	1	16,241	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	368,250	1	(173,332)	-
8370	Share of other comprehensive income of associates accounted for using equity method	59,904	-	(13,195)	-
8399	Income tax related to items that may be reclassified to profit or loss	(77,073)	-	40,061	-
	Items that may be reclassified subsequently to profit or loss	351,081	1	(146,466)	-
8300	**Other comprehensive income (loss)**	718,627	2	(130,225)	-
	Comprehensive income	**$ 3,428,116**	**8**	**3,881,263**	**9**
	Profit, attributable to:				
8610	Owners of parent	$ 2,520,098	6	3,963,422	9
8620	Non-controlling interests	189,391	-	48,066	-
		$ 2,709,489	**6**	**4,011,488**	**9**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 3,195,302	7	3,819,815	9
8720	Non-controlling interests	232,814	1	61,448	-
		$ 3,428,116	**8**	**3,881,263**	**9**
	Earnings per share				
9750	**Basic earnings per share (NT dollars)**	**$**	**2.27**		**3.58**
9850	**Diluted earnings per share (NT dollars)**	**$**	**2.27**		**3.57**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings			Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2021	$ 11,082,745	1,132,062	3,126,808	1,014,000	10,638,168	(1,935,455)	345,473	25,403,801	1,382,755	26,786,556
Profit	-	-	-	-	3,963,422	-	-	3,963,422	48,066	4,011,488
Other comprehensive income	-	-	-	-	(97,307)	(160,243)	113,943	(143,607)	13,382	(130,225)
Total comprehensive income	-	-	-	-	3,866,115	(160,243)	113,943	3,819,815	61,448	3,881,263
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	358,362	-	(358,362)	-	-	-	-	-
Special reserve	-	-	-	575,982	(575,982)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,994,894)	-	-	(1,994,894)	-	(1,994,894)
Difference between consideration and carrying amount of subsidiaries acquired	-	25,470	-	-	-	-	-	25,470	(298,190)	(272,720)
Balance on December 31, 2021	11,082,745	1,157,532	3,485,170	1,589,982	11,575,045	(2,095,698)	459,416	27,254,192	1,146,013	28,400,205
Profit	-	-	-	-	2,520,098	-	-	2,520,098	189,391	2,709,489
Other comprehensive income	-	-	-	-	489,273	308,290	(122,359)	675,204	43,423	718,627
Total comprehensive income	-	-	-	-	3,009,371	308,290	(122,359)	3,195,302	232,814	3,428,116
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	386,612	-	(386,612)	-	-	-	-	-
Special reserve	-	-	-	46,300	(46,300)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,105,722)	-	-	(2,105,722)	-	(2,105,722)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(234,659)	(234,659)
Capital reduction from subsidiaries	-	-	-	-	-	-	-	-	(190,159)	(190,159)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	2,966	-	(2,966)	-	-	-
Balance on December 31, 2022	**$ 11,082,745**	**1,157,532**	**3,871,782**	**1,636,282**	**12,048,748**	**(1,787,408)**	**334,091**	**28,343,772**	**954,009**	**29,297,781**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before income tax	$ 3,196,960	4,987,575
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	2,959,911	2,776,377
Expected credit losses (reversal of expected credit losses)	(252,127)	33,506
Net gains on financial assets and liabilities at fair value through profit or loss	(7,590)	(6,570)
Interest expense	466,599	299,627
Interest income	(846,346)	(33,957)
Dividend income	(35,228)	(30,423)
Share of profit of associates accounted for using equity method	(220,483)	(151,923)
Loss (gain) on disposal of property, plant and equipment	(22,951)	1,438
Impairment loss on property, plant and equipment	-	33,110
Gain on disposal of investment properties	(703)	-
Gain on disposal of right-of-use assets	-	(113,388)
Gain on disposal of investments	-	(212,873)
Total adjustments to reconcile profit (loss)	2,041,082	2,594,924
Changes in operating assets and liabilities:		
Notes and accounts receivable	753,176	(1,135,129)
Notes and accounts receivable–related parties	319,633	(20,518)
Other receivables	(54,451)	17,672
Inventories	(427,901)	(1,587,817)
Construction in progress and building for sale	(297,196)	462,308
Other current assets	(334,365)	(258,583)
Notes and accounts payable	480,073	492,222
Notes and accounts payable–related parties	(37,804)	13,153
Other current liabilities	(366,373)	(389,121)
Net defined benefit liability and other non-current liabilities	(115,046)	(589,205)
Total adjustments	1,960,828	(400,094)
Cash inflow generated from operations	5,157,788	4,587,481
Interest received	846,346	33,951
Cash dividends received	111,011	100,705
Interest paid	(419,366)	(294,876)
Income taxes paid	(792,792)	(740,165)
Net cash flows from operating activities	4,902,987	3,687,096
Cash flows from (used in) investing activities:		
Acquisition of right-of-use assets	(9,186)	-
Proceeds from disposal of right-of-use assets	-	118,703
Acquisition of investments accounted for using equity method	(60,270)	-
Acquisition of property, plant and equipment	(7,085,113)	(6,874,833)
Proceeds from disposal of property, plant and equipment	53,774	42,342
Proceeds from disposal of investment properties	2,402	-
Decrease (increase) in other non-current assets	(19,538)	132,984
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,965	-
Proceeds from disposal of subsidiaries in the previous year	1,251,220	-
Proceeds from disposal of subsidiaries (subsidiaries' cash deducted)	-	339,633
Net cash flows used in investing activities	(5,837,746)	(6,241,171)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(961,584)	(31,002)
Increase in long-term borrowings	4,303,879	4,011,672
Cash dividends paid	(2,105,722)	(1,994,894)
Subsidiaries' capital reduction to non-controlling interests	(190,159)	-
Payment of lease liabilities	(69,476)	(73,145)
Change in non-controlling interests	(234,659)	(272,720)
Net cash flows from financing activities	742,279	1,639,911
Effect of exchange rate changes on cash and cash equivalents	478,518	245,156
Net increase (decrease) in cash and cash equivalents	286,038	(669,008)
Cash and cash equivalents at beginning of year	7,075,052	7,744,060
Cash and cash equivalents at end of year	**$ 7,361,090**	**7,075,052**

Cheng Loong Corporation

Profit Distribution Table

2022

Unit: NT$

Item	Amount
Unappropriated retained earnings at the beginning of the period	9,036,411,887
Add: Reversal of special reserve in prior years	182,965,149
Add: Remeasurement of the defined benefit plan	489,272,773
Add: Disposal of investment in equity instruments at fair value through other comprehensive income	2,965,533
Add: Net profit after taxes for the year	2,520,098,355
Retained earnings available for appropriation	12,231,713,697
Allocation items:	
Legal reserve (10%)	301,233,666
Cash dividends (NT$1.1 per share)	1,219,101,974
Unappropriated retained earnings at the end of the period	10,711,378,057

Note: The Company's profit distribution plan involves the distribution of profits in 2022, and adopts the last in, first out principle.

Chairperson: Jen-Ming Cheng   Manager: Ching-Biao Chang   Accounting Manager: Tai-Lang Ho