

**CHENG LOONG CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of CHENG LOONG CORPORATION:

Introduction

We have reviewed the accompanying consolidated balance sheets of CHENG LOONG CORPORATION and its subsidiaries ("the Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 ("IAS") 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 Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$7,356,610 thousand and \$6,956,506 thousand, constituting 10.40% and 10.14% of the consolidated total asset as of March 31, 2024 and 2023, respectively; and the total liabilities amounting to \$2,454,207 thousand and \$2,346,325 thousand, constituting 5.98% and 5.87% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively; as well as the absolute value of total comprehensive income amounting to gains \$86,325 thousand and \$25,126 thousand, constituting 15.81% and 4.51% of the absolute value of consolidated total comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

Furthermore, as stated in note 6(f), the investments accounted for using equity method of the Group in its investee companies of \$1,661,850 thousand and \$1,653,831 thousand as of March 31, 2024 and 2023, respectively, and its related share of profit of associates accounted for using equity method of \$25,980 thousand and \$55,715 thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes 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, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Fu, Hung-Wen and Horng, Shyh-Gang.

KPMG

Taipei, Taiwan (Republic of China)
May 9, 2024

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review 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’ review report and consolidated financial statements, the Chinese version shall prevail.

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

CHENG LOONG CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2024, December 31, and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2024		December 31, 2023		March 31, 2023				Liabilities and equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,955,764	8	6,048,140	8	6,620,199	10	2100	Short-term borrowings (note 6(k))	\$ 5,527,716	8	5,274,741	7	4,950,410	7		
1170	Notes and accounts receivable, net (notes 6(c) and (r))	5,970,753	9	6,234,981	9	5,771,292	8	2170	Notes and accounts payable	5,411,813	7	5,492,818	8	5,773,122	8		
1180	Notes and accounts receivable—related parties, net (notes 6(c), (r) and 7)	488,508	1	544,449	1	500,736	1	2180	Notes and accounts payable—related parties (note 7)	394,895	1	365,213	1	375,286	1		
1310	Inventories, net (note 6(d))	5,261,945	7	5,104,333	7	5,287,547	8	2216	Dividends payable (note 6(p))	626,326	1	73,595	-	1,364,569	2		
1320	Construction in progress and building for sale (note 6(e))	3,996,710	6	3,624,118	5	3,073,555	4	2280	Current lease liabilities (notes 6(l) and 7)	81,684	-	82,450	-	89,605	-		
1479	Other current assets (notes 6(b) and 7)	2,112,228	3	2,009,519	3	1,840,597	3	2320	Current portion of long-term borrowings (notes 6(k) and 8)	2,097,567	3	1,739,127	2	1,076,280	2		
		<u>23,785,908</u>	<u>34</u>	<u>23,565,540</u>	<u>33</u>	<u>23,093,926</u>	<u>34</u>	2399	Other current liabilities (notes 6(e), (r) and 7)	<u>3,726,076</u>	<u>5</u>	<u>4,188,189</u>	<u>6</u>	<u>3,299,350</u>	<u>5</u>		
										<u>17,866,077</u>	<u>25</u>	<u>17,216,133</u>	<u>24</u>	<u>16,928,622</u>	<u>25</u>		
Non-current assets:										Non-Current liabilities:							
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(b))	475,352	1	547,021	1	583,685	1	2540	Long-term borrowings (notes 6(k) and 8)	20,627,206	29	21,134,999	30	20,404,955	29		
1550	Investments accounted for using equity method (notes 6(f) and 7)	1,661,850	2	1,662,544	2	1,637,806	2	2570	Deferred tax liabilities	1,176,546	2	1,210,344	2	1,257,504	2		
1600	Property, plant and equipment (notes 6(h), 7 and 8)	40,232,358	57	40,162,646	57	38,836,155	56	2580	Non-current lease liabilities (notes 6(l) and 7)	701,948	1	678,126	1	740,386	1		
1755	Right-of-use assets (notes 6(i) and 8)	2,456,832	3	2,450,162	4	2,519,834	4	2640	Net defined benefit liability	94,736	-	116,774	-	86,531	-		
1760	Investment property, net (notes 6(j) and 8)	1,170,008	2	1,176,153	2	1,210,222	2	2670	Other non-current liabilities	<u>574,242</u>	<u>1</u>	<u>569,043</u>	<u>1</u>	<u>576,159</u>	<u>1</u>		
1840	Deferred tax assets	716,285	1	778,818	1	508,933	1			<u>23,174,678</u>	<u>33</u>	<u>23,709,286</u>	<u>34</u>	<u>23,065,535</u>	<u>33</u>		
1990	Other non-current assets	<u>235,291</u>	<u>-</u>	<u>283,913</u>	<u>-</u>	<u>239,445</u>	<u>-</u>			<u>41,040,755</u>	<u>58</u>	<u>40,925,419</u>	<u>58</u>	<u>39,994,157</u>	<u>58</u>		
		<u>46,947,976</u>	<u>66</u>	<u>47,061,257</u>	<u>67</u>	<u>45,536,080</u>	<u>66</u>										
Total assets		<u>\$ 70,733,884</u>	<u>100</u>	<u>70,626,797</u>	<u>100</u>	<u>68,630,006</u>	<u>100</u>			Total liabilities							
										Equity attributable to owners of parent:							
								3100	Capital stock	11,082,745	16	11,082,745	16	11,082,745	16		
								3200	Capital surplus	1,237,676	2	1,237,676	2	1,157,532	2		
								3310	Legal reserve	4,173,016	6	4,173,016	6	3,871,782	6		
								3320	Special reserve	1,453,317	2	1,453,317	2	1,636,282	2		
								3350	Unappropriated retained earnings (notes 6(b) and (p))	11,321,798	16	11,593,401	16	11,190,925	17		
								3410	Exchange differences on translation of foreign financial statements	(787,606)	(1)	(1,037,738)	(1)	(1,601,155)	(2)		
								3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income (note 6(b))	<u>315,090</u>	<u>-</u>	<u>351,847</u>	<u>-</u>	<u>341,318</u>	<u>-</u>		
										<u>28,796,036</u>	<u>41</u>	<u>28,854,264</u>	<u>41</u>	<u>27,679,429</u>	<u>41</u>		
								36XX	Non-controlling interests (note 6(g))	<u>897,093</u>	<u>1</u>	<u>847,114</u>	<u>1</u>	<u>956,420</u>	<u>1</u>		
										<u>29,693,129</u>	<u>42</u>	<u>29,701,378</u>	<u>42</u>	<u>28,635,849</u>	<u>42</u>		
										<u>\$ 70,733,884</u>	<u>100</u>	<u>70,626,797</u>	<u>100</u>	<u>68,630,006</u>	<u>100</u>		
										Total equity							
										Total liabilities and equity							

See accompanying notes to consolidated financial statements.

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

CHENG LOONG CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(m), (r) and 7)	\$ 10,099,418	100	10,181,373	100
5000	Operating costs (notes 6(d), (l), (n), (s), 7 and 12)	<u>8,283,077</u>	<u>82</u>	<u>8,407,883</u>	<u>83</u>
	Gross profit from operations	<u>1,816,341</u>	<u>18</u>	<u>1,773,490</u>	<u>17</u>
	Operating expenses (notes 6(c), (l), (n), (s), 7 and 12):				
6100	Selling expenses	769,635	8	719,509	7
6200	Administrative expenses	626,317	6	599,428	6
6300	Research and development expenses	34,040	-	31,797	-
6450	Reversal of expected credit losses	<u>(9,451)</u>	<u>-</u>	<u>(11,623)</u>	<u>-</u>
		<u>1,420,541</u>	<u>14</u>	<u>1,339,111</u>	<u>13</u>
	Net operating income	<u>395,800</u>	<u>4</u>	<u>434,379</u>	<u>4</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(t) and 7)	38,476	-	104,015	1
7020	Other gains and losses, net (note 6(t))	188,520	2	36,683	-
7050	Finance costs (notes 6(e), (h), (l), (t) and 7)	(233,996)	(2)	(166,917)	(2)
7060	Share of profit of associates accounted for using equity method (note 6(f))	<u>25,980</u>	<u>-</u>	<u>55,715</u>	<u>1</u>
		<u>18,980</u>	<u>-</u>	<u>29,496</u>	<u>-</u>
	Profit before income tax	<u>414,780</u>	<u>4</u>	<u>463,875</u>	<u>4</u>
7950	Less: Income tax expenses (note 6(o))	<u>102,485</u>	<u>1</u>	<u>115,131</u>	<u>1</u>
	Profit	<u>312,295</u>	<u>3</u>	<u>348,744</u>	<u>3</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(32,178)	-	16,895	-
8320	Share of other comprehensive income (loss) of associates accounted for using equity method	<u>(3,024)</u>	<u>-</u>	<u>3,394</u>	<u>-</u>
	Items that may not be reclassified subsequently to profit or loss	<u>(35,202)</u>	<u>-</u>	<u>20,289</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	354,978	3	252,367	2
8370	Share of other comprehensive income (loss) of associates accounted for using equity method	(23,650)	-	(17,667)	-
8399	Income tax related to items that may be reclassified to profit or loss (note 6(o))	<u>(62,533)</u>	<u>(1)</u>	<u>(46,563)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>268,795</u>	<u>2</u>	<u>188,137</u>	<u>2</u>
8300	Other comprehensive income	<u>233,593</u>	<u>2</u>	<u>208,426</u>	<u>2</u>
	Comprehensive income	<u>\$ 545,888</u>	<u>5</u>	<u>557,170</u>	<u>5</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 280,971	3	348,225	3
8620	Non-controlling interests (note 6(g))	<u>31,324</u>	<u>-</u>	<u>519</u>	<u>-</u>
		<u>\$ 312,295</u>	<u>3</u>	<u>348,744</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 495,909	5	554,759	5
8720	Non-controlling interests (note 6(g))	<u>49,979</u>	<u>-</u>	<u>2,411</u>	<u>-</u>
		<u>\$ 545,888</u>	<u>5</u>	<u>557,170</u>	<u>5</u>
	Earnings per share (note 6(q))				
9750	Basic earnings per share (NT dollars)	<u>\$ 0.25</u>		<u>0.31</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 0.25</u>		<u>0.31</u>	

See accompanying notes to consolidated financial statements.

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

CHENG LOONG CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
						Total other equity interest				
			Retained earnings							
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2023	\$ 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
Profit	-	-	-	-	348,225	-	-	348,225	519	348,744
Other comprehensive income	-	-	-	-	13,054	186,253	7,227	206,534	1,892	208,426
Total comprehensive income	-	-	-	-	361,279	186,253	7,227	554,759	2,411	557,170
Appropriation and distribution of retained earnings:										
Cash dividends	-	-	-	-	(1,219,102)	-	-	(1,219,102)	-	(1,219,102)
Balance on March 31, 2023	<u>\$ 11,082,745</u>	<u>1,157,532</u>	<u>3,871,782</u>	<u>1,636,282</u>	<u>11,190,925</u>	<u>(1,601,155)</u>	<u>341,318</u>	<u>27,679,429</u>	<u>956,420</u>	<u>28,635,849</u>
Balance on January 1,2024	\$ 11,082,745	1,237,676	4,173,016	1,453,317	11,593,401	(1,037,738)	351,847	28,854,264	847,114	29,701,378
Profit	-	-	-	-	280,971	-	-	280,971	31,324	312,295
Other comprehensive income	-	-	-	-	-	250,132	(35,194)	214,938	18,655	233,593
Total comprehensive income	-	-	-	-	280,971	250,132	(35,194)	495,909	49,979	545,888
Appropriation and distribution of retained earnings:										
Cash dividends	-	-	-	-	(554,137)	-	-	(554,137)	-	(554,137)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	1,563	-	(1,563)	-	-	-
Balance on March 31, 2024	<u>\$ 11,082,745</u>	<u>1,237,676</u>	<u>4,173,016</u>	<u>1,453,317</u>	<u>11,321,798</u>	<u>(787,606)</u>	<u>315,090</u>	<u>28,796,036</u>	<u>897,093</u>	<u>29,693,129</u>

See accompanying notes to consolidated financial statements.

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

CHENG LOONG CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 414,780	463,875
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,017,731	727,908
Reversal of expected credit losses	(9,451)	(11,623)
Net gains on financial assets at fair value through profit or loss	(2,758)	(493)
Interest expense	233,996	166,917
Interest income	(27,280)	(26,382)
Share of profit of associates accounted for using equity method	(25,980)	(55,715)
Loss (gain) on disposal of property, plant and equipment	(114,270)	4,091
Gain on disposal of non-current assets held for sale	(43,737)	-
Gain on lease modification	(31,391)	-
Total adjustments to reconcile profit (loss)	996,860	804,703
Changes in operating assets and liabilities:		
Notes and accounts receivable	272,271	257,079
Notes and accounts receivable—related parties	55,941	(97,263)
Other receivables	31,993	(8,711)
Inventories	(157,612)	1,071,641
Construction in progress and building for sale	(373,643)	(65,603)
Other current assets	(71,300)	204,148
Notes and accounts payable	(81,005)	(553,322)
Notes and accounts payable—related parties	29,682	23,470
Other current liabilities	(487,051)	(892,149)
Net defined benefit liability and other non-current liabilities	(16,908)	(9,701)
Total adjustments	199,228	734,292
Cash inflow generated from operations	614,008	1,198,167
Interest received	25,425	26,382
Cash dividends received	-	11,896
Interest paid	(239,233)	(164,237)
Income taxes paid	(58,878)	(68,705)
Net cash flows from operating activities	341,322	1,003,503
Cash flows from (used in) investing activities:		
Proceeds from disposal of non-current assets held for sale	76,578	-
Proceeds from disposal of right-of-use assets of land	66,782	-
Acquisition of investments accounted for using equity method	-	(35,670)
Acquisition of property, plant and equipment	(891,018)	(931,481)
Proceeds from disposal of property, plant and equipment	231,825	7,043
Acquisition of financial assets measured at amortized cost	(36,200)	-
Decrease (increase) in other non-current assets	42,632	(7,435)
Proceeds from disposal of financial assets at fair value through other comprehensive income	39,491	-
Net cash flows used in investing activities	(469,910)	(967,543)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	252,975	819,551
Decrease in long-term borrowings	(149,353)	(1,504,674)
Payment of lease liabilities	(23,011)	(23,273)
Net cash flows from (used in) financing activities	80,611	(708,396)
Effect of exchange rate changes on cash and cash equivalents	(44,399)	(68,455)
Net decrease in cash and cash equivalents	(92,376)	(740,891)
Cash and cash equivalents at beginning of year	6,048,140	7,361,090
Cash and cash equivalents at end of year	\$ 5,955,764	6,620,199

See accompanying notes to consolidated financial statements.

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

CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CHENG LOONG CORPORATION (the “Corporation”) was incorporated on February 4, 1959. The address of the Corporation’s registered office is No. 1, Min Sheng Rd., Sec. 1, Banqiao Dist., New Taipei City. On November 1, 2004, the Corporation merged with Tien Long Paper Manufacturing Co., Ltd. and on January 1, 2015, merged with Shan Fu Paper Co., Ltd. The consolidated financial statements of the Corporation as of and for the three months ended March 31, 2024, comprise the Corporation and its subsidiaries (“the Group”).

The main activities of the Group include:

- (a) the manufacturing and sale of paper products;
- (b) the manufacturing and sale of materials for paper products;
- (c) the manufacturing and sale of corrugated carton and paper-related products; and
- (d) the building of residential and commercial premises for rent and sale in partnership with construction companies.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on May 9, 2024.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRS”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

<u>Issue Date</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
April 9, 2024	IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.	January 1, 2027

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Issue Date</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
April 9, 2024	IFRS 18 “Presentation and Disclosure in Financial Statements”	Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulation”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (“IFRSs endorsed by the FSC”) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

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CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Percentage of shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Corporation	GemTech Optoelectronics Corp. (GemTech)	Manufacture and Installation of Electronic Components, Optical Instruments, Glass Products, and Precision Instruments	59.13 %	59.13 %	59.13 %	(Note 1)
The Corporation	Vina Tawana Container Co., Ltd. (Vina)	Manufacture and Sale of Corrugated Cardboard, Kraft Linerboard and Display Boxes	100.00 %	100.00 %	100.00 %	(Note 1)
The Corporation	Omis International Holdings Limited (Omis Holdings)	Investment	100.00 %	100.00 %	100.00 %	
Omis Holdings	Chung Loong Paper Holdings Limited (Chung Loong Holdings)	Investment	84.18 %	84.18 %	84.18 %	
Chung Loong Holdings	1. Winvantage Corporation (Winvantage)	Investment	- %	- %	100.00 %	(Note 2)
Chung Loong Holdings	2. Scorpion Perfect Investments Ltd. (Scorpion)	Investment	100.00 %	100.00 %	100.00 %	
Scorpion	Hong Kong Chung Hao Limited (Hong Kong Chung Hao)	Investment	100.00 %	100.00 %	100.00 %	
Hong Kong Chung Hao	(1) Qingdao Chung Loong Paper Co., Ltd. (Qingdao Chung Loong)	Cardboard, Paper Boxes and Paper Products	100.00 %	100.00 %	100.00 %	(Note 1)
Hong Kong Chung Hao	(2) Zhangzhou Cheng Loong Paper Co., Ltd. (Zhangzhou Cheng Loong)	Cardboard, Paper Boxes, Display Boxes, Paper Trays and Paper Products	100.00 %	100.00 %	100.00 %	(Note 1)
Hong Kong Chung Hao, Suzhou Cheng Loong and Cheng Long (Gwangtung)	Shanghai Chung Hao Paper Co., Ltd. (Shanghai Chung Hao)	Paper Containers, Household Papers and Core Papers	100.00 %	100.00 %	100.00 %	(Note 3 and Note 5)
Hong Kong Chung Hao and Cheng Loong (Gwangtung)	(1) Chengdu Cheng Loong Packing Products Co., Ltd. (Chengdu Cheng Loong)	Corrugated Cardboard, Paper Boxes, Paper Pallets and Paper Products	100.00 %	100.00 %	100.00 %	(Note 1)
Hong Kong Chung Hao and Cheng Loong (Gwangtung)	(2) Henan Cheng Loong Packing Products Co., Ltd. (Henan Cheng Loong)	Corrugated Cardboard and Packaging Products	100.00 %	100.00 %	100.00 %	(Note 1)
Hong Kong Chung Hao and Cheng Loong (Gwangtung)	(3) Chong Qing Cheng Loong Paper Co., Ltd. (Chong Qing Cheng Loong)	Corrugated Cardboard, Corrugated Boxes, Display Boxes, Paper Pallets and Paper Products	80.00 %	80.00 %	80.00 %	(Note 1)
Chung Loong Holdings	3. Shan Fu Investment Co., Ltd. (Shan Fu)	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Shan Fu	Hong Kong Shan Fu Limited (Hong Kong Shan Fu)	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Hong Kong Shan Fu	Shan Fu Paper (Kunsan) Co., Ltd. (Shan Fu Kunsan)	Corrugated Cardboard, Paper Boxes, Paper Pallets and Packaging Decoration Printing	100.00 %	100.00 %	100.00 %	(Note 1)

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CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Chung Loong Holdings	4.Cheng Loong (Suzhou) Investment Co., Ltd. (Cheng Loong (Suzhou))	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Cheng Loong (Suzhou)	Hong Kong Su Loong Limited (Hong Kong Su Loong)	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Hong Kong Su Loong	Suzhou Cheng Loong Paper Co., Ltd. (Suzhou Cheng Loong)	Cardboard	100.00 %	100.00 %	100.00 %	(Note 1)
Chung Loong Holdings	5.Cheng Loong (Gwangtung) Investment Co., Ltd. (Cheng Loong (Gwangtung) Investment)	Investment	100.00 %	100.00 %	100.00 %	
Cheng Loong (Gwangtung) Investment	Hong Kong Gwang Loong Limited (Hong Kong Gwang Loong)	Investment	100.00 %	100.00 %	100.00 %	
Hong Kong Gwang Loong, Suzhou Cheng Loong and Shan Fu Kunsan	Cheng Loong (Gwangtung) Paper Co., Ltd. (Cheng Loong (Gwangtung))	Cardboard, Paper Boxes, Paper Products and Packaging Decoration Printing	100.00 %	100.00 %	100.00 %	(Note 4 and Note 6)
Cheng Loong (Gwangtung)	Dongguan Ming Loong Paper Co., Ltd. (Dongguan Ming Loong Paper)	Corrugated Cardboard, Corrugated Boxes, Paper Pallets, Paper products, Foam, Anti Static Bubble Bags, Plastic buffer Packaging Materials and Packaging Decoration Printing	100.00 %	100.00 %	100.00 %	(Note 1)
Chung Loong Holdings	6.Loong Fu Investment Co., Ltd. (Loong Fu)	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Loong Fu	Hong Kong Loong Fu Limited (Hong Kong Loong Fu)	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Chung Loong Holdings	7.Chung Ming International Limited (Chung Ming)	Investment	100.00 %	100.00 %	100.00 %	
Chung Ming	(1)CorAsia Corp.(CAC)	Design of Paper Boxes	100.00 %	100.00 %	100.00 %	(Note 1)
Chung Ming	(2)Chung Ming (Vietnam) International Company Limited (Chung Ming (Vietnam))	Color Printing Accessories Trading, Base Paper Trading, Sale of Paper Boxes and Display Boxes	100.00 %	100.00 %	100.00 %	(Note 1)
The Corporation	Cheng Loong Southeast Asia Holding Co., Ltd. (Southeast Asia Holding)	Investment	100.00 %	100.00 %	100.00 %	
Southeast Asia Holding	1.Cheng Loong Vietnam Investment Co., Ltd. (Cheng Loong (Vietnam))	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Cheng Loong (Vietnam)	(1)Cheng Loong Binh Duong Container Co., Ltd. (Cheng Loong (Binh Duong))	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes	100.00 %	100.00 %	100.00 %	(Note 1)
Cheng Loong (Vietnam)	(2)Cheng Loong Long An Container Co., Ltd. (Cheng Loong (Long An))	Manufacture and Sale of Corrugated Boxes	100.00 %	100.00 %	100.00 %	(Note 1)
Cheng Loong (Vietnam)	(3)Cheng Loong Bac Giang Company Limited (Cheng Loong (Bac Giang))	Manufacture of Advanced Packaging for Electronic Products and Tissue, Carton, Wrapping paper , Pallets for Export, Separator, Other Paper Products, Lithographic and Flexographic packaging	100.00 %	100.00 %	100.00 %	(Note 1)
Cheng Loong (Vietnam)	(4)Cheng Loong Ben Cat Company Limited (Cheng Loong (Ben Cat))	Corrugated Medium, Corrugated Paper, Paper and Cardboard Packaging	100.00 %	100.00 %	100.00 %	(Note 1)

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Southeast Asia Holding	2.Cheng Loong Indonesia Investment Co., Ltd. (Cheng Loong (Indonesia))	Investment	100.00 %	100.00 %	100.00 %	(Note 1)
Southeast Asia Holding and Cheng Loong (Indonesia)	CL Jakarta Container, PT (CL Jakarta)	Cardboard and Paper Products	100.00 %	100.00 %	100.00 %	(Note 1)
Southeast Asia Holding	3.Cheng Loong Vietnam Paper Investment Co., Ltd. (Cheng Loong (Vietnam) Paper)	Investment	100.00 %	100.00 %	100.00 %	
Cheng Loong (Vietnam) Paper	Cheng Loong Binh Duong Paper Co., Ltd. (Cheng Loong (Binh Duong) Paper)	Manufacture of Industrial and Household Paper	100.00 %	100.00 %	100.00 %	
Cheng Loong (Binh Duong) Paper	Chinh Loong Co., Ltd. (Chinh Loong)	Water treatment, Sewage treatment, maintenance and technical repairment	99.00 %	99.00 %	99.00 %	(Note 1)

Note1: The company is a non-significant subsidiary, and its financial statements have not been reviewed.

Note2: Winvantage completed the liquidation process in the second quarter of 2023.

Note3: Suzhou Cheng Loong transferred its shares in Shanghai Chung Hao to Cheng Loong (Gwangtung) in September 2023.

Note4: Suzhou Cheng Loong transferred its shares in Cheng Loong (Gwangtung) to Shan Fu Kunsan in September 2023.

Note5: Cheng Loong (Gwangtung) transferred its shares in Shanghai Chung Hao to Hong Kong Chung Hao in March 2024.

Note6: Shan Fu Kunsan transferred its shares in Cheng Loong (Gwangtung) to Hong Kong Gwang Loong in March 2024.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed 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 for significant curtailments, settlements, or other significant non-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting".

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” and endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policies involved significant judgements and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

Judgment regarding control of subsidiaries

- (a) Although the Group holds 41.33% of the outstanding voting shares of Ta-Yuan Cogeneration Co., Ltd. (“Ta-Yuan Cogeneration”), it cannot obtain more than half of the total number of Ta-Yuan Cogeneration’s directors, and it also has no absolute right to lead Ta-Yuan Cogeneration’s main operational activities. However, it is determined that the Group has significant influence over Ta-Yuan Cogeneration.
- (b) The Group holds 34.03% of the outstanding voting shares of Tzeng Long USA Inc. (“Tzeng Long USA”) and is the single largest shareholder of the investee. Although the remaining 65.97% of Tzeng Long USA’s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Tzeng Long USA’s directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has significant influence on Tzeng Long USA.
- (c) The Group holds 45.00% of the outstanding voting shares of Shin Loong Lifecare Corp. (“Shin Loong Lifecare”) and is the single largest shareholder of the investee. Although the remaining 55.00% of Shin Loong Lifecare’s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Shin Loong Lifecare’s directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has significant influence on Shin Loong Lifecare. Shin Loong Lifecare was approved to be dissolved on April 17, 2023, and completed the liquidation process on December 7, 2023.
- (d) The Group holds 34.62% of the outstanding voting shares of Cheng Loong Investment Co., Ltd. (“Cheng Loong Investment”) and is the single largest shareholder of the investee. Although the remaining 65.38% of Cheng Loong Investment’s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Cheng Loong Investment’s directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has significant influence on Cheng Loong Investment.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 3,438	2,931	4,057
Demand deposits	3,131,594	3,458,778	2,601,805
Checking deposits	536,156	569,163	651,454
Time deposits	1,753,727	1,843,607	2,735,604
Commercial paper	530,849	173,661	627,279
	<u>\$ 5,955,764</u>	<u>6,048,140</u>	<u>6,620,199</u>

(b) Financial assets at fair value through profit or loss (“FVTPL”)/fair value through other comprehensive income (“FVOCI”)

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at FVTPL			
Interest rate swaps	\$ 7,023	4,191	5,689
Open-end funds	13,971	14,035	-
	<u>\$ 20,994</u>	<u>18,226</u>	<u>5,689</u>
Financial assets at FVOCI			
Stocks listed in domestic market	\$ 348,382	420,051	486,227
Stocks unlisted in domestic market	126,970	126,970	97,458
	<u>\$ 475,352</u>	<u>547,021</u>	<u>583,685</u>

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) The Group sold 3,939 thousand of its shares in O-Bank Co., Ltd. with the fair value of \$39,491 thousand, resulting in the gain of \$1,563 thousand for the three months ended March 31, 2024. Gain had been recognized as other equity interest, and later on, reclassified to retained earnings.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) To hedge certain risks arising from its financial activities, the Group entered into contracts with banks for non-deliverable interest rate swaps. For related financial activities, please refer to note 6(k). The Group held the following derivative instruments that did not qualify for hedge accounting, presented as held-for-trading financial assets:

March 31, 2024			
Notional principal (in thousands)	Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD 300,000	2027.01.18~ 2027.01.21	90-day CP	0.88%~0.91%
December 31, 2023			
Notional principal (in thousands)	Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD 300,000	2027.01.18~ 2027.01.21	90-day CP	0.88%~0.91%
March 31, 2023			
Notional principal (in thousands)	Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD 300,000	2027.01.18~ 2027.01.21	90-day CP	0.88%~0.91%

- (iv) As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any of the aforementioned financial assets as collateral.

- (c) Notes and accounts receivable (including related parties)

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 503,078	599,973	401,826
Accounts receivable	5,598,003	5,775,736	5,446,856
Accounts receivable—related parties	488,508	544,449	500,736
Less: Loss allowance	(130,328)	(140,728)	(77,390)
	<u><u>\$ 6,459,261</u></u>	<u><u>6,779,430</u></u>	<u><u>6,272,028</u></u>

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CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The Group applies the simplified approach to provide for its expected credit losses (“ECL”), the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer’s ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

March 31, 2024			
	Carrying amount of notes and accounts receivable	Lifetime weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 5,940,279	0.43%	25,559
Overdue 1 to 30 days	524,429	8.14%	42,690
Overdue 31 to 90 days	61,765	14.92%	9,218
Overdue 91 to 180 days	18,685	45.12%	8,430
Overdue more than 181 days	44,431	100.00%	44,431
	\$ 6,589,589		130,328
December 31, 2023			
	Carrying amount of notes and accounts receivable	Lifetime weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 6,187,585	0.45%	27,699
Overdue 1 to 30 days	583,461	8.11%	47,332
Overdue 31 to 90 days	92,147	16.64%	15,333
Overdue 91 to 180 days	18,365	64.06%	11,764
Overdue more than 181 days	38,600	100.00%	38,600
	\$ 6,920,158		140,728
March 31, 2023			
	Carrying amount of notes and accounts receivable	Lifetime weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 5,989,644	0.42%	24,986
Overdue 1 to 30 days	305,000	7.28%	22,216
Overdue 31 to 90 days	23,620	18.61%	4,396
Overdue 91 to 180 days	8,972	40.24%	3,610
Overdue more than 181 days	22,182	100.00%	22,182
	\$ 6,349,418		77,390

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The movement in the allowance for notes and accounts receivable were as follows:

	For the three months ended March 31	
	2024	2023
Balance on January 1	\$ 140,728	90,961
Impairment losses reversed	(9,451)	(11,623)
Amounts written off	(2,634)	(1,180)
Effect of exchange rate changes	1,685	(768)
Balance on March 31	<u>\$ 130,328</u>	<u>77,390</u>

- (iii) As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any notes and accounts receivable as collateral.

- (d) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials in transit	\$ 387,380	306,923	252,155
Raw materials	2,462,485	2,424,416	2,507,513
Semi-finished goods and work in process	1,544,584	1,454,502	1,528,299
Finished goods	867,496	918,492	999,580
	<u>\$ 5,261,945</u>	<u>5,104,333</u>	<u>5,287,547</u>

- (i) The details of inventory valuation at the lower of cost or net realizable value were as follows:

	For the three months ended March 31	
	2024	2023
Gains on inventory valuation	<u>\$ 52,266</u>	<u>57,723</u>

- (ii) As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any inventories as collateral.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Construction in progress and building for sale

The Group entered into agreements with a construction company to build residential and commercial premises for rent and sale. The details of construction in progress and building for sale were as follows:

	Construction in progress and building for sale			Advance received on real estate contracts		
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	December 31, 2023	March 31, 2023
Cheng Loong Tien Dee – building for sale	\$ 27,245	27,245	27,245	-	-	-
Beitou Lee Tse – building for sale	34,072	35,648	49,304	-	-	-
Roosevelt Road – building for sale	204,327	204,327	212,513	50,028	50,028	37,521
Raohe Street – building for sale	35,647	35,647	35,647	-	-	-
Hang Jhou South Road – construction in progress	3,162,353	2,805,785	2,589,694	920,405	890,633	808,437
Sanchong – construction in progress	20,096	19,946	19,401	-	-	-
Nanchang Road – construction in progress	512,970	495,520	139,751	-	-	-
	<u>\$ 3,996,710</u>	<u>3,624,118</u>	<u>3,073,555</u>	<u>970,433</u>	<u>940,661</u>	<u>845,958</u>

The capitalized interest and interest rate for construction in progress were as follows:

	For the three months ended March 31	
	2024	2023
Capitalized interest	\$ <u>9,609</u>	<u>7,905</u>
Capitalized interest rate	<u>1.96%</u>	<u>1.80%</u>

(f) Investments accounted for using equity method

Investments in associates accounted for using the equity method were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ 1,661,850	1,662,544	1,653,831
Less: allowance for impairment losses	-	-	(16,025)
	<u>\$ 1,661,850</u>	<u>1,662,544</u>	<u>1,637,806</u>

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Associates that were material to the Group were as follows:

The name of the associate	Principle activity	Main operating location / Registered country of the Company	Percentage of shareholding and voting rights		
			March 31, 2024	December 31, 2023	March 31, 2023
Ta-Yuan Cogeneration	Engaged in the management of cogeneration	Taiwan	41.33 %	41.33 %	41.33 %
Tzeng Long USA	Paper trading	U.S.A.	34.03 %	34.03 %	34.03 %

- (ii) The fair value of the listed (TPEx) associate that was material to the Group was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Ta-Yuan Cogeneration	<u>\$ 2,789,542</u>	<u>2,387,787</u>	<u>3,936,691</u>

- (iii) Summarized financial information for each associate that was material to the Group is as follows. The financial information of the associates prepared in accordance with the IFRSs endorsed by the FSC reflects the adjustments of fair value and differences in accounting policies.

- 1) Ta-Yuan Cogeneration:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,306,389	836,685	1,062,490
Non-current assets	3,338,633	3,731,926	3,286,482
Current liabilities	(430,755)	(995,021)	(323,691)
Non-current liabilities	(2,000,421)	(1,402,227)	(1,745,031)
Net assets	<u>\$ 2,213,846</u>	<u>2,171,363</u>	<u>2,280,250</u>
Net assets attributable to owners of parent	<u>\$ 2,213,846</u>	<u>2,171,363</u>	<u>2,280,250</u>
For the three months ended March 31			
	2024	2023	
Operating revenues	<u>\$ 572,908</u>	<u>792,950</u>	
Profit	\$ 49,801	95,686	
Other comprehensive income (loss)	(7,318)	7,439	
Comprehensive income	<u>\$ 42,483</u>	<u>103,125</u>	
Comprehensive income attributable to owners of parent	<u>\$ 42,483</u>	<u>103,125</u>	

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		For the three months ended March 31	
		2024	2023
Beginning balance of the Group's share of net assets	\$	897,424	899,806
Group's share of other comprehensive income		17,558	42,621
Ending balance of the Group's share of net assets		914,982	942,427
Less: Elimination of deferred unrealized gain on downstream sales of land and others		(84,839)	(84,839)
Investment in associate on March 31	\$	<u>830,143</u>	<u>857,588</u>

2) Tzeng Long USA:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,445,515	1,485,990	1,379,671
Non-current assets	213,969	225,468	226,326
Current liabilities	(112,505)	(112,865)	(104,685)
Non-current liabilities	(18,168)	(19,093)	(21,541)
Net assets	<u>\$ 1,528,811</u>	<u>1,579,500</u>	<u>1,479,771</u>
Net assets attributable to owners of parent	<u>\$ 1,528,811</u>	<u>1,579,500</u>	<u>1,479,771</u>

		For the three months ended March 31	
		2024	2023
Operating revenues	\$	<u>495,574</u>	<u>419,924</u>
Profit	\$	26,417	45,684
Other comprehensive loss		(77,106)	(49,481)
Comprehensive loss	\$	<u>(50,689)</u>	<u>(3,797)</u>
Comprehensive loss attributable to owners of parent	\$	<u>(50,689)</u>	<u>(3,797)</u>

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
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	For the three months ended March 31	
	2024	2023
Beginning balance of the Group's share of net assets	\$ 537,504	504,858
Group's share of other comprehensive income	(17,249)	(1,292)
Ending balance of the Group's share of net assets	\$ 520,255	503,566
Less: Dividends received from the associate	-	(11,896)
Investment in associate on March 31	<u><u>\$ 520,255</u></u>	<u><u>491,670</u></u>

3) Summarized financial information about individually immaterial associates:

Summarized financial information in aggregate for all individually immaterial associates of the Group accounted for using the equity method is as follows. The amounts are included in the investment accounted for using the equity method in the Group's consolidated financial statements.

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount in aggregate for all individually immaterial associates	<u><u>\$ 311,452</u></u>	<u><u>312,455</u></u>	<u><u>288,548</u></u>

	For the three months ended March 31	
	2024	2023
The aggregate amount of Group's share of those associates:		
Profit (loss)	\$ (3,592)	622
Other comprehensive income (loss)	2,589	(509)
Comprehensive income (loss)	<u><u>\$ (1,003)</u></u>	<u><u>113</u></u>

- (iv) The investments accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.
- (v) Tzeng Long USA is an associate of the Group in the United States of America with financial statements having September 30 as the year end date; for the three months ended December 31, 2023 and 2022 is used by the Group to apply the equity method to this associate.
- (vi) As of March 31, 2024, December 31 and March 31, 2023, the aforementioned investments were not provided as collateral.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiaries	Main operating location / Registered country of the Company	Percentage of non-controlling interests and voting rights		
		March 31, 2024	December 31, 2023	March 31, 2023
Chung Loong Holdings	Cayman Islands	15.82 %	15.82 %	15.82 %

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information prepared in accordance with the IFRSs endorsed by the FSC reflects the adjustments of fair value and differences in accounting policies. It represents amounts before intragroup eliminations.

Summarized financial information of Chung Loong Holdings:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 5,946,828	5,449,987	6,276,573
Non-current assets	1,868,456	2,044,204	2,489,848
Current liabilities	(2,414,366)	(2,431,811)	(3,100,794)
Non-current liabilities	(136,118)	(164,619)	(167,133)
Net assets	<u>\$ 5,264,800</u>	<u>4,897,761</u>	<u>5,498,494</u>
Non-controlling interests	<u>\$ 750,170</u>	<u>696,438</u>	<u>797,703</u>

	For the three months ended March 31	
	2024	2023
Operating revenues	<u>\$ 1,463,429</u>	<u>1,571,069</u>
Profit (loss)	239,700	(11,285)
Other comprehensive income	127,339	14,088
Comprehensive income	<u>\$ 367,039</u>	<u>2,803</u>
Profit (loss) attributable to non-controlling interests	<u>\$ 35,075</u>	<u>(4,072)</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 53,732</u>	<u>(2,195)</u>
Cash flows from operating activities	\$ 350,461	356,104
Cash flows from (used in) investing activities	214,170	(13,672)
Cash flows from (used in) financing activities	89,347	(277,089)
Effect of exchange rate changes	88,405	(3,764)
Net increase in cash and cash equivalents	<u>\$ 742,383</u>	<u>61,579</u>

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Property, plant and equipment

Movements of the cost, accumulated depreciation, and impairment of property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Rental assets	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2024	\$ 6,773,360	15,659,884	48,571,550	4,247,093	468,099	7,594,506	83,314,492
Additions	113,009	149,900	128,693	10,235	-	434,521	836,358
Disposals	-	(263,847)	(244,049)	(52,336)	-	-	(560,232)
Reclassification	-	816,397	3,052,674	206,550	-	(4,130,127)	(54,506)
Effect of exchange rate changes	374	164,681	312,973	29,382	-	30,173	537,583
Balance on March 31, 2024	<u>\$ 6,886,743</u>	<u>16,527,015</u>	<u>51,821,841</u>	<u>4,440,924</u>	<u>468,099</u>	<u>3,929,073</u>	<u>84,073,695</u>
Balance on January 1, 2023	\$ 6,583,149	13,548,588	42,523,085	3,911,466	468,099	11,758,234	78,792,621
Additions	12,500	5,826	969	15,751	-	1,041,933	1,076,979
Disposals	-	(2,100)	(289,110)	(14,220)	-	-	(305,430)
Reclassification	(53)	6,706	245,209	46,017	-	(296,850)	1,029
Effect of exchange rate changes	(76)	75,294	145,501	17,824	-	120,908	359,451
Balance on March 31, 2023	<u>\$ 6,595,520</u>	<u>13,634,314</u>	<u>42,625,654</u>	<u>3,976,838</u>	<u>468,099</u>	<u>12,624,225</u>	<u>79,924,650</u>
Accumulated depreciation and impairment:							
Balance on January 1, 2024	\$ -	8,017,037	31,449,985	3,479,644	205,180	-	43,151,846
Depreciation	-	170,061	694,051	94,360	2,452	-	960,924
Disposals	-	(163,025)	(229,617)	(50,035)	-	-	(442,677)
Effect of exchange rate changes	-	54,838	96,044	20,362	-	-	171,244
Balance on March 31, 2024	<u>\$ -</u>	<u>8,078,911</u>	<u>32,010,463</u>	<u>3,544,331</u>	<u>207,632</u>	<u>-</u>	<u>43,841,337</u>
Balance on January 1, 2023	\$ -	7,547,602	29,635,752	3,261,299	195,373	-	40,640,026
Depreciation	-	136,869	460,075	74,038	2,452	-	673,434
Disposals	-	(2,100)	(279,254)	(12,942)	-	-	(294,296)
Reclassification	-	(218)	-	-	-	-	(218)
Effect of exchange rate changes	-	20,140	40,216	9,193	-	-	69,549
Balance on March 31, 2023	<u>\$ -</u>	<u>7,702,293</u>	<u>29,856,789</u>	<u>3,331,588</u>	<u>197,825</u>	<u>-</u>	<u>41,088,495</u>
Carrying amount:							
Balance on January 1, 2024	<u>\$ 6,773,360</u>	<u>7,642,847</u>	<u>17,121,565</u>	<u>767,449</u>	<u>262,919</u>	<u>7,594,506</u>	<u>40,162,646</u>
Balance on March 31, 2024	<u>\$ 6,886,743</u>	<u>8,448,104</u>	<u>19,811,378</u>	<u>896,593</u>	<u>260,467</u>	<u>3,929,073</u>	<u>40,232,358</u>
Balance on January 1, 2023	<u>\$ 6,583,149</u>	<u>6,000,986</u>	<u>12,887,333</u>	<u>650,167</u>	<u>272,726</u>	<u>11,758,234</u>	<u>38,152,595</u>
Balance on March 31, 2023	<u>\$ 6,595,520</u>	<u>5,932,021</u>	<u>12,768,865</u>	<u>645,250</u>	<u>270,274</u>	<u>12,624,225</u>	<u>38,836,155</u>

- (i) As of March 31, 2024, December 31 and March 31, 2023, the book values of agricultural land bought by the Group for operational use amounted to \$1,135,284 thousand, \$1,122,286 thousand and \$1,122,286 thousand, respectively. The ownership titles to the land cannot be transferred to the Group. The land has been registered under the name of a trustee, and the Group has signed a contract with the trustee which states the rights and obligations of both parties.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The capitalized interest and interest rate due to construction in progress were as follows:

	For the three months ended March 31	
	2024	2023
Capitalized interest	\$ <u>34,707</u>	<u>121,817</u>
Capitalized interest rate	<u>1.96%~7.02%</u>	<u>1.80%~12.35%</u>

(iii) Property, plant and equipment of the Group were pledged as collateral; please refer to note 8.

(i) Right-of-use assets

The Group leases many assets including land, buildings, machinery and transportation equipment. Movements of the cost and accumulated depreciation of right-of-use assets were as follows:

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Total
Cost:					
Balance on January 1, 2024	\$ 2,678,645	337,325	-	-	3,015,970
Additions	-	30,805	-	-	30,805
Disposals	(5,020)	-	-	-	(5,020)
Lease modification	(20,129)	-	-	-	(20,129)
Effect of exchange rate changes	38,329	633	-	-	38,962
Balance on March 31, 2024	<u>\$ 2,691,825</u>	<u>368,763</u>	<u>-</u>	<u>-</u>	<u>3,060,588</u>
Balance on January 1, 2023	\$ 2,606,032	373,001	895	1,670	2,981,598
Additions	2,265	-	-	-	2,265
Lease modification	(46)	-	-	-	(46)
Effect of exchange rate changes	31,808	258	-	-	32,066
Balance on March 31, 2023	<u>\$ 2,640,059</u>	<u>373,259</u>	<u>895</u>	<u>1,670</u>	<u>3,015,883</u>
Accumulated depreciation:					
Balance on January 1, 2024	\$ 389,889	175,919	-	-	565,808
Depreciation	22,011	16,412	-	-	38,423
Disposals	(5,020)	-	-	-	(5,020)
Effect of exchange rate changes	3,920	625	-	-	4,545
Balance on March 31, 2024	<u>\$ 410,800</u>	<u>192,956</u>	<u>-</u>	<u>-</u>	<u>603,756</u>
Balance on January 1, 2023	\$ 307,030	147,449	895	1,589	456,963
Depreciation	20,135	17,191	-	49	37,375
Effect of exchange rate changes	1,585	126	-	-	1,711
Balance on March 31, 2023	<u>\$ 328,750</u>	<u>164,766</u>	<u>895</u>	<u>1,638</u>	<u>496,049</u>

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation and miscellaneous equipment</u>	<u>Total</u>
Carrying amount:					
Balance on January 1, 2024	\$ <u>2,288,756</u>	<u>161,406</u>	<u>-</u>	<u>-</u>	<u>2,450,162</u>
Balance on March 31, 2024	\$ <u>2,281,025</u>	<u>175,807</u>	<u>-</u>	<u>-</u>	<u>2,456,832</u>
Balance on January 1, 2023	\$ <u>2,299,002</u>	<u>225,552</u>	<u>-</u>	<u>81</u>	<u>2,524,635</u>
Balance on March 31, 2023	\$ <u>2,311,309</u>	<u>208,493</u>	<u>-</u>	<u>32</u>	<u>2,519,834</u>

Right-of-use assets of the Group were pledged as collateral; please refer to note 8.

(j) Investment property

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~20 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Please refer to note 6(m).

The details of investment property of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2024	\$ <u>128,862</u>	<u>1,047,291</u>	<u>1,176,153</u>
Balance on March 31, 2024	\$ <u>129,982</u>	<u>1,040,026</u>	<u>1,170,008</u>
Balance on January 1, 2023	\$ <u>127,854</u>	<u>1,092,775</u>	<u>1,220,629</u>
Balance on March 31, 2023	\$ <u>127,823</u>	<u>1,082,399</u>	<u>1,210,222</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2024 and 2023. Please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2023 for other related information.
- (ii) The fair value of investment property was not significantly different from those disclosed in note 6(j) of the consolidated financial statements for the year ended December 31, 2023.
- (iii) Investment property of the Group was pledged as collateral; please refer to note 8.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term and short-term borrowings

The details, terms and conditions were as follows:

	Currency	Interest rate	Maturity year	March 31, 2024
Secured bank loans	USD	6.25%~7.25%	2024~2029	\$ 5,472,447
Secured bank loans	NTD	1.63%	2025	609,300
Secured bank loans	VND	3.75%~5.18%	2026~2029	1,516,612
Unsecured bank loans	RMB	3.45%~3.80%	2024~2025	524,702
Unsecured bank loans	USD	6.26%~6.82%	2024~2025	1,518,955
Unsecured bank loans	NTD	1.72%~2.10%	2024~2028	7,070,824
Unsecured bank loans	VND	2.70%~4.20%	2024	2,233,863
Letters of credit	USD	6.09%~6.30%	2024	184,025
Letters of credit	EUR	5.24%	2024	5,150
Letters of credit	JPY	0.96%	2024	11,021
Commercial paper payable	NTD	1.91%~1.97%	2025~2028	9,105,590
Total				\$ 28,252,489
Current — short-term borrowings				\$ 5,527,716
Current — current portion of long-term borrowings				2,097,567
Non-current — long-term borrowings				20,627,206
Total				\$ 28,252,489
	Currency	Interest rate	Maturity year	December 31, 2023
Secured bank loans	USD	6.30%~7.27%	2024~2029	\$ 5,558,073
Secured bank loans	NTD	1.50%	2025	712,500
Secured bank loans	VND	4.25%~5.58%	2026~2029	1,479,010
Unsecured bank loans	RMB	3.30%~3.75%	2024	492,062
Unsecured bank loans	USD	6.57%~7.16%	2024	1,457,193
Unsecured bank loans	NTD	1.75%~2.10%	2024~2028	7,069,779
Unsecured bank loans	VND	2.25%~5.14%	2024	2,080,520
Letters of credit	USD	6.21%~6.43%	2024	141,491
Letters of credit	EUR	5.16%	2024	4,308
Letters of credit	JPY	0.69%~0.80%	2024	49,167
Commercial paper payable	NTD	1.89%~1.98%	2025~2028	9,104,764
Total				\$ 28,148,867
Current — short-term borrowings				\$ 5,274,741
Current — current portion of long-term borrowings				1,739,127
Non-current — long-term borrowings				21,134,999
Total				\$ 28,148,867

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	Currency	Interest rate	Maturity year	March 31, 2023
Secured bank loans	USD	5.65%~6.76%	2024~2029	\$ 3,883,945
Secured bank loans	NTD	1.50%	2025	1,022,100
Secured bank loans	VND	7.80%~10.18%	2026~2029	1,366,204
Unsecured bank loans	RMB	3.40%~3.80%	2023~2024	741,910
Unsecured bank loans	USD	6.00%~7.25%	2023~2024	2,726,356
Unsecured bank loans	NTD	1.68%~2.10%	2023~2028	13,416,464
Unsecured bank loans	VND	6.80%~9.40%	2023	581,523
Letters of credit	USD	5.78%~6.00%	2023	13,742
Letters of credit	EUR	3.86%~4.32%	2023	5,211
Letters of credit	JPY	0.69%~0.70%	2023	22,300
Letters of credit	VND	1.84%~2.09%	2023~2027	2,651,890
Total				\$ 26,431,645
Current — short-term borrowings				\$ 4,950,410
Current — current portion of long-term borrowings				1,076,280
Non-current — long-term borrowings				20,404,955
Total				\$ 26,431,645

- (i) The total line of credit for the Group's syndicated loan with 10 banks, including First Commercial Bank, was \$4,800,000 thousand (comprising \$3,840,000 thousand of revolving long-term commercial paper payable). The contract period is from April 27, 2020 to April 26, 2025, a total of five years. Since this line of credit and contract period are revolving in nature and do not require actual refund repayment, it is recorded as a long-term liability. Since the commercial paper is revolving in nature and does not require actual refund repayment, it is recorded as a long-term liability.
- (ii) The total line of credit for the Group's syndicated loan with 12 banks, including Hua Nan Commercial Bank, was \$8,000,000 thousand (comprising \$6,800,000 thousand of revolving long term commercial paper payable). The contract period is from December 22, 2020 to December 21, 2025, a total of five years. Since this line of credit and contract period are revolving in nature and do not require actual refund repayment, it is recorded as a long-term liability. Since the commercial paper is revolving in nature and does not require actual refund repayment, it is recorded as a long-term liability.
- (iii) The total line of credit for the Group's syndicated loan with 11 banks, including First Commercial Bank, was \$9,000,000 thousand (comprising \$7,200,000 thousand of revolving long-term commercial paper payable). The contract period is from October 24, 2022 to October 23, 2027, a total of five years. Since this line of credit and contract period are revolving in nature and do not require actual refund repayment, it is recorded as a long term liability. Since the commercial paper is revolving in nature and does not require actual refund repayment, it is recorded as a long-term liability.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The total line of credit for the Group's syndicated loan with 4 banks, including Hua Nan Commercial Bank, was \$3,600,000 thousand (comprising \$2,880,000 thousand of revolving long-term commercial paper payable). The contract period is from February 16, 2023 to February 15, 2028, a total of five years. Since this line of credit and contract period are revolving in nature and do not require actual refund repayment, it is recorded as a long-term liability. Since the commercial paper is revolving in nature and does not require actual refund repayment, it is recorded as a long-term liability.
- (v) The total line of credit for the Group's syndicated loan with 10 banks, including Mega International Commercial Bank, was USD165,000 thousand. The contract period is from July 25, 2017 to July 25, 2022, a total of five years. Since this line of credit amounted to USD150,000 thousand was approved to be extended for two years, the contract period was extended to July 25, 2024. The line of credit and contract period are not revolving in nature; hence, the loan will be repaid in five equal installments after three years from the initial drawdown.
- (vi) The total lines of credit for the Group's syndicated loan with 9 banks, including Mega International Commercial Bank, were USD90,000 thousand and VND920,000,000 thousand. The contract period is five years from the initial drawdown date within twelve months from August 17, 2020. However, if there is no initial drawdown within twelve months, the contract period will be from August 17, 2021 to August 16, 2026, a total five years. The line of credit and contract period are not revolving in nature; hence, the loan will be repaid in five equal installments after three years from the initial drawdown.
- (vii) The total lines of credit for the Group's syndicated loan with 10 banks, including Mega International Commercial Bank, were USD161,000 thousand and VND1,587,000,000 thousand. The contract period is five years from the initial drawdown date within twelve months from December 22, 2021. However, if there is no initial drawdown within twelve months, the contract period will be from December 22, 2022 to December 21, 2027, a total of five years. The line of credit and contract period are not revolving in nature; hence, the loan will be repaid in five equal installments after three years from the initial drawdown.
- (viii) To obtain the above loans, the Group promised to comply with the covenants within the contract periods and to maintain the following financial ratios: On each December 31 during the contract period, the current ratio (current assets/current liabilities) cannot be less than 100%; the stockholders' equity ratio ((total assets-total liabilities-intangible assets)/total assets) cannot be less than 40%; the times interest earned ((income before taxes + interest expense + depreciation expenses + amortization expenses)/interest expenses) cannot be less than 2.25 times; and the net tangible assets (total assets-total liabilities-intangible assets) cannot be less than \$16,000,000 thousand for certain loans in addition.
- (ix) For the details on the collateral provided for bank loans, please refer to note 8.

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(l) Lease liabilities

Lease liabilities of the Group were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ <u>81,684</u>	<u>82,450</u>	<u>89,605</u>
Non-current	\$ <u>701,948</u>	<u>678,126</u>	<u>740,386</u>

For the maturities analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2024	2023
Interest on lease liabilities	\$ <u>3,234</u>	<u>2,985</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>4,714</u>	<u>6,063</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2024	2023
Rental paid in operating activities	\$ 4,714	6,063
Interest on lease liabilities paid in operating activities	3,234	2,985
Payment made on lease liabilities in financing activities	<u>23,011</u>	<u>23,273</u>
Total cash outflow for leases	\$ <u>30,959</u>	<u>32,321</u>

(m) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) sets out information about the operating leases of investment property.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Less than one year	\$ 115,895	121,231	128,271
One to two years	77,323	78,160	91,801
Two to three years	46,675	52,309	67,846
Three to four years	8,257	11,240	40,912
Four to five years	5,140	5,324	8,641
More than five years	46,578	47,728	51,004
	\$ 299,868	315,992	388,475

For the three months ended March 31, 2024 and 2023, the rental revenue with respect to property leases amounted to \$32,503 thousand and \$32,604 thousand, respectively, and was recorded as operating revenues.

(n) Employee benefits

- (i) There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost of the defined benefit plan in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.
- (ii) The Group recognized its pension costs and recorded them as operating costs and operating expenses. The details of pension costs were as follows:

	For the three months ended March 31	
	2024	2023
Defined benefit plan	\$ 6,055	7,445
Defined contribution plan	38,319	38,412
	\$ 44,374	45,857

(o) Income tax

- (i) Components of income tax expenses were as follows:

	For the three months ended March 31	
	2024	2023
Income tax expenses	\$ 102,485	115,131

- (ii) The Group had no income tax expenses recognized directly in equity.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Tax expenses under other comprehensive income or loss were as follows:

	For the three months ended March 31	
	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ 67,263	50,096
Shares of other comprehensive income of associates accounted for using equity method	(4,730)	(3,533)
	<u>\$ 62,533</u>	<u>46,563</u>

- (iv) The tax returns of the Corporation and R.O.C. subsidiaries have been examined by the R.O.C. income tax authorities through the following years:

	Year
The Corporation	2021
Gem Tech	2022
Chung Ming Taiwan (branch of Chung Ming)	2022

- (v) Global minimum top-up tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group operates in Vietnam, which has enacted a new legislation to implement the global minimum top-up tax. Due to its operating losses, the Group's subsidiary in Vietnam received additional tax deductions that reduced its effective tax rate to below 15%. Moreover, being qualified for the transitional CbCR safe harbor in 2023, the Group need not pay for any top-up tax. Therefore, there was no current tax impact on the Group's business operation for the three months ended March 31, 2024.

- (p) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2023.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Retained earnings

According to the articles of the Corporation, when allocating the earnings for each year, the Corporation shall first pay income taxes, and offset its prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve has equaled the total capital of the Corporation; then set aside a special reserve in accordance with the relevant laws when necessary. The balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals and the resolution at the stockholders' meeting. In accordance with Article 240 Paragraph 5 of the Company Act, the abovementioned distribution plan, by the way of cash dividends, should be approved by the Corporation's Board of Directors and reported to the shareholder's meeting, and need not be submitted to the shareholders' meeting for recognition.

The dividend policy of the Corporation is as follows:

Phase 1: Keep a portion of accumulated earnings on hand for operational needs.

Phase 2: Distribute stock dividends based on future capital expenditure and long-term financial planning.

Phase 3: After the above appropriations, distribute cash dividends of at least 50% of the remaining accumulated earnings.

Phase 4: If the cash dividends per share are less than NT\$0.1 (dollars), they shall be deferred to next year or thereafter.

(ii) Distribution of earnings

On March 12, 2024, cash dividends in the distribution plan for 2023 had been approved by the Board of Directors, but other items of earnings distribution have yet to be approved by the shareholder's meeting. On March 14, 2023, cash dividends in the distribution plan for 2022 had been approved by the Board of Directors and other items of earnings distribution had been approved by the shareholder's meeting on June 9, 2023. The information on dividends appropriated from the distributable retained earnings was as follows:

	<u>2023</u>	<u>2022</u>
Stockholders' dividends – cash, \$0.5 (dollars) and \$1.1 (dollars) per share, respectively	\$ <u><u>554,137</u></u>	<u><u>1,219,102</u></u>

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary stockholders of the Corporation and the weighted-average number of common shares outstanding was as follows:

	For the three months ended March 31	
	2024	2023
Profit of the Corporation for the year	\$ <u>280,971</u>	<u>348,225</u>
Weighted-average number of common shares (Basic / thousand shares)	<u>1,108,275</u>	<u>1,108,275</u>
Basic earnings per share (dollars)	\$ <u>0.25</u>	<u>0.31</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share based on the profit attributable to ordinary stockholders of the Corporation and the weighted-average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares was as follows:

	For the three months ended March 31	
	2024	2023
Profit of the Corporation for the year	\$ <u>280,971</u>	<u>348,225</u>
Weighted-average number of common shares (Diluted / thousand shares)	<u>1,110,269</u>	<u>1,111,842</u>
Diluted earnings per share (dollars)	\$ <u>0.25</u>	<u>0.31</u>

Weighted-average number of common shares (Diluted / thousand shares):

	For the three months ended March 31	
	2024	2023
Weighted-average number of common shares (basic)	1,108,275	1,108,275
Effect of employee stock remuneration	1,994	3,567
Weighted-average number of common shares (diluted)	<u>1,110,269</u>	<u>1,111,842</u>

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2024	2023
Primary geographical markets		
Taiwan	\$ 6,500,531	6,851,410
Mainland China	1,456,733	1,571,068
Southeast Asia	<u>2,142,154</u>	<u>1,758,895</u>
	<u>\$ 10,099,418</u>	<u>10,181,373</u>
Major products / services lines		
Sale of goods	\$ 10,043,766	10,141,638
Sales of building	688	-
Rental revenue	32,503	32,604
Cogeneration revenue	<u>22,461</u>	<u>7,131</u>
	<u>\$ 10,099,418</u>	<u>10,181,373</u>

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts receivable (including related parties)	\$ 6,589,589	6,920,158	6,349,418
Less: Loss allowance	<u>(130,328)</u>	<u>(140,728)</u>	<u>(77,390)</u>
	<u>\$ 6,459,261</u>	<u>6,779,430</u>	<u>6,272,028</u>
Contract liabilities — advance receive on real estate (classified as other current liabilities)	<u>\$ 970,433</u>	<u>940,661</u>	<u>845,958</u>

- 1) For details on notes, accounts receivable and loss allowance, please refer to note 6(c).
- 2) The amounts of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were both \$0 thousand.
- 3) The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Employee remuneration

Based on the Corporation's articles, if the Corporation incurred earnings for the year, the earnings shall first be used to offset against any deficits; the remainder, if any, a minimum of 1% of the annual profit before tax (excluding employee remuneration) shall be appropriated as employee remuneration.

For the three months ended March 31, 2024 and 2023, the Corporation estimated its employee remuneration amounting to \$7,052 thousand and \$8,348 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding employee remuneration, multiplied by the percentage of remuneration to employees, as specified in the Corporation's articles. The remuneration is expensed under operating costs or operating expenses during each period. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized in the following year.

For the years ended December 31, 2023 and 2022, the Corporation estimated its employee remuneration amounting to \$50,000 thousand and \$90,000 thousand, respectively. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

	For the three months ended March 31	
	2024	2023
Interest income	\$ 27,280	26,382
Rental revenue	6,408	4,715
Revenue from waste disposal	4,788	34,293
Gain on write-off of overdue payables	-	38,625
	\$ 38,476	104,015

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses, net

The Group's other gains and losses was as follows:

	For the three months ended March 31	
	2024	2023
Net gain (loss) on disposal of property, plant and equipment	\$ 114,270	(4,091)
Net gain (loss) on foreign exchanges	(3,861)	30,623
Net gain on financial assets at fair value through profit or loss	2,758	493
Gain on disposal of non-current assets held for sale	43,737	-
Gain on lease modification	31,391	-
Others	225	9,658
	\$ 188,520	36,683

(iii) Finance costs

The Group's finance costs, excluding capitalized interest, were as follows:

	For the three months ended March 31	
	2024	2023
Interest expense	\$ 230,762	163,932
Interest on lease liabilities	3,234	2,985
Total finance costs	\$ 233,996	166,917

For details of capitalized interest, please refer to notes 6(e) and (h).

(u) Financial instruments

Except for the following disclosure, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk and market risk arising from financial instruments. For related information, please refer to note 6(u) to the consolidated financial statements for the year ended December 31, 2023.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
March 31, 2024					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	\$ 28,252,489	30,577,720	8,550,029	22,027,691	-
Notes and accounts payable (including related parties)	5,806,708	5,806,708	5,806,708	-	-
Other payables	1,483,969	1,483,969	1,483,969	-	-
Dividends payable	626,326	626,326	626,326	-	-
Guarantee deposits	545,918	545,918	-	-	545,918
Lease liabilities	783,632	956,678	93,847	260,346	602,485
	<u>\$ 37,499,042</u>	<u>39,997,319</u>	<u>16,560,879</u>	<u>22,288,037</u>	<u>1,148,403</u>
December 31, 2023					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	\$ 28,148,867	30,642,163	7,948,382	22,654,021	39,760
Notes and accounts payable (including related parties)	5,858,031	5,858,031	5,858,031	-	-
Other payables	1,958,433	1,958,433	1,958,433	-	-
Dividends payable	73,595	73,595	73,595	-	-
Guarantee deposits	540,787	540,787	-	-	540,787
Lease liabilities	760,576	929,431	93,800	245,669	589,962
	<u>\$ 37,340,289</u>	<u>40,002,440</u>	<u>15,932,241</u>	<u>22,899,690</u>	<u>1,170,509</u>
March 31, 2023					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	\$ 26,431,645	28,542,740	6,674,054	21,708,709	159,977
Notes and accounts payable (including related parties)	6,148,408	6,148,408	6,148,408	-	-
Other payables	1,597,741	1,597,741	1,597,741	-	-
Dividends payable	1,364,569	1,364,569	1,364,569	-	-
Guarantee deposits	548,108	548,108	-	-	548,108
Lease liabilities	829,991	982,664	100,695	276,641	605,328
	<u>\$ 36,920,462</u>	<u>39,184,230</u>	<u>15,885,467</u>	<u>21,985,350</u>	<u>1,313,413</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2024				December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	151,090	31.9490	4,827,174	183,435	30.6600	5,624,117	224,312	30.4050	6,820,207
JPY		372,879	0.2095	78,118	572,300	0.2152	123,159	46,980	0.2266	10,646
EUR		528	34.2580	18,088	1,824	30.7930	61,638	3,492	32.9410	115,030
<u>Non-monetary items</u>										
USD		16,969	30.6600	520,255	16,682	32.2200	537,504	16,029	30.6738	491,670
<u>Financial liabilities</u>										
<u>Monetary item</u>										
USD	\$	319,345	32.0490	10,234,688	338,716	30.7600	10,418,904	353,495	30.5050	10,783,365
JPY		368,765	0.2135	78,731	625,498	0.2192	137,109	463,766	0.2306	106,944

2) Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, notes and accounts receivable, other receivables, loans, notes and accounts payable, and other payables. If the exchange rate of the foreign currencies against the NTD mentioned above had depreciated or appreciated 1%, with other factors remaining constant, on the reporting date, profit before income tax would have increased or decreased by \$53,900 thousand and \$39,444 thousand for the three months ended March 31, 2024 and 2023, respectively. Analysis of the two periods is based on the same standard.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2024 and 2023, the foreign exchange gain or loss, including both realized and unrealized, amounted to losses \$3,861 thousand and gains \$30,623 thousand, respectively.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

Price of securities at the reporting date	For the three months ended March 31			
	2024		2023	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Increasing 10%	\$ 47,535	1,397	58,368	-
Decreasing 10%	\$ (47,535)	(1,397)	(58,368)	-

(iv) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	Carrying amount	March 31, 2024			
		Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Interest rate swaps	\$ 7,023	-	-	7,023	7,023
Open-end funds	13,971	13,971	-	-	13,971
	<u>\$ 20,994</u>				
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic market	\$ 348,382	348,382	-	-	348,382
Stocks unlisted in domestic market	126,970	-	-	133,921	133,921
	<u>\$ 475,352</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,955,764				
Notes and accounts receivable (including related parties)	6,459,261				
Other receivables	134,683				
Other financial assets — current	305,081				
Other financial assets — non-current	189,568				
	<u>\$ 13,044,357</u>				

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2024				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	28,252,489				
Notes and accounts payable (including related parties)		5,806,708				
Other payables		1,483,969				
Dividends payable		626,326				
Guarantee deposits		545,918				
Lease liabilities		783,632				
	\$	<u>37,499,042</u>				
		December 31, 2023				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss						
Interest rate swaps	\$	4,191	-	-	4,191	4,191
Open-end funds		14,035	14,035	-	-	14,035
	\$	<u>18,226</u>				
Financial assets at fair value through other comprehensive income						
Stocks listed in domestic market	\$	420,051	420,051	-	-	420,051
Stocks unlisted in domestic market		126,970	-	-	126,970	126,970
	\$	<u>547,021</u>				
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	6,048,140				
Notes and accounts receivable (including related parties)		6,779,430				
Other receivables		161,635				
Other financial assets — current		356,875				
Other financial assets — non-current		201,248				
	\$	<u>13,547,328</u>				

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	28,148,867				
Notes and accounts payable (including related parties)		5,858,031				
Other payables		1,958,433				
Dividends payable		73,595				
Guarantee deposits		540,787				
Lease liabilities		760,576				
	\$	<u>37,340,289</u>				
		March 31, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Interest rate swaps	\$	<u>5,689</u>	-	-	5,689	5,689
Financial assets at fair value through other comprehensive income						
Stocks listed in domestic market	\$	486,227	486,227	-	-	486,227
Stocks unlisted in domestic market		<u>97,458</u>	-	-	95,337	95,337
	\$	<u>583,685</u>				
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	6,620,199				
Notes and accounts receivable (including related parties)		6,272,028				
Other receivables		38,167				
Other financial assets—current		65,777				
Other financial assets—non-current		<u>193,012</u>				
	\$	<u>13,189,183</u>				

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost						
Long-term and short-term borrowings	\$	26,431,645				
Notes and accounts payable (including related parties)		6,148,408				
Other payables		1,597,741				
Dividends payable		1,364,569				
Guarantee deposits		548,108				
Lease liabilities		829,991				
	\$	36,920,462				

- 2) Valuation techniques to measure fair value of financial instruments not measured at fair value

Financial instruments of the Group not measured at fair value are financial assets and liabilities valued at amortized cost. Measurement of fair value of these financial instruments is based on recent transaction prices. When market price are unavailable, valuation is based on discounted cash flow.

- 3) Valuation techniques for financial instruments measured at fair value

- a) Non-derivative financial instruments

Fair value measurement of financial instruments is based on quoted market prices if these prices are available in an active market. Quoted prices on stock exchanges are regarded as the fair value of equity instruments in a listed market and debt instruments in an active market.

A financial instrument is regarded as being quoted in an active market if quoted market prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be met, then the market is considered as non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of financial assets and liabilities with standard terms and conditions and trading in active markets is based on quoted market prices. These include investments in stocks of listed entities.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
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The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the book value per share of the investee and the price-book ratio of market comparable listed companies. The estimation of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of marketability.

b) Derivative financial instruments

The fair value is based on quoted prices. When quoted prices are unavailable, the fair value is in accordance with third-party pricing information.

4) Transfers between Level 1 and Level 2

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2024 and 2023.

5) Changes in Level 3

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance on January 1, 2024	\$ 4,191	126,970
Recognized in profit or loss	2,832	-
Balance on March 31, 2024	<u><u>\$ 7,023</u></u>	<u><u>126,970</u></u>
Balance on January 1, 2023	\$ 5,207	97,458
Recognized in profit or loss	482	-
Balance on March 31, 2023	<u><u>\$ 5,689</u></u>	<u><u>97,458</u></u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets and liabilities at fair value through profit or loss—derivative financial instruments" and "fair value through other comprehensive income—equity investments." The fair value of these financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Group did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
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Significant quantitative information about unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income—equity investments in inactive markets	Comparable companies approach	Discounts for lack of marketability on March 31, 2024, December 31, 2023 and March 31, 2023 was all 30%	The fair value would decrease if the discount for lack of marketability were higher

- 7) Fair value measured in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement of fair value of financial instruments is reasonable, but using different evaluation models or parameters will cause different results. For financial instruments in Level 3, if the evaluation parameters had changed, the effects on other comprehensive income and loss would have been as follows:

			Effects of changes in fair value on other comprehensive income and loss	
	Inputs	Increase or decrease		
March 31, 2024				
Financial assets at fair value through other comprehensive income				
— equity investments in inactive markets	Discount for lack of marketability	±10%	\$ <u>(5,739)</u>	<u>5,739</u>
December 31, 2023				
Financial assets at fair value through other comprehensive income				
— equity investments in inactive markets	Discount for lack of marketability	±10%	\$ <u>(5,442)</u>	<u>5,442</u>

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on other comprehensive income and loss</u>
March 31, 2023			
Financial assets at fair value through other comprehensive income			
– equity investments in inactive markets	Discount for lack of marketability	±10%	\$ <u><u>(4,086)</u></u> <u><u>4,086</u></u>

(v) Financial risk management

The objectives and policies of the Group's financial risk management have been applied consistently with those disclosed in the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

(w) Capital management

The objectives, policies and procedures of the Group's capital management have been applied consistently with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2023. For related information, please refer to note 6(w) to the consolidated financial statements for the year ended December 31, 2023 for further details.

(x) The movements of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2024</u>
Short-term borrowings	\$ 5,274,741	252,975	-	5,527,716
Long-term borrowings	22,874,126	(149,353)	-	22,724,773
Lease liabilities	<u>760,576</u>	<u>(23,011)</u>	<u>46,067</u>	<u>783,632</u>
Total liabilities from financing activities	<u>\$ 28,909,443</u>	<u>80,611</u>	<u>46,067</u>	<u>29,036,121</u>
	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2023</u>
Short-term borrowings	\$ 4,130,859	819,551	-	4,950,410
Long-term borrowings	22,985,909	(1,504,674)	-	21,481,235
Lease liabilities	<u>851,045</u>	<u>(23,273)</u>	<u>2,219</u>	<u>829,991</u>
Total liabilities from financing activities	<u>\$ 27,967,813</u>	<u>(708,396)</u>	<u>2,219</u>	<u>27,261,636</u>

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Tzeng Long USA Inc. (Tzeng Long USA)	An associate of the Group
Ta-Yuan Cogeneration Co., Ltd. (Ta-Yuan Cogeneration)	An associate of the Group
Cheng Tong Vietnam Co., Ltd. (Vietnam Cheng Tong)	A subsidiary of the Group's associate
Ming Foong Plastic Co., Ltd. (Ming Foong Plastic)	The institutional director of the Corporation
Shine Far Co., Ltd. (Shine Far)	The institutional director of the Corporation
Sun Favorite Co., Ltd. (Sun Favorite)	The institutional director of the Corporation
Jen Yun Co., Ltd. (Jen Yun)	The entity's chairman is the second immediate family of the chairman of the Corporation
Wen Gin Development Co., Ltd. (Wen Gin Development)	The entity's chairman is the second immediate family of the chairman of the Corporation
Yamahatsu Nihon Co., Ltd. (Yamahatsu Nihon)	The entity's chairman is the second immediate family of the chairman of the Corporation
Ko Loong Industry Co., Ltd. (Ko Loong Industry)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong Motor Co., Ltd. (Shan Loong Motor)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong Transportation Co., Ltd. (Shan Loong Transportation)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong International & Customs Broker Co., Ltd. (Shan Loong International)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shanloong Logistic Company Limited (Vietnam Shanloong)	The entity's chairman is the second immediate family of the chairman of the Corporation
Sun Favorite (Shanghai) Co., Ltd. (Sun Favorite (Shanghai))	A substantial related party
Yue Loong Co., Ltd. (Yue Loong)	A substantial related party
Cheng Loong Children's Care Foundation (Cheng Loong Children's Care Foundation)	A substantial related party
Cheng Huotien Charity Foundation (Cheng Huotien Charity Foundation)	A substantial related party
Phu Kieu Vietnam Company Limited (Phu Kieu Vietnam)	A subsidiary of the institutional director of the Corporation

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of related party	Relationship with the Group
Dongguan Ming Foong Plastic Co., Ltd. (Dongguan Ming Foong)	A subsidiary of the institutional director of the Corporation
Shanghai Shan Tong Logistic Co., Ltd. (Shanghai Shan Tong)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shine Far Construction Co., Ltd. (Shine Far Construction)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shine Far Property Co., Ltd. (Shine Far Property)	The chairman of the entity's parent company is the second immediate family of the chairman of the Corporation
Shine Far Electromechanical Co., Ltd. (Shine Far Electromechanical)	The chairman of the entity's parent company is the second immediate family of the chairman of the Corporation
Employees' Welfare Committee of Cheng Loong Corporation (Employees' Welfare Committee of Cheng Loong)	A substantial related party
Liu, Ke-Ya	The second immediate family of the director of the Corporation
Chien, Pi-Hua	The second immediate family of the director of the Corporation
Liu, Yu-Bang	The second immediate family of the director of the Corporation
Cheng, Jen-Hong	The second immediate family of the chairman of the Corporation

(b) Significant related-party transactions

- (i) Sale of goods and real estate to related parties
- 1) Sale of goods to related parties

	Sales	
	For the three months ended	
	March 31	
	2024	2023
Associates	\$ 5,212	296
Other related parties	458,409	477,050
	\$ 463,621	477,346

The prices of the goods sold by the Group to related parties were not significantly different from those of other customers. The credit terms ranged from 25 to 90 days, which were not significant difference with other customers.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of March 31, 2024, December 31 and March 31, 2023, the Group's unearned sales revenue, due to sales of goods to other related parties, amounted to \$1,818 thousand, \$2,497 thousand and \$465 thousand, respectively, and were recorded as other current liabilities.

2) Sale of real estate to related parties

For the three months ended March 31, 2024 and 2023, no real estate was sold by the Group to its related parties.

The contract amount of the Group selling its real estate (including for-sale and pre-sale) to the related parties were as follows:

<u>Nature of related party</u>	<u>Year of sale</u>	<u>Contract amount</u>
Other related parties	2019	\$ 768,132
Other related parties	2022	122,400

As of March 31, 2024, December 31 and March 31, 2023, the related advance payment received by the Group amounted to \$319,129 thousand, \$316,209 thousand and \$285,103 thousand, respectively, and were recorded as other current liabilities.

(ii) Purchase of goods from related parties

	<u>Purchases</u>	
	<u>For the three months ended</u>	
	<u>March 31</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ 65,688	92,390
Other related parties	348,947	338,166
	<u>\$ 414,635</u>	<u>430,556</u>

The purchasing prices from related parties were not significantly different from those of other vendors. The payment terms was 30 days, which were no significant differences with other vendors.

(iii) Purchases or sales of property and other assets

- 1) In September 1993, the Group sold land to an associate. The gain on this disposal amounted to \$181,965 thousand. The Group recognized a deferred unrealized gain of \$89,345 thousand based on the percentage of ownership. As of March 31, 2024, December 31 and March 31, 2023, such gain was recorded as a subtraction from investments accounted for using equity method.

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) The Group entrusted other related parties with the construction of its plants and installation of its equipment. For the three months ended March 31, 2024 and 2023, the amounts of \$77,407 thousand and \$65,098 thousand, respectively, were recorded as property, plant, and equipment for the above transactions. As of March 31, 2024, December 31 and March 31, 2023, the payables for above the transaction amounting to \$17,502 thousand, \$25,280 thousand and \$31,592 thousand, respectively, were recorded as other current liabilities. As of March 31, 2024, December 31 and March 31, 2023, the related undue disbursements for the above construction and installation contracts amounted to \$321,078 thousand, \$375,327 thousand and \$299,975 thousand, respectively.
- 3) For the three months ended March 31, 2024 and 2023, the Group purchased the machinery from other related parties amounting to \$3,120 thousand and \$0 thousand, respectively, which was negotiated and determined based on market conditions. The payment term was on a monthly basis, which was the Group's general payment terms of acquiring the machinery. As of March 31, 2024, December 31 and March 31, 2023, the payables for the transaction amounting to \$3,276 thousand, \$0 thousand and \$0 thousand, respectively, were recorded as other current liabilities. As of March 31, 2024, December 31 and March 31, 2023, the related undue disbursements for the above purchase contracts amounted to \$187,026 thousand, \$187,026 thousand and \$246,513 thousand, respectively.

(iv) Lease

1) Lessee

The Group rented land, plants, and buildings from other related parties. The depreciation and rental expenses were as follows:

	Depreciation and Rental expenses	
	For the three months ended	
	March 31	
	2024	2023
Other related parties	\$ <u><u>1,902</u></u>	<u><u>2,751</u></u>

The rental expenses paid to related parties were according to the terms of the contracts and were negotiated based on local market prices.

For the three months ended March 31, 2024 and 2023, the Group recognized the amount of \$235 thousand and \$124 thousand as interest expense related to the lease liabilities, respectively. As of March 31, 2024, December 31 and March 31, 2023, the balance of lease liabilities amounted to \$30,005 thousand, \$1,005 thousand and \$25,153 thousand, respectively.

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Lessor

The Group leased out land, plants, buildings, and parking spaces to its associates and other related parties. The rental revenue were as follows:

	Rental revenue	
	For the three months ended	
	March 31	
	2024	2023
Associates	\$ 2,921	682
Other related parties	10,248	10,936
	\$ 13,169	11,618

As of March 31, 2024, December 31 and March 31, 2023, receivables for the rental revenue amounted to \$682 thousand, \$0 thousand and \$0 thousand, respectively, which were recorded as other current assets.

The rental was collected according to the terms of the contracts and was negotiated based on local market prices.

(v) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant transactions by related parties were as follows:

1) The miscellaneous expenses which the Group paid to its related parties were as follows:

	Item	For the three months ended	
		March 31	
		2024	2023
Associates	Co-generation expenses, technical service and others	\$ 151,014	121,135
Other related parties	Delivery expense	327,961	312,726
Other related parties	Maintenance expense, technical service, real estate consignment, and commissioning of buildings construction	84,696	37,615
Other related parties	Customs declaration expenses	48,772	52,559
Other related parties	Others	32,319	77,418
		\$ 644,762	601,453

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of March 31, 2024, December 31 and March 31, 2023, the payables for the maintenance expense, technical service, real estate consignment and other transactions amounted to \$5,951 thousand, \$20,652 thousand and \$58,786 thousand, respectively, recorded as other current liabilities. For details on the payables on remaining transactions, please refer to note 7(b) (vi).

- 2) Payments paid on behalf of others from its related parties were as follows:

		For the three months ended March 31	
	Item	2024	2023
Associates	Others	\$ 498	243
Other related parties	Payments for the salary of technical support personnel	2,032	1,993
Other related parties	Others	647	916
		\$ 3,177	3,152

As of March 31, 2024, December 31 and March 31, 2023, the construction payments paid on behalf of others amounted to \$0 thousand, \$3,510 thousand and \$0 thousand, respectively, which were recorded as other current assets.

As of March 31, 2024, December 31 and March 31, 2023, the advance payment for other transactions amounted to \$0 thousand, \$0 thousand and \$1,125 thousand, respectively, which were recorded as other current liabilities.

- (vi) Notes and accounts receivable from and payable to related parties

Notes and accounts receivable from and payable to related parties resulting from the above transactions (except payments paid on behalf of others and for miscellaneous transactions) were as follows:

Notes and accounts receivable			
	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ 5,878	1,623	498
Other related parties	482,630	542,826	500,238
	\$ 488,508	544,449	500,736

Notes and accounts payable			
	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ 52,745	56,234	44,783
Other related parties	342,150	308,979	330,503
	\$ 394,895	365,213	375,286

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CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 19,067	18,885
Post-employment benefits	162	161
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u><u>\$ 19,229</u></u>	<u><u>19,046</u></u>

The Group provides vehicles for directors, supervisors, and upper management. As of March 31, 2024, the cost of acquisition was \$54,402 thousand.

(8) Pledged assets

The assets pledged as collateral for bank borrowings were as follows:

Pledged assets	Pledged to secure	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment:				
Land	Bank long-term borrowings	\$ 1,263,038	1,263,038	1,263,038
Buildings	"	1,507,264	1,516,155	1,539,639
Machinery	"	5,829,694	5,940,865	5,277,258
Transportation and other equipment	"	95,995	96,303	30,327
Right-of-use assets:				
Land	Bank long-term borrowings	875,481	863,471	849,344
Investment property:				
Land	Bank long-term borrowings	1,694	1,694	1,694
Buildings	"	26,643	26,879	27,587
Total		<u><u>\$ 9,599,809</u></u>	<u><u>9,708,405</u></u>	<u><u>8,988,887</u></u>

(9) Commitments and contingencies

- (a) As of March 31, 2024, December 31 and March 31, 2023, the Group had outstanding letters of credit amounting to \$531,562 thousand, \$402,113 thousand and \$520,346 thousand, respectively. The fair value of the letters of credit was similar to the contract price.
- (b) The Group signed contracts for the construction of buildings. As of March 31, 2024, December 31 and March 31, 2023, the related undue disbursements amounted to \$537,041 thousand, \$570,218 thousand and \$493,556 thousand, respectively.

(Continued)

CHENG LOONG CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) As of March 31, 2024, December 31 and March 31, 2023, the significant construction contracts and the undue fixed asset purchase contracts of the Group amounted to \$3,497,387 thousand, \$4,305,433 thousand and \$2,187,873 thousand, respectively.
- (d) As of March 31, 2024, December 31 and March 31, 2023, the pre-sale contracts of real estate signed with clients amounted to \$2,673,369 thousand, \$2,673,369 thousand and \$2,584,689 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

- (a) Employee benefits, depreciation, and amortization are summarized by function from continuing operations are as follows:

By function	For the three months ended March 31					
	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
By item						
Employee benefits						
Salary	727,352	359,243	1,086,595	731,653	371,584	1,103,237
Labor and health insurance	64,752	25,129	89,881	63,461	24,744	88,205
Pension	29,954	14,420	44,374	30,684	15,173	45,857
Others	11,731	36,908	48,639	11,247	36,043	47,290
Depreciation	868,051	143,690	1,011,741	584,594	138,682	723,276
Amortization	2,389	3,601	5,990	1,878	2,754	4,632

(13) Other disclosures:

- (a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

- (i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	Cheng Loong Corporation	Hong Kong Chung Hao Limited	Other receivables	Yes	798,725	798,725	-	5.00 %	Short-term borrowings	-	Operating capital	-	-	-	5,759,207	11,518,414
0	Cheng Loong Corporation	Hong Kong Gwang Loong Limited	Other receivables	Yes	479,235	479,235	-	5.00 %	Short-term borrowings	-	Operating capital	-	-	-	5,759,207	11,518,414

(Continued)

CHENG LOONG CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
1	Hong Kong Chung Hao Limited	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	95,847	95,847	95,847	5.00 %	Short-term borrowings	-	Operating capital	-	-	-	2,138,480	2,138,480
1	Hong Kong Chung Hao Limited	Hong Kong Shan Fu Limited	Other receivables	Yes	319,490	159,745	159,745	5.00 %	Short-term borrowings	-	Operating capital	-	-	-	2,138,480	2,138,480
1	Hong Kong Chung Hao Limited	Cheng Loong Vietnam Paper Investment Co., Ltd.	Other receivables	Yes	47,523	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	2,138,480	2,138,480
2	Hong Kong Gwang Loong Limited	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	95,847	95,847	95,847	5.00 %	Short-term borrowings	-	Operating capital	-	-	-	1,427,850	1,427,850
2	Hong Kong Gwang Loong Limited	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	51,118	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,427,850	1,427,850
3	Shanghai Chung Hao Paper Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	286,188	286,188	286,188	3.45%~3.55%	Short-term borrowings	-	Operating capital	-	-	-	1,275,248	1,275,248
3	Shanghai Chung Hao Paper Co., Ltd.	Henan Cheng Loong Packing Products Co., Ltd.	Other receivables	Yes	131,520	131,520	131,520	3.65 %	Short-term borrowings	-	Operating capital	-	-	-	1,275,248	1,275,248
3	Shanghai Chung Hao Paper Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	131,520	131,520	131,520	3.45%~3.55%	Short-term borrowings	-	Operating capital	-	-	-	1,275,248	1,275,248
3	Shanghai Chung Hao Paper Co., Ltd.	Shan Fu Paper (Kunsan) Co., Ltd.	Other receivables	Yes	28,148	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,275,248	1,275,248
4	Suzhou Cheng Loong Paper Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	17,777	17,777	17,777	0.46 %	Short-term borrowings	-	Operating capital	-	-	-	185,719	185,719
5	Shan Fu Paper (Kunsan) Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	22,732	22,732	22,732	0.46 %	Short-term borrowings	-	Operating capital	-	-	-	807,670	807,670
5	Shan Fu Paper (Kunsan) Co., Ltd.	Suzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	87,680	87,680	87,680	3.45 %	Short-term borrowings	-	Operating capital	-	-	-	807,670	807,670
5	Shan Fu Paper (Kunsan) Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	111,792	111,792	111,792	3.55%~3.65%	Short-term borrowings	-	Operating capital	-	-	-	807,670	807,670

(Continued)

CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
6	Dongguan Ming Loong Paper Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	79,674	79,674	79,674	3.45 %	Short-term borrowings	-	Operating capital	-	-	-	276,720	276,720
7	Cheng Loong (Gwangtung) Paper Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	153,440	153,440	153,440	3.55%-3.65%	Short-term borrowings	-	Operating capital	-	-	-	851,391	851,391
7	Cheng Loong (Gwangtung) Paper Co., Ltd.	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	29,324	2,151	2,151	3.45 %	Short-term borrowings	-	Operating capital	-	-	-	851,391	851,391
8	Chengdu Cheng Loong Packing Products Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	132,063	6,277	6,277	3.45 %	Short-term borrowings	-	Operating capital	-	-	-	379,584	379,584
8	Chengdu Cheng Loong Packing Products Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	111,792	111,792	111,792	3.45%-3.65%	Short-term borrowings	-	Operating capital	-	-	-	379,584	379,584
8	Chengdu Cheng Loong Packing Products Co., Ltd.	Henan Cheng Loong Packing Products Co., Ltd.	Other receivables	Yes	26,304	26,304	26,304	3.65 %	Short-term borrowings	-	Operating capital	-	-	-	379,584	379,584

Note 1: The amount and total amount for loans to a company shall not exceed 20% and 40% of the net worth of the Corporation in its latest financial statements, respectively.

The amount and the total amount for loans to a company shall not exceed its net worth in the latest financial statements.

Note 2: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements during the period	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Corporation	Cheng Loong Binh Duong Container Co., Ltd.	2	28,796,036	128,196	128,196	3,004	-	0.45 %	51,832,865	Y	N	N
0	The Corporation	Vina Tawana Container Co., Ltd.	2	28,796,036	192,294	192,294	-	-	0.67 %	51,832,865	Y	N	N
0	The Corporation	Cheng Loong Binh Duong Paper Co., Ltd.	2	28,796,036	22,843,672	22,843,672	9,814,258	-	79.33 %	51,832,865	Y	N	N

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CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements during the period	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Corporation	Cheng Loong Long An Container Co., Ltd.	2	28,796,036	1,378,107	1,378,107	485,822	-	4.79 %	51,832,865	Y	N	N
0	The Corporation	Cheng Loong Bac Giang Company Limited	2	28,796,036	1,814,499	1,814,499	1,272,411	-	6.30 %	51,832,865	Y	N	N
0	The Corporation	Cheng Loong Ben Cat Company Limited	2	28,796,036	853,029	853,029	439,677	-	2.96 %	51,832,865	Y	N	N
0	The Corporation	Hong Kong Gwang Loong Limited	2	28,796,036	320,490	320,490	-	-	1.11 %	51,832,865	Y	N	N
0	The Corporation	Hong Kong Shan Fu Limited	2	28,796,036	320,490	320,490	-	-	1.11 %	51,832,865	Y	N	N
0	The Corporation	Chung Ming Taiwan (Note 2)	2	28,796,036	-	-	-	-	- %	51,832,865	Y	N	N
0	The Corporation	Dongguan Ming Loong Paper Co., Ltd.	2	28,796,036	425,274	425,274	183,823	-	1.48 %	51,832,865	Y	N	Y
0	The Corporation	Chung Ming International Limited (Note 2)	2	28,796,036	-	-	-	-	- %	51,832,865	Y	N	N
0	The Corporation	Chung Loong Paper Holdings Limited (Note 2)	2	28,796,036	320,490	320,490	-	-	1.11 %	51,832,865	Y	N	N
0	The Corporation	Zhangzhou Cheng Loong Paper Co., Ltd.	2	28,796,036	64,098	64,098	-	-	0.22 %	51,832,865	Y	N	Y
0	The Corporation	Suzhou Cheng Loong Paper Co., Ltd.	2	28,796,036	320,490	320,490	104,560	-	1.11 %	51,832,865	Y	N	Y
0	The Corporation	Cheng Loong (Gwangtung) Paper Co., Ltd.	2	28,796,036	1,123,586	1,123,586	370,500	-	3.90 %	51,832,865	Y	N	Y

Note 1: The guarantee amount to a company shall not exceed its net worth in the latest financial statements, and the total guarantee amount to a company shall not exceed 180% of its net worth in the latest financial statements.

Note 2: The guarantee of Chung Loong Paper Holdings Limited amounting to \$320,490 thousand is shared with Chung Ming International Limited and Chung Ming Taiwan.

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- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures associates):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Corporation	Stocks: Long Chen Paper & Packaging Co., Ltd.	-	Financial assets at FVOCI	3	41	-	41	
"	Shan Loong Transportation Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Corporation	"	12,690	348,341	9.24	348,341	
"	Linkou International Golf & Country Club	-	"	9 (shares)	10,646	0.90	10,215	
"	Ko Loong Industry Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Corporation	"	1,320	40,780	12.94	37,094	
"	Ming Foong Plastic Co., Ltd.	The institutional directors of the Corporation	"	878	73,885	8.14	84,822	
"	Hsin Tung Yang Co., Ltd.	-	"	26	1,659	0.03	1,790	
					<u>475,352</u>			
	Open-end funds:							
Gem Tech Optoelectronics Corp.	Yuanta US BBB Corporate Bond ETF	-	Financial assets at FVTPL-current	188	6,762	-	6,762	
"	Yuanta US AAA-A Corporate Bond ETF	-	"	188	6,565	-	6,565	
Omis International Holdings Limited	Franklin Templeton Investment Funds - Franklin U.S. Government Fund	-	"	1	322	-	322	
Scorpion Perfect Investments Ltd.	Franklin Templeton Investment Funds - Franklin U.S. Government Fund	-	"	1	322	-	322	
					<u>13,971</u>			

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with an amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None

(Continued)

CHENG LOONG CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Corporation	Yamahatsu Nihon	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	232,224	6 %	T/T	The same as general trading	The same as general trading	(14,702)	-%	
"	Sun Favorite	The institutional director of the Corporation	Sale	(414,399)	(6)%	90 days from the following month	"	"	437,650	11%	
"	Chung Ming Taiwan	Subsidiary's branch	Sale	(385,886)	(5)%	90 days from the following month	"	"	405,191	10%	(Note)
Chung Ming Taiwan	The Corporation	Ultimate controlling party	Purchase	385,886	33 %	90 days from the following month	"	"	(405,191)	(37)%	(Note)
"	Hong Kong Shan Fu	From the same parent company	Sale	(224,810)	(18)%	180 days from the following month	"	"	257,201	18 %	(Note)
"	Hong Kong Shan Fu	From the same parent company	Purchase	333,902	28 %	90 days from the following month	"	"	(294,290)	(27)%	(Note)
"	Hong Kong Gwang Loong	From the same parent company	Purchase	235,641	20 %	90 days from the following month	"	"	(239,734)	(22)%	(Note)
"	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	130,834	11 %	60 days from the following month	"	"	(64,735)	(6)%	(Note)
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	Sale	(333,902)	(100)%	90 days from the following month	"	"	294,290	100%	(Note)
"	Chung Ming Taiwan	From the same parent company	Purchase	224,810	49 %	180 days from the following month	"	"	(257,201)	(71)%	(Note)
Hong Kong Gwang Loong	Chung Ming Taiwan	From the same parent company	Sale	(235,641)	(100)%	90 days from the following month	"	"	239,734	80 %	(Note)
Vina	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	215,089	75 %	30 days from the following month	"	"	(81,876)	(58)%	(Note)

(Continued)

CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Cheng Loong (Binh Duong) Paper	Chung Ming Taiwan	From the same parent company	Sale	(130,834)	(7)%	60 days from the following month	The same as general trading	The same as general trading	64,735	6%	(Note)
"	Cheng Loong (Ben Cat)	From the same parent company	Sale	(165,356)	(8)%	90 days from the following month	"	"	165,256	16 %	(Note)
"	Cheng Loong (Long An)	From the same parent company	Sale	(162,451)	(8)%	90 days from the following month	"	"	163,283	16%	(Note)
"	Cheng Loong (Binh Duong)	From the same parent company	Sale	(289,817)	(15)%	30 days from the following month	"	"	106,852	10%	(Note)
"	Vina	From the same parent company	Sale	(215,089)	(11)%	30 days from the following month	"	"	81,876	8%	(Note)
Cheng Loong (Ben Cat)	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	165,356	91 %	90 days from the following month	"	"	(165,256)	(85)%	(Note)
Cheng Loong (Long An)	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	162,451	86 %	90 days from the following month	"	"	(163,283)	(82)%	(Note)
Cheng Loong (Binh Duong) Paper	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	289,817	70 %	30 days from the following month	"	"	(106,852)	(52)%	(Note)

Note: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of the relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Loss allowance	Note
					Amount	Action taken			
The Corporation	Sun Favorite	The institutional director of the Corporation	Accounts Receivable: 437,650	3.50	-		101,230	-	
"	Chung Ming Taiwan	Subsidiary's branch	405,191	3.77	-		10	-	(Note 2)
Chung Ming Taiwan	Hong Kong Shan Fu	From the same parent company	257,201	3.37	-		-	-	(Note 2)
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	294,290	4.14	-		90,338	-	(Note 2)
Hong Kong Gwang Loong	Chung Ming Taiwan	From the same parent company	239,734	4.07	-		93,327	-	(Note 2)
Cheng Loong (Binh Duong) Paper	Cheng Loong (Ben Cat)	From the same parent company	165,256	4.20	-		-	-	(Note 2)
"	Cheng Loong (Long An)	From the same parent company	163,283	4.06	-		-	-	(Note 2)
"	Cheng Loong (Binh Duong)	From the same parent company	106,852	10.63	-		-	-	(Note 2)

(Continued)

CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of company	Counter-party	Nature of the relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Loss allowance	Note
					Amount	Action taken			
Hong Kong Chung Hao	Hong Kong Shan Fu	From the same parent company	Other receivables: 159,745	-	-		-	-	(Note 2)
Shanghai Chung Hao	Cheng Loong (Gwangtung)	From the same parent company	131,520	-	-		-	-	(Note 2)
"	Henan Cheng Loong	From the same parent company	131,520	-	-		-	-	(Note 2)
"	Chong Qing Cheng Loong	From the same parent company	286,188	-	-		-	-	(Note 2)
Shan Fu Kunsan	Chong Qing Cheng Loong	From the same parent company	111,792	-	-		-	-	(Note 2)
Cheng Loong (Gwangtung)	Chong Qing Cheng Loong	From the same parent company	153,440	-	-		-	-	(Note 2)
Chengdu Cheng Loong	Chong Qing Cheng Loong	From the same parent company	111,792	-	-		-	-	(Note 2)

Note 1: Amounts collected as of April 19, 2024.

Note 2: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of Counter-party	Nature of the relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Corporation	Chung Ming Taiwan	1	Sales Revenue	385,886	90 days from the following month	3.82% of the consolidated net revenue
1	Chung Ming Taiwan	Hong Kong Shan Fu	3	Sales Revenue	224,810	180 days from the following month	2.23% of the consolidated net revenue
2	Hong Kong Shan Fu	Chung Ming Taiwan	3	Sales Revenue	333,902	90 days from the following month	3.31% of the consolidated net revenue
3	Hong Kong Gwang Loong	Chung Ming Taiwan	3	Sales Revenue	235,641	90 days from the following month	2.33% of the consolidated net revenue
4	Cheng Loong (Binh Duong) Paper	Cheng Loong (Long An)	3	Sales Revenue	162,451	90 days from the following month	1.61% of the consolidated net revenue
4	Cheng Loong (Binh Duong) Paper	Cheng Loong (Binh Duong)	3	Sales Revenue	289,817	30 days from the following month	2.87% of the consolidated net revenue
4	Cheng Loong (Binh Duong) Paper	Cheng Loong (Ben Cat)	3	Sales Revenue	165,356	90 days from the following month	1.64% of the consolidated net revenue
4	Cheng Loong (Binh Duong) Paper	Chung Ming Taiwan	3	Sales Revenue	130,834	60 days from the following month	1.30% of the consolidated net revenue
4	Cheng Loong (Binh Duong) Paper	Vina	3	Sales Revenue	215,089	30 days from the following month	2.13% of the consolidated net revenue

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: Related transactions have been eliminated during the preparation of the consolidated financial statements.

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CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership (%)	Carrying value			
The Corporation	Ta-Yuan Cogeneration Co., Ltd.	Taiwan	Engaged in the management of cogeneration	310,459	310,459	50,201	41.06	819,660	49,801	20,448	(Note 6)
"	Tzeng Long USA Inc.	U.S.A	Paper trading	76,008	76,008	393	34.03	520,255	26,417	8,990	(Note 6)
"	Cheng Loong Investment Co., Ltd.	Taiwan	Investment	45,000	45,000	4,500	34.62	209,207	(390)	(135)	(Note 6)
"	GemTech Optoelectronics Corp.	Taiwan	Manufacture and Installation of Electronic Components	125,118	125,118	11,167	59.13	212,176	(9,173)	(5,424)	(Note 4 and Note 5)
"	Omis International Holdings Limited	British Virgin Islands	Investment	406,126	406,126	8,390	100.00	4,550,831	204,899	204,899	(Note 4 and Note 5)
"	Vina Tawana Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Cardboard, Kraft Linerboard and Display Boxes	601,322	601,322	(Note 2)	100.00	882,246	14,508	14,508	(Note 4 and Note 5)
"	Cheng Loong Southeast Asia Holding Co., Ltd.	Samoa	Investment	11,207,495	11,207,495	370,280	100.00	6,963,319	(393,066)	(393,066)	(Note 4 and Note 5)
	Total							<u>14,157,694</u>		<u>(149,780)</u>	
GemTech Optoelectronics Corp.	Ta-Yuan Cogeneration Co., Ltd.	Taiwan	Engaged in the management of cogeneration	9,979	9,979	334	0.27	10,483	49,801	134	(Note 6)
Omis International Holdings Limited	Chung Loong Paper Holdings Limited	Cayman Islands	Investment	1,683,169 (USD52,683 thousand)	1,683,169 (USD52,683 thousand)	22,574	84.18	4,514,630	243,080	204,625	(Note 4 and Note 5)
Chung Loong Paper Holdings Limited	Scorpion Perfect Investments Ltd.	British Virgin Islands	Investment	2,558,412 (USD80,078 thousand)	2,558,412 (USD80,078 thousand)	80,078	100.00	2,149,321	127,066	127,066	(Note 4 and Note 5)
"	Shan Fu Investment Co., Ltd.	Samoa	Investment	449,938 (USD14,083 thousand)	449,938 (USD14,083 thousand)	14,083	100.00	767,561	(5,734)	(5,734)	(Note 4 and Note 5)
"	Cheng Loong (Suzhou) Investment Co., Ltd.	Samoa	Investment	623,006 (USD19,500 thousand)	623,006 (USD19,500 thousand)	19,500	100.00	173,600	(24,446)	(24,446)	(Note 4 and Note 5)
"	Cheng Loong (Gwangtung) Investment Co., Ltd.	Samoa	Investment	963,262 (USD30,150 thousand)	963,262 (USD30,150 thousand)	30,150	100.00	1,541,118	32,647	32,647	(Note 4 and Note 5)
"	Loong Fu Investment Co., Ltd.	Samoa	Investment	319 (USD10 thousand)	319 (USD10 thousand)	10	100.00	5,451	66	66	(Note 4 and Note 5)
"	Chung Ming International Limited	Samoa	Investment	31,949 (USD1,000 thousand)	31,949 (USD1,000 thousand)	1,000	100.00	930,347	75,948	75,948	(Note 4 and Note 5)
Scorpion Perfect Investments Ltd.	Hong Kong Chung Hao Limited	Hong Kong	Investment	2,519,115 (USD78,848 thousand)	2,519,115 (USD78,848 thousand)	(Note 2)	100.00	2,138,480	127,069	127,069	(Note 4 and Note 5)
Shan Fu Investment Co., Ltd.	Hong Kong Shan Fu Limited	Hong Kong	Investment	449,938 (USD14,083 thousand)	449,938 (USD14,083 thousand)	(Note 2)	100.00	744,503	(6,034)	(6,034)	(Note 4 and Note 5)
Cheng Loong (Suzhou) Investment Co., Ltd.	Hong Kong Su Loong Limited	Hong Kong	Investment	591,057 (USD18,500 thousand)	591,057 (USD18,500 thousand)	(Note 2)	100.00	164,547	(24,559)	(24,559)	(Note 4 and Note 5)

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CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership (%)	Carrying value			
Cheng Loong (Gwangtung) Investment Co., Ltd.	Hong Kong Gwang Loong Limited	Hong Kong	Investment	1,250,803 (USD39,150 thousand)	1,250,803 (USD39,150 thousand)	(Note 2)	100.00	1,427,850	32,453	32,453	(Note 4 and Note 5)
Loong Fu Investment Co., Ltd.	Hong Kong Loong Fu Limited	Hong Kong	Investment	319 (USD10 thousand)	319 (USD10 thousand)	(Note 2)	100.00	-	-	-	(Note 4 and Note 5)
Chung Ming International Limited	CorAsia Corp.	U.S.A	Design of Paper Boxes	17,572 (USD550 thousand)	17,572 (USD550 thousand)	(Note 2)	100.00	18,700	(664)	(664)	(Note 4 and Note 5)
"	Chung Ming (Vietnam) International Company Limited	Vietnam	Color Printing Accessories Trading, Base Paper Trading, Sale of Paper Boxes and Display Boxes	19,169 (USD600 thousand)	19,169 (USD600 thousand)	(Note 2)	100.00	17,363	(64)	(64)	(Note 4 and Note 5)
Cheng Loong Southeast Asia Holding Co., Ltd.	Cheng Loong Vietnam Investment Co., Ltd.	Samoa	Investment	2,379,242 (USD74,470 thousand)	2,379,242 (USD74,470 thousand)	74,470	100.00	2,009,769	(104,402)	(104,402)	(Note 4 and Note 5)
"	Cheng Loong Indonesia Investment Co., Ltd.	Samoa	Investment	31,630 (USD990 thousand)	31,630 (USD990 thousand)	990	100.00	82	(64)	(64)	(Note 4 and Note 5)
"	CL Jakarta Container, PT	Indonesia	Cardboard and Paper Products	319 (USD10 thousand)	319 (USD10 thousand)	(Note 2)	1.00	-	(65)	(1)	(Note 4 and Note 5)
"	Cheng Loong Vietnam Paper Investment Co., Ltd.	Samoa	Investment	9,479,268 (USD296,700 thousand)	9,479,268 (USD296,700 thousand)	296,700	100.00	4,953,307	(288,599)	(288,599)	(Note 4 and Note 5)
Cheng Loong Vietnam Investment Co., Ltd.	Cheng Loong Binh Duong Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes	702,878 (USD22,000 thousand)	702,878 (USD22,000 thousand)	(Note 2)	100.00	957,667	5,327	5,327	(Note 4 and Note 5)
"	Cheng Loong Long An Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Paper Boxes	862,623 (USD27,000 thousand)	862,623 (USD27,000 thousand)	(Note 2)	100.00	457,870	(22,454)	(22,454)	(Note 4 and Note 5)
"	Cheng Loong Bac Giang Company Limited	Vietnam	Manufacture of Advanced Packaging for Electronic Products and Tissue, Carton, Wrapping paper, Pallets for Export, Separator, Other Paper Products, Lithographic and Flexographic packaging	575,082 (USD18,000 thousand)	575,082 (USD18,000 thousand)	(Note 2)	100.00	272,273	(59,065)	(59,065)	(Note 4 and Note 5)
"	Cheng Loong Ben Cat Company Limited	Vietnam	Corrugated Medium, Corrugated Paper, Paper and Cardboard Packaging	383,388 (USD12,000 thousand)	383,388 (USD12,000 thousand)	(Note 2)	100.00	216,217	(24,743)	(24,743)	(Note 4 and Note 5)
"	Cheng Tong Investment Co., Ltd.	Samoa	Investment	115,016 (USD3,600 thousand)	115,016 (USD3,600 thousand)	3,600	40.00	102,245	(8,643)	(3,457)	(Note 6)
Cheng Loong Indonesia Investment Co., Ltd.	CL Jakarta Container, PT	Indonesia	Cardboard and Paper Products	31,630 (USD990 thousand)	31,630 (USD990 thousand)	(Note 2)	99.00	(32)	(65)	(64)	(Note 4 and Note 5)
Cheng Loong Vietnam Paper Investment Co., Ltd.	Cheng Loong Binh Duong Paper Co., Ltd.	Vietnam	Manufacture of Industrial and Household Paper	9,425,051 (USD295,003 thousand)	9,425,051 (USD295,003 thousand)	(Note 2)	100.00	4,948,674	(288,564)	(288,564)	(Note 4 and Note 5)
Cheng Loong Binh Duong Paper Co., Ltd.	Chinh Loong Co., Ltd.	Vietnam	Water treatment, Wastewater treatment, Maintenance and Technical Repair	28,786	28,786	(Note 2)	99.00	26,642	(259)	(256)	(Note 4 and Note 5)

Note 1: Profit (loss) accounted for using equity method and unrealized gain (loss) are included.

Note 2: Limited liability company.

Note 3: The above investment amounts were translated based on the USD exchange rate at the reporting date, which was 31.9490.

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CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

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Note 4: The above investments have been eliminated during the preparation of the consolidated financial statements.

Note 5: A subsidiary of the Corporation.

Note 6: An associate of the Corporation.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note5)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Shanghai Chung Hao Paper Co., Ltd.	Paper Containers, Household Papers and Core Papers	696,488 (USD21,800 thousand) (Note 1)	(2) (Hong Kong) Chung Hao Limited	544,475 (USD17,042 thousand)	-	-	544,475 (USD17,042 thousand)	(10,567)	84.18 %	(8,895)	1,073,503	-
Shan Fu Paper (Kunsan) Co., Ltd.	Corrugated Cardboard, Paper Boxes, Paper Pallets and Packaging Decoration Printing	447,286 (USD14,000 thousand)	(2) (Hong Kong) Shan Fu Limited	311,599 (USD9,753 thousand)	-	-	311,599 (USD9,753 thousand)	16,931	84.18 %	14,252	522,526	-
Suzhou Cheng Loong Paper Co., Ltd.	Cardboard	591,057 (USD18,500 thousand) (Note 2)	(2) (Hong Kong) Su Loong Limited	610,290 (USD19,102 thousand)	-	-	610,290 (USD19,102 thousand)	(24,559)	84.18 %	(20,674)	138,506	-
Cheng Loong (Gwangtung) Paper Co., Ltd.	Cardboard, Paper Boxes, Paper Products and Packaging Decoration Printing	990,419 (USD31,000 thousand)	(2) (Hong Kong) Gwang Loong Limited	738,118 (USD23,103 thousand)	-	-	738,118 (USD23,103 thousand)	(8,159)	84.18 %	(6,868)	716,701	-
Zhangzhou Cheng Loong Paper Co., Ltd.	Cardboard, Paper Boxes, Display Boxes, Paper Trays and Paper Products	440,257 (USD13,780 thousand)	(2) (Hong Kong) Chung Hao Limited	142,844 (USD4,471 thousand)	-	-	142,844 (USD4,471 thousand)	109,439	84.18 %	92,126	88,540	-
Qingdao Chung Loong Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products	127,796 (USD4,000 thousand)	(2) (Hong Kong) Chung Hao Limited	3,067 (USD96 thousand)	-	-	3,067 (USD96 thousand)	30,456	84.18 %	25,638	21,725	-
Chong Qing Cheng Loong Paper Co., Ltd.	Corrugated Cardboard, Corrugated Boxes, Display Boxes, Paper Pallets and Paper Products	431,312 (USD13,500 thousand)	(2) (Hong Kong) Chung Hao Limited	100,448 (USD3,144 thousand) (Note 3)	-	-	100,448 (USD3,144 thousand) (Note 3)	(16,899)	67.34 %	(11,380)	(330,884)	-
Chengdu Cheng Loong Packing Products Co., Ltd.	Corrugated Cardboard, Paper Boxes, Paper Pallets and Paper Products	129,266 (USD4,046 thousand)	(2) (Hong Kong) Chung Hao Limited	107,988 (USD3,380 thousand)	-	-	107,988 (USD3,380 thousand)	5,992	84.18 %	5,044	219,919	-

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CHENG LOONG CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note5)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Dongguan Ming Loong Paper Co., Ltd.	Corrugated Cardboard, Corrugated Boxes, Paper Pallets, paper products, Foam, Anti-Static Bubble Bags, Plastic buffer Packaging Materials and Packaging Decoration Printing	81,214 (USD2,542 thousand)	(3) (Note 4)	-	-	-	-	19,887	84.18 %	16,741	254,167	-
Henan Cheng Loong Packing Products Co., Ltd.	Corrugated Cardboard and Packaging Products	319,171 (USD9,990 thousand)	(3) (Note 4)	58,626 (USD1,835 thousand)	-	-	58,626 (USD1,835 thousand)	(2,496)	84.18 %	(2,102)	(45,220)	-

Note 1: Capital increase from retained earnings of USD3,780 thousand included.

Note 2: Capital increase from loan of USD2,000 thousand included.

Note 3: Investment capital recovered from Hangzhou Shengming was reinvested in Chong Qing Cheng Loong (USD2,990 thousand) and Cheng Loong (Hangzhou) with the amount of USD10 thousand in the first quarter of 2011.

Note 4: Except for the above disclosed investment capital, the capital of Dongguan Ming Loong Paper Co., Ltd., Zhangzhou Cheng Loong Paper Co., Ltd., Qingdao Chung Loong Paper Co., Ltd., Chengdu Cheng Loong Packing Products Co., Ltd., Chong Qing Cheng Loong Paper Co., Ltd., Cheng Loong (Gwangtung) Paper Co., Ltd., and Henan Cheng Loong Packing Products Co., Ltd., were invested from retained earnings.

Note 5: There are three ways to invest in China :

- (1) Direct investment.
- (2) Invest through offshore company (offshore investment company).
- (3) Others.

Note 6: The above investments have been eliminated during the preparation of the consolidated financial statements.

(ii) **Limitation on investment in Mainland China:**

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,617,454 (USD81,926 thousand)	3,259,117 (USD102,010 thousand) (Note 7)	17,277,621 (USD540,788 thousand)

Note 7: Permitted capital increase from retained earnings included.

Note 8: The above investment amounts were translated based on the USD exchange rate at the reporting date, which was 31.9490.

The above investment income (losses) in Mainland China, except for Shanghai Chung Hao Paper Co., Ltd. and Cheng Loong (Gwangtung) Paper Co., Ltd., were reviewed by the Corporation's auditors, other information related to subsidiaries came from financial reports prepared by the investees, not reviewed by auditors.

(iii) **Significant transactions:**

The significant inter-company transactions with the subsidiaries in Mainland China , which were eliminated in the preparation of the consolidated financial statements for the three months ended March 31, 2024, are disclosed in " Information on significant transactions" and "Business relationships and significant intercompany transactions."

(Continued)

CHENG LOONG CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(d) Major shareholders:

Unit: Shares

Shareholder's Name	Shareholding	Shares	Percentage
Sun Favorite Co., Ltd.		61,613,078	5.56 %

(14) Segment information

(a) General information

For the three months ended March 31, 2024 and 2023, the Group's segment information has no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2023 for the further information.

The Group's operating segment information was as follows:

	For the three months ended March 31, 2024				
	Taiwan	China	Southeast Asia	Adjustments and Eliminations	Total
Operating revenues					
Sales to external customers	\$ 6,500,531	1,456,733	2,142,154	-	10,099,418
Sales among segments	539,641	6,696	239,285	(785,622)	-
Total	<u>\$ 7,040,172</u>	<u>1,463,429</u>	<u>2,381,439</u>	<u>(785,622)</u>	<u>10,099,418</u>
Profit (loss) before income tax	<u>\$ 517,443</u>	<u>270,939</u>	<u>(373,602)</u>	<u>-</u>	<u>414,780</u>
	For the three months ended March 31, 2023				
	Taiwan	China	Southeast Asia	Adjustments and Eliminations	Total
Operating revenues					
Sales to external customers	\$ 6,851,410	1,571,068	1,758,895	-	10,181,373
Sales among segments	526,441	-	245,801	(772,242)	-
Total	<u>\$ 7,377,851</u>	<u>1,571,068</u>	<u>2,004,696</u>	<u>(772,242)</u>	<u>10,181,373</u>
Profit (loss) before income tax	<u>\$ 523,262</u>	<u>8,931</u>	<u>(68,318)</u>	<u>-</u>	<u>463,875</u>