

Soock Code: 1321

<http://mops.twse.com.tw/>

<http://www.opc.com.tw/>

OCEAN PLASTICS CO., LTD.



2021 Annual Report

Printed on May 20, 2022

(I) Spokesperson and Deputy Spokeperson

Spokesperson

Name: WANG, YI-HO

Title: Manager

Tel: (02) 2306-2131

(02) 2308-1188

E-mail: andy@opc.com.tw

Deputy Spokesperson

Name: CHIU, CHUN-FU

Title: Senior Commissioner

Tel: (02)2306-2131

(02)2308-1188

E-mail: denny@opc.com.tw

(II) Headquarters, Branches and Plant:

Name	Address	Tel
Headquarters	5F & 6F, No. 310, Juguang Rd., Taipei City	(02)2306-2131 (02)2308-1188
Plastic Processing Unit	No. 38-1, Xiapuding, Neighborhood 3, Xiapu Vil., Xinwu Dist., Taoyuan City	(03)486-1281
Building materials Unit	No. 539, Longxing Rd., Zhongli Dist., Taoyuan City	(03)438-4626~7
PVC raw material Unit	No. 375, Haihu East Rd., Haihu Vil., Luzhu Dist., Taoyuan City	(03)354-1626
PU Unit	No. 375, Haihu East Rd., Haihu Vil., Luzhu Dist., Taoyuan City	(03)354-3080
Tainan Contact Office	No. 131, Jianping 14th St., Tainan City	(06)297-4511~2

(III) Stock Transfer Agent:

Name : Stock Transfer Agency Department, KGI Securities Co., Ltd.

Address : 5F, No. 2, Sec. 1, Chongqing S. Rd., Taipei City

Tel : (02)2389-2999

Website : <https://www.kgi.com.tw/zh-tw/institutional-services/stock-agent>

(IV) Auditors:

Auditors: CPA CHEN, CHEN-CHIEN

CPA HUANG, YUNG-HUA

Name of Accountig Firm: KPMG Taiwan

Address : 68F, No. 7, Sec. 5, Xinyi Rd., Taipei City 11049

Tel : (02)8101-6666

Fax : (02)8101-6667

Website : <http://www.kpmg.com.tw/>

(V) Overseas Securities Exchange: No.

(VI) Corporate Website: <http://www.opc.com.tw>

Table of Contents

Contents

	page
I. Letter to Shareholders	1
II. Company Profile	2
1. Date of Incorporation	2
2. Company History	2
III. Corporate Governance Report	4
1. Organization	4
2. Directors, Supervisors, General Manager, Deputy General Manager, Assistant Managers and Heads of Departments and Branch Organizations	6
3. Remuneration of Directors, Supervisors, General Manager and Deputy General Manager in the Most Recent Year	15
4. Implementation of Corporate Governance	18
5. Information Regarding the Company's Audit Fee	61
6. Replacement of CPA	61
7. Where the company's chairperson, General Manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm	61
8. Any transfer of equity interests and pledge and change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent	61
9. Relationship among the Top Ten Shareholders	62
10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company	64
IV. Capital Overview	65
1. Capital and Shares	65
2. Corporate Bonds	65
3. Preferred Shares	65
4. Global Depository Receipts	65
5. Employee Stock Options	65
6. Issuance of New Restricted Employee Shares	65
7. Status of New Shares Issuance in Connection with Mergers and Acquisitions	65
8. Financing Plans and Implementation	65
V. Operational Highlights	71
1. Business Activities	71
2. Market and Sales Overview	74
3. Human Resources	79
4. Environmental Protection Expenditure	80
5. Labor Relations	80
6. Cyber Security Operations	85
7. Important Contracts	86
VI. Financial Information	86
1. Five-Year Financial Summary	86
2. Five-Year Financial Analysis	91
3. Audit Committee's Report for the Most Recent Year	95
4. Financial Statements for the Most Recent Year	95
5. Parent company only financial statements audited by CPAs for the most recent year	95

	page
6. If the Company and its associates have experienced financial difficulties in the most recent year and by the print date of the annual report, the impact on the financial position of the Company shall be specified	95
VII. Review of Financial Conditions, Operating Results, and Risk Management	96
1. Financial Conditions	96
2. Financial Performance	97
3. Analysis of Cash Flows	98
4. Major Capital Expenditure Items	98
5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year	99
6. Analysis and Assessment of Risks	99
7. Other important matters	100
VIII. Special Disclosure	101
1. Information of the Associates	101
2. Private Placement Securities in the Most Recent Years	107
3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years	107
4. Other Necessary Items to Be Supplemented	
5. Any event that had a material impact on the rights of shareholders or the prices of securities provided in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act occurred	
Appendix 1: Financial Statements in the Most Recent Year	108
Appendix 2: Parent company only financial statements audited by CPAs for the most recent year	195

I. Letter to Shareholders

Dear shareholders:

The global economy in 2021 will continue the situation of 2020, affected by the US-China trade war and the variant of COVID-19. Taiwan's economy is less affected than other countries. In terms of daily life, there are relatively few restrictions, and the overall plastic industry is not affected by 2020. There is a significant growth in revenues in 2021, but the price difference between VCM raw materials and PVC powder shrinks in 2021 due to the price fluctuation of upstream petrochemical raw materials. And in terms of export, due to factors such as high freight costs and clogged ports in the United States; as a whole, in 2021 there was a slight decrease in benefits compared with 2020.

Through the consolidated financial statements for the year ended December 31, 2021, the Company reported a turnover of NT\$6,490,333 thousand, and there was a 30.33% increase of NT\$1,510,315 thousand from NT\$4,980,018 thousand for the year ended December 31, 2020. The operating cost ratio for the year ended December 31, 2021 was 92.53%, which was a 4.58% increase from the operating cost ratio of 87.95% for the year ended December 31, 2020. Gross profit for the year ended December 31, 2021 was NT\$484,617 thousand, which was a decrease of NT\$115,508 thousand compared with the gross profit of NT\$600,125 thousand for the year ended December 31, 2020, and gross profit margin decreased from 12.05% to 17.47%. The operating expenses for the year ended December 31, 2021 were NT\$517,018 thousand, which was an increase of NT\$149,587 thousand compared with the operating expenses of NT\$367,431 thousand for the year ended December 31, 2020. In 2021, the net operating loss was NT\$32,401 thousand, which was a decrease of NT\$265,095 thousand compared with the net operating profit of NT\$232,694 thousand in 2020. A non-operating net income of NT\$384,609 thousand was generated in 2021 from the shares of affiliates and joint ventures recognized under the equity method. The net income before tax for the year was NT\$352,208 thousand, which was a decrease of NT\$49,505 thousand compared with the net income before tax of NT\$401,713 thousand in 2020. After deducting the income tax expense of NT\$32,840 thousand, the net income for the year was NT\$319,368 thousand. Other comprehensive income for the period was -NT\$76,203, and the total comprehensive income for the period was NT\$243,165 thousand.

In 2022, the COVID-19 pandemic continues, and the political and economic situation around the world is still turbulent. Problems such as the surge of raw materials caused by the Russia-Ukraine war, the rise of export freight rates, and the clogged ports in the United States are still unresolved, affecting the normal life and business activities of many people. We will carefully observe changes in the overall plastic industry. Under the government's continuous economic revitalization program, the country's overall economic prosperity has been boosted. We will continue to focus our efforts on improving the revenue and profits of our subsidiaries, and the revitalization of idle assets to increase profits has always been our goal. In the new year, in addition to increasing production capacity, reducing costs and improving quality, we will also strengthen new product development and research to develop high value-added products, and fully grasp the sources of raw material supply to ensure that there is no shortage of sources in order to achieve various production targets. In terms of sales, we should develop new customers and markets to increase revenue, especially to grasp international financial and economic information, keep an eye on price trends, increase market share, strengthen after-sales service, and cooperate with government regulations to fulfill our corporate responsibility of integrity. We hope that our shareholders will continue to provide assistance and support in the future, and we believe that with the hard work of all our employees, we will be able to overcome all obstacles and achieve our operational goals in order to meet the trust of our shareholders.

Sincerely

Chairperson TAN, KIN-MEN

II. Company Profile

1. Date of Incorporation: June 7, 1965

2. Company history:

- April 1965: Ocean Plastics Co was founded by Yee Fong Chemical & Industrial Co. and several entrepreneurs, including Chen Fang-chu, with a factory set up in Zhonghe City, Taipei County to initially produce PVC rigid plastic pipes and primary plastic processed products such as PVC plastic cloth, film and rubber.
- 1967: Increased production of secondary plastic processed products such as printed tape and wallpaper, and high-frequency processed products.
- 1970: Technical cooperation with Akimi Protective Film Co, Japan, to develop and produce high quality ru leather and PU synthetic leather.
- Sep. 1976: In view of the trend of capital concentration in the petrochemical industry in the future, the Company merged its associate, Yee Fong Chemical & Industrial Co, in response to the government's policy of encouraging consolidation of small and medium-sized enterprises, while taking into consideration its future development by setting up a separate plant in Luzhu Township, Taoyuan County.
- 1977: Technical cooperation with Kaneka Corporation, Japan. Expansion of the Taoyuan plant to produce PVC molding powder.
- 1978: Due to the need for centralised production and management, the PVC powder production facilities at the Yee Fong factory were moved to the Taoyuan factory for expansion, and the Yee Fong factory was changed to specialise in the manufacture of PVC rigid pipes due to its proximity to the market, and a research institute was set up at the Ocean Plastics factory to step up production and research and development.
- Jan. 1985: Increased production of PVC rigid plastic cloth.
- 1986: To cater for the operational needs of the Company, a factory was set up in Zhongli City, Taoyuan County.
- Oct. 1987: The Zhongli plant officially commenced operation and the PVC rigid plastics pipes, which had been produced at the Ocean Plastics plant, was relocated to the Zhongli plant, and a supplementary public offering of shares was approved by the Securities and Futures Commission of the Ministry of Finance.
- Nov. 1987: Increase in paid-up capital to NT\$543,717,330.
- Jul. 1988: Increase in paid-up capital to NT\$652,460,800.
- Sep. 1989: Increase in paid-up capital to NT\$796,002,180.
- Mar. 1990: Increased production of PVC rigid plastic sheets and PVC foamed plastic sheets.
- May. 1990: The head office was relocated to new premises on the 5th and 6th floors of No. 310 Juguang Road, Taipei City to meet the needs of business development.
- Jul. 1991: To enhance organizational management, the Kaohsiung liaison office was closed and merged into the Tainan liaison office.
- Sep. 1991: Increase in paid-in capital to NT\$995,002,730.
- Sep. 1992: Increase in paid-up capital to NT\$1,094,503,020.
- Jul. 1993: Readjusted the organization of the Company in line with the promotion of the responsibility center system.
- Sep. 1993: Increase in paid-up capital to NT\$1,236,788,430.
- Dec. 1994: Ocean Plastics factory received DNV ISO 9002 quality assurance certification.

- Sep. 1995: Increase in paid-in capital to NT\$1,360,467,280.
- Jun. 1996: Zhongli factory obtained ISO 9002 quality assurance certification from the Bureau of Standards, Metrology and Inspection.
- Oct. 1996: Increase in paid-up capital to NT\$1,623,060,660.
- Jan. 1997: Ocean Plastics factory was awarded ISO 9002 quality assurance certification from the Bureau of Standards, Metrology and Inspection.
- Oct. 1997: Taoyuan plant received RW-TUV ISO 9002 quality assurance certification.
- Jul. 1998: Increase in paid-in capital to NT\$1,981,757,070.
- Jan. 1999: The Company's shares are listed on the Taiwan Stock Exchange or the Taipei Exchange.
- Jan. 1999: Zhongli factory passed SGS ISO14001 environmental management system certification.
- Aug. 2000: Increase in paid-in capital to NT\$2,080,844,940.
- Aug. 2000: The operating organization was reorganized to form the Processing Division (formerly Ocean Plastics Plant), the Raw Materials Division (formerly Taoyuan Plant) and the Building Materials Division (formerly Zhongli Plant).
- Dec. 2000: Hunan Ocean Wide Plastics Ltd was established to produce rigid plastic pipes and entered the Chinese building materials market.
- Aug. 2003: Ocean Plastics, Taoyuan and Zhongli plants passed the 2000 version of ISO 9001 quality assurance certification.
- Aug. 2005: Increase in paid-in capital to NT\$2,184,887,190.
- Sep. 2005: Dongguan Dayang Chuangxin Leather Products Co was established, mainly producing PU synthetic leather.
- Aug. 2006: Increase in paid-in capital to NT\$2,272,282,680.
- Oct. 2006: Taoyuan plant received TUV NORD 14001 environmental management system certification.
- Dec. 2007: Ocean Plastics (Huizhou) Co was established to produce soft plastic cloth.
- Jan. 2011: Restructured the operating organization to form the PU Unit.
- Jan. 2016: Relocated Zhonghe factory to Sinwu in Taoyuan.
- Nov. 2019: Shareholding in Hunan Ocean Wide Plastics Ltd was for sale.
- Mar. 2020: The Investment Commission of the Ministry of Economic Affairs approved the cancellation of the investment in Hunan Ocean Wide plant.

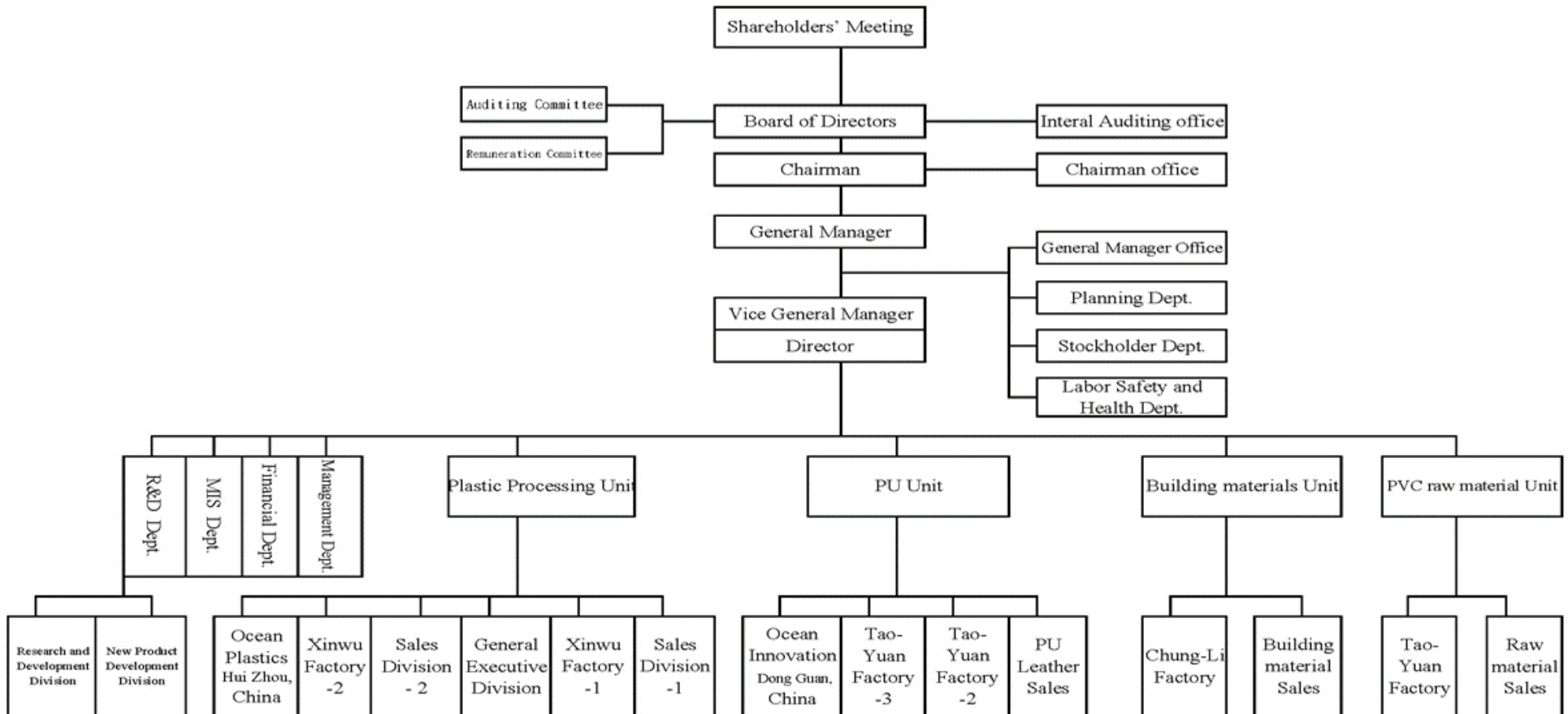
At present, our Company is primarily engaged in the manufacture of PVC raw materials and processing and PU synthetic leather. Depending on the nature of the products, we have set up business divisions for processing, building materials, raw materials and synthetic leather, etc. Our factories are located in Sinwu, Luchu and Zhongli in Taoyuan, and we have also opened a liaison office in Tainan to facilitate business expansion, making us one of the well-known listed plastics companies in Taiwan. In addition to its own operations, the Company also invests in domestic industries and indirectly in China. In response to the needs of urban development, the Ocean Plastics plant was relocated to the Sinwu plant in 2016, and the Company has rethought its future development by focusing the new compound on the green process and green products, and introducing reusable TPE CELLwood, while the Zhonghe plant is developing residential land in line with the urban plan, which is believed to be beneficial to the Company going forward.

III. Corporate Governance Report

1. Organization:

(1) Organizational Chart:

Ocean Plastics Co.,Ltd. Organization Chart



(2) Major Corporate Functions:

- ☐ Audit Committee: assists the Board in overseeing the fair presentation of the Company's financial statements and the effective implementation of internal controls.
- ☐ Remuneration Committee: assists the Board in the administration and evaluation of the overall remuneration and benefits of the Company and the remuneration of directors and managers.
- ☐ General Manager Office: carries out all the business of the Company by resolution of the Board.
- ☐ Internal Auditing Office: performs internal auditing and keeps track of improvements to deficiencies identified in audits.
- ☐ Planning Dept.: develops and analyzes business objectives and plans.
- ☐ Shareholder Dept.: deals with matters relating to the shareholder services.
- ☐ Labor Safety and Health Dept.: handles safety, health and environmental safety related matters.
- ☐ Management Dept.: deals with matters relating to personnel, general affairs, materials and contracting.
- ☐ Financial Dept.: deals with matters relating to financial scheduling, budgeting, accounts, costs, cashier, taxation, etc.
- ☐ MIS Dept.: deals with the establishment of computer operation systems and the planning and design of software and hardware.
- ☐ R&D Dept.: deals with R&D on production methods, technologies, raw materials, products, etc.
- ☐ Raw Materials, Building Materials, PU and Plastic Processing Units: handle matters relating to the production, domestic and export sales, sales management, profit management and future development of each unit.

2. Directors, Supervisors, General Manager, Deputy General Manager, Assistant Managers and Heads of Departments and Branch Organizations:

(1) Directors and Supervisors:

Directors and Supervisors (1)

April 23, 2022

Title	Nationality or Place of Incorporation	Name	Gender/ Age	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executive, Directors or Supervisors who are spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Taiwan (R.O.C.)	TAN, KIN-MEN	M 71~80	7/27/2021	3	6/3/1988	4,695,202	2.07	4,695,202	2.07	-	-	-	-	MA in Economics Meiji University	Note 2	None	None	None	
Director (Note 1)	Taiwan (R.O.C.)	Hsuan Yang Investment Co., Ltd.	F 41~50	7/27/2021	3	6/30/2003	1,440,247	0.63	1,440,247	0.63	-	-	-	-	Department of Accounting, Soochow University	Manager of Finance Dept., Yee Fong Chemical & Industrial Co., Ltd.	None	None	None	
		Representative Wang Hai-Lun				6/30/2018														
Director (Note 1)	Taiwan (R.O.C.)	Want Want Co., Ltd.	M 61~70	7/27/2021	3	5/14/1996	2,976,669	1.31	2,976,669	1.31	-	-	-	-	Deputy General Manager of Investment Department, Union Insurance Company	Deputy General Manager of Investment Department, Want Want Group	None	None	None	
		Representative Hsieh Yu-Chin				6/30/2012														
Director (Note 1)	Taiwan (R.O.C.)	Li Hsiang Industrial Co., Ltd.	M 61~70	7/27/2021	3	6/30/2015	310,000	0.14	310,000	0.14	-	-	-	-	M.S. in Chemistry, University of Washington (Seattle), USA M.B.A., University of Massachusetts, USA	None	None	None	None	
		Representative Chu Tsung-Pin				6/30/2012														
Director	Taiwan (R.O.C.)	Peter Chen	M 61~70	7/27/2021	3	6/3/1985	3,943,860	1.74	3,943,860	1.74	-	-	-	-	Department of International Trade, University of California, USA	None	None	None	None	
Director	Taiwan (R.O.C.)	Hsieh Tzu-Yun	F 71~80	7/27/2021	3	6/30/2000	10,000	0.004	10,000	0.004	-	-	-	-	Chien Kuo Senior High School	None	None	None	None	

Title	Nationality or Place of Incorporation	Name	Gender/ Age	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executive, Directors or Supervisions who are spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	Taiwan (R.O.C.)	Chang Yi-Yun	F 51~60	7/27/2021	3	6/30/2015	-	-	-	-	-	-	-	-	University of Munich, Germany PhD	Deputy General Manager of Fu Jen Catholic University	None	None	None	
Independent Director	Taiwan (R.O.C.)	Hou Ming-Li	M 51~60	7/27/2021	3	6/30/2015	-	-	-	-	-	-	-	-	Department of Accounting, National Cheng Kung University	Partner accountant of Sun Rise CPAS' Firm DFK Internaitonal	None	None	None	
Independent Director	Taiwan (R.O.C.)	Chen Wei-Lung	M 61~70	7/27/2021	3	7/27/2021	-	-	-	-	-	-	-	-	Taipei University Business Management Master of Business	Independent Director of IBF Financial Holdings Co.,Ltd., AGV Products Corp., Janfusun Fancyworld Corp.	None	None	None	
Independent Director	Taiwan (R.O.C.)	Chien Hsueh-Li	M 61~70	7/27/2021	3	7/27/2021	-	-	-	-	-	-	-	-	Master of Business, Master of Industrial Engineering and Operational Studies, Cornell University, USA	General Manager of Fu-Chu General Contractor Co., Ltd.	None	None	None	

Note 1: The major shareholders of corporate shareholders are listed in the attached table.

Note 2: A. Chairman of Ocean Plastics Co., Ltd. B. Director of Ocean Plastics (Huizhou) Co., Ltd. (Legal person representative of SAGE HOLDINGS)

Table 1: Major Shareholders of the institutional Shareholders

April 23, 2022

Name of Institutional Shareholders	Major Shareholders	
	Name	%
Li Hsiang Industrial Co., Ltd.	Shih Chin-Yun	97 %
Hsuan Yang Investment Co., Ltd.	Chen Chin-Wen	20 %
	Chen Chin-Hsin	20 %
	Chen Chin-Sheng	20 %
	Chen Ling-Mei	10 %
	Chen Hui-Mei	10 %
	Chen Jung-Jung	10 %
	Chen Chou Tsai-Yu	10 %
Want Want Co., Ltd.	Tsai Yen-Ming	70.37 %
	Peng Yu-Man	16.22 %
	Tsai Shao-Chung	6.82 %
	Tsai Wang-Chia	6.59 %

Information of Directors and Supervisors (2)

1. Disclosure of directors' professional qualifications and independence of the independent directors:

Criteria Name	Professional Qualification and Experience (Note1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Chen Chin-Ming	Qualified with the requirement of at least 5 years work experience, currently serving as the Chairman and General Manager of the company, and not been a person of any conditions defined in Article 30 of the Company Act	Not applicable	None
Director Wang Hai-Lun	Qualified with the requirement of at least 5 years work experience, used to be the deputy manager of the financial department of Yee Fong Chemical & Industrial Co; currently is the manager of the financial department of Yee Fong Chemical & Industrial Co., and not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	None
Director Hsieh Yu-Chin	Qualified with the requirement of at least 5 years work experience, used to be the Deputy General Manager of Investment Dept. of Union Insurance Company, and not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	None
Director Chu Tsung-Pin	Qualified with the requirement of at least 5 years work experience, used to be the speicall assistant of chairman of MiTAC Incorporated, manager of Planning Dept., Ocean Plastics Co., Ltd., Project Manager of Mainland China, Optimax Technology Corporation, and is currently the director of this company, and not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	None
Director Chen Chin-Hsiung	Qualified with the requirement of at least 5 years work experience, used to be the special assistant of this company, and is currently the director of this company, and not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	None
Director Hsieh Tzu-Yun	Qualified with the requirement of at least 5 years work experience, used to be the chairman of Xintai Travel Agency Co., Ltd., and is currently the consultant of Xintai Trvel Agency Co., Ltd., and not been a person of any conditions defined in Article 30 of the Company Act.	Not applicable	None

Independent Director Chang Yi-Yun	Qualified with the requirement of at least 5 years work experience, used to be dean, School of Law, Fu Jen Catholic University, and is currently the Deputy General Manager of Fu Jen Catholic University, director of Great Eastern Resins Industrial Co., Ltd., independent director of Advanced Lithium Electrochemistry (Cayman) Co., Ltd., and independent director of YFY Inc., and not been a person of any conditions defined in Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.	2
Independent Director Hou Ming-Li	Qualified with the requirement of at least 5 years work experience, used to be Deputy Manager of the Audit Department of Deloitte Touche Tohmatsu Limited, and is currently partner accountant of Sun Rise CPAS' Firm DFK International, and not been a person of any conditions defined in Article 30 of the Company Act.	(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (7) If the chairperson, General Manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.	None
Independent Director Chen Wei-Lung	Qualified with the requirement of at least 5 years work experience, used to be director of Taiwan Futures Exchange, chairman of SinoPac Securities, deputy director of Securities and Futures Bureau, and is currently independent director of IBF Financial Holdings Co., Ltd., AGV Products Corp., Janfusun Fancyworld Corp., and not been a person of any conditions defined in Article 30 of the Company Act.	(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	3
Independent Director Chien Hsueh-Li	Qualified with the requirement of at least 5 years work experience, used to be General Manager of Picvue Electronics, Ltd., and is currently director of Eastern Electronics Co., Ltd., and General Manager of Fu-Chu General Contractor Co., Ltd., and not been a person of any conditions defined in Article 30 of the Company Act.	(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company (11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	None

Note 1: Professional qualifications and experiences: specify the professional qualifications and experiences of individual directors and supervisors; for these Audit Committee members with accounting or finance expertise, their accounting and finance background with work experiences shall be specified, and explain if any of the conditions indicated under Article 30 of the Company Act applies to them.

Note 2: For the independent directors, their conformity of independence shall be specified, including but not limited to: themselves, spouses, relatives within the second degree of kinship, are employees, directors or supervisors of the Company or any of its affiliates; the shares of the Company and the shareholding weights held by themselves, spouses, relatives within the second degree of kinship (or under others' names); if they are employees, directors or supervisors of the companies having certain relationships with the Company (please refer to Subparagraph 5-8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and in the past 2 years, the compensation amount received by providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company.

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board:

Based on the diversification policy, strengthening corporate governance, and promoting the development of the composition and structure of the Board of Directors, the nomination of Director candidates is based on a candidate nomination system in accordance with the Company's Articles of Incorporation. The candidates' academic (experience) qualifications, professional background, integrity or related professional qualifications are evaluated and approved by the Board of Directors before being submitted to the shareholders' meeting for election. Other than the directors concurrently serving as the Company's managers not exceeding one third of the total directors, the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operation type, and development needs, which includes, but is not limited to the following:

- i. Basic requirements and values: nationality, gender and age.
- ii. Industry and professional experience.
- iii. Professional knowledge and skills: ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions

The Implementation of the Board's diversity:

Diversified core Name	Basic composition									Professional background		Professional knowledge and skills							
	Nationality	Gender	An employee of the Compan	Age				Term of Office of the independent director			Accounting & finance	law	ability to make operational judgments	ability to perform accounting and financial analysis	ability to conduct management administration	ability to conduct crisis management	knowledge of the industry	an international market perspective	ability to lead, and to make policy decisions
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	0-3 years	3-6 years	6-9 years									
Chairman TAN, KIN-MEN	Taiwan (R.O.C.)	M	V				V						V	V	V	V	V	V	V
Director Wang Hai-Lun		F		V							V		V	V			V		
Director Hsieh Yu-Chin		M				V					V		V	V	V	V	V	V	V
Director Chu Tsung-Pin		M				V					V		V		V	V	V	V	V
Director Peter Chen		M				V							V		V		V		
Director Hsieh Tzu-Yun		M					V						V		V		V		
Independent Director Chang Yi-Yun		F			V					V		V	V		V	V	V	V	V
Independent Director Hou Ming-Li		M			V					V	V	V	V	V	V	V	V	V	V
Independent Director Chen Wei-Lung		M				V			V			V	V	V	V	V	V	V	V
Independent Director Chien Hsueh-Li		M				V			V				V	V		V	V	V	V

The current Board of Directors of the Company consists of 10 Directors, and the specific management objectives of the Board of Directors' diversity policy and the achievement of these objectives are as follows:

Management objectives	Achievement
Independent Director seats more than one-third of the Director seats	Achived
The directors concurrently serving as the Company's managers not exceeding one third of the total directors	Achived

Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company	Achived
All director continues to develop professional knowledge and skills	Achived

(2) Board of Directors Independence :

The company currently has 10 members of the Board of Directors, including 4 Independent Directors (accounting for 40% of all Directors). As of the end of 2011, all Independent Directors have complied with the Securities and Futures Bureau, Financial Supervisory Commission's regulations on Independent Directors, and there are no Paragraphs 3 and 4 stipulated in Article 26-3 of the Securities Exchange Act between each Director and Independent Director. The Board of Directors of the company is independent (please refer to page 9 of this annual report - Disclosure of Directors' Professional Qualifications and Independence of the Independent Directors), each Director's education, gender and work experience (please refer to pages 6 to 7 of this annual report – Director's information).

(2) Management Team:

Management Team

April 23, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholdin		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Taiwan (R.O.C.)	TAN, KIN-MEN	M	06.30.1997	4,695,202	2.07	-	-	-	-	MA in Economics, Meiji University	Note 1	None	None	None	Note 4
Assistant Manager	Taiwan (R.O.C.)	Shen Shao-Pin	M	11.01.2015	1,019	0.0004	-	-	-	-	Department of Chemistry, National Chung Hsing Universit	Note 2	None	None	None	
Financial Executive	Taiwan (R.O.C.)	Wang Yi-Ho	M	01.01.2002	88,938	0.04	3,439	0.002	-	-	Master of Business, Soochow University	Note 3	None	None	None	

Note 1: See Note 2 in Schedule I on P8.

Note 2: A. OCEAN GROUPExecutive director of (Juristic person representative of Ocean Plastics Co., Ltd.)

B. Chairman of Ocean Plastics (Huizhou) Co., Ltd. (Juristic person representative of SAGE HOLDINGS)

Note 3: A. Supervisor of Chang-Hsin-Hsin-Yeh Co., Ltd. (Juristic person representative of Ocean Plastics Co., Ltd.)

B. Chairman of UNIVERSE ENTERPRISES (Juristic person representative of Ocean Plastics Co., Ltd.)

C. Chairman of FERMAT ENTERPRISES (Juristic person representative of Ocean Plastics Co., Ltd.)

D. Executive director of SAGE HOLDINGS (Juristic person representative of Ocean Group)

E. Executive director of RISE FUTURE INT'L LTD (Juristic person representative of Ocean Group)

F. OPC HOLDINGSChairman (Juristic person representative of Ocean Group)

G. Supervisor ofDongguan Ocean Innovative Leather Products Co., Ltd. (Juristic person representative of RISE FUTURE INT'L LTD)

Note 4: If the general manager or equivalent (top manager) and the chairman of the board are the same person, or are related to each other as spouses or first cousins, the reasons, reasonableness, necessity and response measures should be disclosed:

1. The amendment to the articles of association to set up four Independent Directors was approved by the Board of Directors on March 26, 2021 and completed by the shareholders' meeting election on July 27, 2021.
2. The four existing independent directors are specialized in the fields of finance, accounting and law respectively, and can effectively perform their supervisory functions.
3. Arranging for directors to attend professional director courses of external organizations such as the Securities and Futures Commission to enhance the operational effectiveness of the Board of Directors.
4. No more than half of the current directors are also employees or managers.

3. Remuneration of Directors, Supervisors, General Manager, and Deputy General Manager:

(1-1) Remuneration of Directors (by way of disclosure of names at individual grade levels)

Unit: NT\$1,000

Title	Name		Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
			Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing-Employee Bonus (G)						
			The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																	cash	stock	cash	stock			
Director	TAN, KIN-MEN		144	144	0	0	1,751	1,751	35	35	1,930 0.60%	1,930 0.60%	4,123	4,123	0	0	0	0	0	0	6,053 1.90%	6,053 1.90%	None
	Hsuan Yang Investment Co., Ltd.	Rep. Wang Hai-Lun	144	144	0	0	584	584	30	30	758 0.24%	758 0.24%	0	0	0	0	0	0	0	0	758 0.24%	758 0.24%	None
	Want Want Co., Ltd.	Rep. Hsieh Yu-Chin	144	144	0	0	584	584	35	35	763 0.24%	763 0.24%	0	0	0	0	0	0	0	0	763 0.24%	763 0.24%	None
	Li Hsiang Industrial Co., Ltd.	Rep. Chu Tsung-Pin	144	144	0	0	584	584	35	35	763 0.24%	763 0.24%	0	0	0	0	0	0	0	0	763 0.24%	763 0.24%	None
	Peter Chen		144	144	0	0	584	584	35	35	763 0.24%	763 0.24%	0	0	0	0	0	0	0	0	763 0.24%	763 0.24%	None
	Wang Ju-Keng		82	82	0	0	0	0	15	15	97 0.03%	97 0.03%	0	0	0	0	0	0	0	0	97 0.03%	97 0.03%	None
	Hsieh Tzu-Yun		62	62	0	0	584	584	20	20	666 0.21%	666 0.21%	0	0	0	0	0	0	0	0	666 0.21%	666 0.21%	None
Independent Director	Chang Yi-Yun		384	384	0	0	0	0	30	30	414 0.13%	414 0.13%	0	0	0	0	0	0	0	0	414 0.13%	414 0.13%	None
	Hou Ming-Li		464	464	0	0	0	0	35	35	499 0.16%	499 0.16%	0	0	0	0	0	0	0	0	499 0.16%	499 0.16%	None
	Lin Chao-Min		202	202	0	0	0	0	15	15	217 0.07%	217 0.07%	0	0	0	0	0	0	0	0	217 0.07%	217 0.07%	None
	Chen Wei-Lung		262	262	0	0	0	0	20	20	282 0.09%	282 0.09%	0	0	0	0	0	0	0	0	282 0.09%	282 0.09%	None
	Chien Hsueh-Li		262	262	0	0	0	0	20	20	282 0.09%	282 0.09%	0	0	0	0	0	0	0	0	282 0.09%	282 0.09%	None

Note 1: the tenure of director Wang Ju-Keng and independent director Lin Chao-Minis from July 27, 2021; the new director Hsieh Tzu-Yun and new independent directors Chen Wei-Lung and Chien Hsueh-Li are from July 27, 2021 to July 26, 2024.

(2-1) Remuneration of supervisors: Not applicable

(3-1) Remuneration of the general manager and deputy general manager (names and remuneration disclosed separately)

Unit: NT\$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonuses, and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the General Manager and Deputy General Manager from an Invested Company Other Than the Company's Subsidiary
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								cash	stock	cash	stock			
President	TAN, KIN-MEN	3,431	3,431	0	0	692	692	0	0	0	0	4,123 1.29%	4,123 1.29%	None

(4-1) Remuneration of the top five highest paid executives of listed companies (names and remuneration disclosed separately)

Unit: NT\$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonuses, and Allowances (C)		Profit Sharing-Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the General Manager and Deputy General Manager from an Invested Company Other Than the Company's Subsidiary
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								cash	stock	cash	stock			
President	TAN, KIN-MEN	3,431	3,431	0	0	692	692	0	0	0	0	4,123 1.29%	4,123 1.29%	None
Assistant Manager	Shen Shao-Pin	1,832	1,832	-	-	386	386	36	-	36	-	2,254 0.71%	2,254 0.71%	None
Senior Manager	Chen Yi-Hsiung	1,477	1,477	-	-	383	383	35	-	35	-	1,895 0.59%	1,895 0.59%	None
vice plant manager	Tu Min-Lang	1,333	1,333	-	-	386	386	32	-	32	-	1,751 0.55%	1,751 0.55%	None
Manager	Chang Yu-Hui	1,413	1,413	-	-	264	264	32	-	32	-	1,709 0.54%	1,709 0.54%	None

Name of the managers who distributes employee compensation and how it is distributed

Unit: NT\$1,000

	Title	Name	Stock	Cash	Total	Total to net income after tax (%)
Manager	President	TAN, KIN-MEN	-	65	65	0.02
	Assistant Manager	Shen Shao-Pin				
	Financial Executive	Wang Yi-Ho				

(4) Separate comparison and explanation of Remuneration for Directors, Supervisors, General Manager and Deputy General Manager in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, General Manager and Deputy General Manager:

Title	2021 Ratio of total remuneration paid to directors, supervisors, general manager and deputy general manager to net income (%)		2020 ratio of total remuneration paid to directors, supervisors, general manager and deputy general manager to net income (%)	
	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements
Directors	3.64	3.64	1.94	1.94
Presidents and Vice Presidents				

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, General Managers and Deputy General Managers of the Company, to the net income:

Total compensation as a percentage of net income after tax of 3.64% in 2021 increased by 1.7% from 1.94% for 2020. In 2021, the selling price of some products of the company increases, but the price of raw material VCM is higher due to the rising international freight, which greatly reduces the gross profit margin, resulting in a net operating loss in 2021. Due to the non-operating income from dividend income and equity method investment interests, the net profit after tax in 2021 is less than that in 2020.

(2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance:

The remuneration of the Company's directors includes remuneration, director compensation, and business execution expenses, which is set forth in Article 17 of the Company's Articles of Incorporation. Directors may be remunerated in accordance with the usual industry practice, and the board of directors is authorized to set such remuneration. Independent directors may receive fixed remuneration without participating in the distribution of directors' compensation. The directors shall

be paid carriage fees as determined by the board of directors' meeting and shall be paid regardless of the Company's profit or loss. In accordance with Article 22 of the Company's Articles of Incorporation, not less than 1% of the Company's annual profit shall be allocated to employee compensation and not more than 2% to director compensation.

When an independent director serves as a member of the Audit Committee or the Compensation Committee, he or she shall receive remuneration for attending the meetings in person.

Remuneration of the general manager and deputy general manager includes salary, bonus, and profit sharing- employee bonus etc.; the salary and bonus are determined based on the degree of participation in the company's operations and the value of contributions. The profit sharing-employee bonus is determined by the Board of Directors in accordance with the Company's Articles of Incorporation and reported to the shareholders' meeting. profit sharing- employee bonus is paid in accordance with the "Employee Bonus Payment Method" and is not paid to the Director who is also a manager. The distribution method is based on the ranking, performance appraisal and seniority.

The company pays directors and managers remuneration, in addition to considering the company's future operational development and operational risks, it has also comprehensively considered the payment method of the salary and compensation and the company's future risk matters, and at the same time evaluates the positive correlation with its operating performance, in order to seek a balance between sustainable operation and risk control.

4. Implementation of Corporate Governance:

(1) Board of Directors:

(1) Board of Directors

The most recent annual meeting of the Board of Directors was held seven times (A) and the attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	TAN,KIN-MEN	7	0	100%	re-elected
Director	Hsuan Yang Investment Co., Ltd.(representative: Wang Hai-Lun)	6	1	85%	re-elected
Director	Want Want Co., Ltd.(representative: Hsieh Yu-Chin)	7	0	100%	re-elected
Director	LiHsiang Industrial Co., Ltd.(representative: Chu Tsung-Pin)	7	0	100%	re-elected
Director	Peter Chen	7	0	100%	re-elected

Director	Wang Ju-Keng	3	0	100%	Former, re-elected on July 27, 2021
Director	Hsieh Tzu-Yun	4	0	100%	New, re-elected on July 27, 2021
Independent Director	Chang Yi-Yun	6	1	85%	re-elected
Independent Director	Hou Ming-Li	7	0	100%	re-elected
Independent Director	Lin Chao-Min	3	0	100%	Former, re-elected on July 27, 2021
Independent Director	Chen Wei-Lung	4	0	100%	New, re-elected on July 27, 2021
Independent Director	Chien Hsueh-Li	4	0	100%	New, re-elected on July 27, 2021

Other mentionable items:

- The Board of Directors shall state the date and time of the meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply to the operation of the Board of Directors:
 - Matters set forth in Article 14-3 of the Securities and Exchange Act: The Company's Audit Committee is established by four independent directors, and the provisions of Article 14-3 are not applicable. The matters listed in Article 14-5 of the Securities and Exchange Act are referred to the Audit Committee for discussion, please refer to "(2) Operation of the Audit Committee".
 - Other than the foregoing, there were no other resolutions of the Board of Directors that were opposed or qualified by the independent directors and were recorded or stated in writing: None for the year ended December 31, 2021.
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Board Date	Director Name	motions	causes for avoidance	voting
3/26/2021	Chang Yi-Yun	Amend the Independent Director compensation of the Company.	There is an interest relationship with the independent director, to amend the compensation amount of the independent director.	did not vote
	Hou Ming-Li			
	Lin Chao-Min			
7/27/2021	Chang Yi-Yun	It is proposed that four Independent Directors will form the Company's 5th Remuneration	4 independent directors are the parties.	did not vote
	Hou Ming-Li			
	Chen Wei-Lung			
	Chien			

	Hsueh-Li	Committee.		
--	----------	------------	--	--

3. Listed companies shall disclose information on the periodicity and duration, scope, manner and content of the evaluation of the self- (or peer) evaluation by the board of directors:

Board of Directors' Evaluation of Implementation

Evaluation Periodicity (Note 1)	Evaluation duration (Note 2)	Evaluation Scope (Note 3)	Evaluation manner (Note 4)	Evaluation Content (Note 5)	Evaluation Results
Performed once a year	01/01/2021 ~ 12/31/2021	Performance Evaluation of Board of Directors	Internal self-evaluation of Board of Directors	1. The degree of participation in the company's operation	4.53
				2. Quality of Board of Directors' decisions	4.65
				3. Composition and Structure of the Board of Directors	4.83
				4. Election of Directors and Continuing Education	4.56
				5. Internal control	4.63
		Performance evaluation of Individual Board Members	Director Self-evaluation	1. Mastery of company goals and tasks	4.57
				2. Directors' Responsibilities Awareness	4.73
				3. The degree of participation in the company's operation	4.50
				4. Internal relationship management and communication	4.40
				5. Professional and Continuing Education of Directors	4.73
				6. Internal control	4.77
		Performance evaluation of Functional Committee	Audit Committee Self-evaluation	1. The degree of participation in the company's operation	4.88
				2. Functional committee responsibility recognition	4.72
				3. Functional committee decision quality	4.86
				4. Functional Committee Composition and Selection of Members	4.81
				5. Internal control	4.67
			Remuneration Committee's Member Self-evaluation	1. The degree of participation in the company's operation	4.81
				2. Functional committee responsibility recognition	4.56
				3. Functional committee decision quality	4.68
				4. Functional Committee Composition and Selection of Members	4.69
				5. Internal control	4.67

Evaluation grades: 1 Very poor, 2 Poor, 3 Average, 4 Good, 5 Very good.

Note 1: This refers to the implementation cycle of Board of Directors evaluation, for example, once a year.

Note 2: This refers to the period covered by Board of Directors evaluation, for example, the performance evaluation of Board of Directors from January 1, 2019 to December 31, 2019.

Note 3: Evaluation Scope includes the performance evaluation of Board of Directors, of individual board members, and of functional committee respectively.

Note 4: Evaluation Method includes internal self-evaluation of Board of Directors, peer evaluation, appointment of external professional organizations, experts or other appropriate means to

conduct performance evaluation, peer evaluation, appointment of external professional organizations, experts or other appropriate means to conduct performance evaluation.

Note 5: The Evaluation Content includes at least the following items according to the Evaluation Scope:

- (1) Performance evaluation of Board of Directors: includes at least the degree of participation in the company's operation, quality of board of directors' decisions, composition and structure of the board of directors, election of directors and continuing education, and internal control, etc.
- (2) Performance evaluation of Individual Board Members: includes at least mastery of company goals and tasks, directors' responsibilities awareness, the degree of participation in the company's operation, internal relationship management and communication, professional and continuing education of directors, and internal control, etc.
- (3) Performance evaluation of Functional Committee: the degree of participation in the company's operation, functional committee responsibility recognition, functional committee decision quality, functional committee composition and selection of members, and internal control, etc.

4. An evaluation of targets for strengthening the functions of the board of directors during the current and immediately preceding fiscal years (e.g. the establishment of an audit committee, the promotion of information transparency, etc.), and measures taken toward achievement thereof:

- (1) To build up a good board governance system, improve the supervisory function and strengthen the management function of the Company, and in accordance with the provisions set forth in Taiwan Stock Exchange Corporation's "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", if chairman and general manager are the same person, the number of independent directors should not be less than 4. Four independent directors were elected at the general meeting held on 27 July 2021.
- (2) Establishmen of Audit Committee and Remuneration Committee: On July 27, 2021, the shareholders' meeting was re-elected and the 3rd Audit Committee was formed by 4 independent directors to exercise the duties and responsibilities stipulated by the Securities and Exchange Act, the Company Act, and other laws and regulations. At the same time, four independent directors formed the 5th Remuneration Committee to evaluate the remuneration policies and systems of the directors and managers of the Company, and to strengthen the Board of Directors' execution.
- (3) In line with the amendment of the regulations: On March 26, 2021 the board amended the Company's "Procedure for Board of Directors Meetings," "Procedures for Election of Directors", and "Remuneration Committee Charter," and implemented them in accordance with the revised regulations in an effort to enhance the transparency of information, with good implementation.
- (4) Strengthening corporate governance: On June 29, 2021, the Board of Directors set up a corporate governance officer to take charge of corporate governance affairs and assist the directors to perform business to play a supervisory role. At the same time, "Corporate Governance Best-practice Principles" have been formulated and approved by the Board of Directors.
- (5) Conduct annual performance evaluations for the board, board members and functional committees to strengthen the board's functions.
- (6) The Company announces important resolutions of each board meeting on the Company's website and takes out liability insurance for directors and managers to enhance the transparency of the Company's operational information and to protect the interests of shareholders.

Note 1: If the director or supervisor is a legal entity, the name of the legal shareholder and the name of the representative should be disclosed.

Note 2:

- (1) The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of meetings attended during the term of office of the director.
- (2) If a director or supervisor is re-elected before the end of the year, both the new and old director

or supervisor should be listed and the date of re-election should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during the term of office.

(2) Audit Committee:

A total of 4 (A) Audit Committee meetings were held in 2021. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Independent Director	Hou Ming-Li	4	0	100%	re-elected
Independent Director	Chang Yi-Yun	3	1	75%	re-elected
Independent Director	Lin Chao-Min	1	0	100%	Former, re-elected on July 27, 2021
Independent Director	Chen Wei-Lung	3	0	100%	New, re-elected on July 27, 2021
Independent Director	Chien Hsueh-Li	3	0	100%	New, re-elected on July 27, 2021

To strengthen corporate governance, on July 27, 2021, the shareholders' meeting was re-elected and the 3rd Audit Committee was formed by 4 independent directors to exercise the duties and responsibilities stipulated by the Securities and Exchange Act, the Company Act, and other laws and regulations. The members of Audit Committee elected Mr. Hou Ming-Li as the convener. The Audit Committee is taking the responsibility for carrying out the fair representation of the Company's financial statements, appointment or dismissal of attesting CPAs and evaluation of CPAs' independence and performance, effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, control and management of existing or latent risks, etc.

Other mentionable items:

- If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or significant recommendations of the independent directors, the results of the Audit Committee resolution and the Company's handling of the Audit Committee's opinion.
 - The matters listed in Article 14-5 of the Securities and Exchange Act.: Please refer to Note 1.
 - Other than the foregoing, any item not passed by the Audit Committee but approved by at least two-thirds of all the directors: There were no matters under (2) above in FY2021.
- If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: There were no interested parties' motions requiring recusal in 2021.
- Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.):
 - The audit supervisor of the company shall deliver the audit report and follow-up report to

each audit committee member after the verification of the audit report and follow-up report, and report to the audit committee meeting. Both parties have smooth communication. The audit supervisor and accountants of the company also maintain smooth communication channels, and according to the regulations of the competent authority, the implementation of the audit plan of the next year and the implementation of the audit plan of the previous year, as well as the improvement of the internal control deficiency and abnormal matters, and complete the report.

- (2) The Company invites accountants to sit on the Audit Committee to report and communicate to the independent directors the results of the review or examination of the quarterly and annual financial statements, key audit matters, amendments to the IFRSs bulletin, sources and uses of special surplus reserves, or other statutory issues affecting the Company.

Note: * If an independent director vacates his or her position before the end of the year, the date of departure should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings and the actual attendance during their employment.

- * If there is a re-election of independent directors before the year-end, both new and existing independent directors should be listed, and the date of re-election should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual attendance of the Audit Committee during the term of employment.

Note 1: The Audit Committee held four meetings in 2021 to consider, among other things, the matters set forth in Article 14-5 of the Securities and Exchange Act.:

1. Audit of financial reports.
2. Review of the effectiveness of the internal control system established or amended.
3. A material asset or derivatives transaction.
4. A material monetary loan, endorsement, or provision of guarantee.
5. The offering or issuance of marketable securities.
6. Whether the manager and the director have related party transactions and possible conflicts of interest.
7. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.

The implementation in 2021:

The date and period of the Audit Committee meeting	The content of the motion	The content of the objections, reservations or significant recommendations of the independent directors	The results of the Audit Committee resolution	The Company's handling of the Audit Committee's opinion
The 10 th meeting of 2 nd Committee on March 25, 2021	1. For operational and cash flow needs, application with KGI Commercial Bank for renewal of a medium-term guaranteed loan amount of NT\$1 billion with a term of 3 years, of which NT\$200 million is guaranteed by the Company as a joint guarantor for the use of Changhsin Hsinyeh Co. for determination. 2. Amendments to the Company's "Rules of Procedure for Shareholders Meetings" and "Procedures for Election of Directors" for review and approval. 3. Amendments to the Company's Remuneration Committee Charter for review and approval. 4. The Company's "Statement of Internal Control" in	None	After the chairman consulted all the members present, the motion was passed without objection.	Submitted to the 16th meeting of 20 th Board of Directors for deliberation and approved by all directors present

	compliance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” issued by the Financial Supervisory Commission for review and approval. 5. For preparation of 2020 financial report and consolidated financial report for determination. 6. The Company's 2020 earnings distribution proposal and 2020 business report for determination.			
The 1 st meeting of 4 rd Committee on Aug. 10, 2021	1. The Company's Quarterly Report on Consolidated Financial Statements for Fiscal Year 2021 for determination.			Submitted to the 2 nd meeting of 21 st Board of Directors for deliberation and approved by all directors present
The 2 nd meeting of 3 rd Committee on Nov.10, 2021	1. For the operational needs of the company and its subsidiary Changhsin Hsinyeh Co., it is proposed to apply to Yuanta Bank for raising the financing quota for determination. 2. In order to meet the operational needs of the subsidiary Changhsin Hsinyeh Co., it is proposed to apply to Huanan Bank to increase the credit line for determination. 3. The Company intends to transfer 21.3% of the readjusted land, No. 1286, with an area of 570.27 square meters, which is under the case of Urban Land Consolidation by private sector, to its subsidiary Changhsin Hsinyeh Co. for an amount of NT\$20,150,155 for determination.			Submitted to the 3 rd meeting of 21 st Board of Directors for deliberation and approved by all directors present
The 3 rd meeting of 3 rd Committee on Dec. 21, 10, 2021	1. In order to improve the ability of the company to prepare financial statements and standardize the management and control of the process of preparing financial statements, the company intends to amend the "process of preparing financial statements" for review and approval.			Submitted to the 4 th meeting of 21 st Board of Directors for deliberation and approved by all directors present

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”:

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the "Corporate Governance Best-Practice Principles", which was approved by the Board of Directors on December 21, 2021, and in accordance with the "Corporate Governance Best-Practice Principles", the Company has strengthened its internal control system and enhanced information transparency in order to protect the interests of shareholders and stakeholders.	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has a spokesperson and a deputy spokesperson to deal with issues such as shareholder proposals or disputes; Investors can ask questions or make suggestions from the email address provided on the company's website.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company's stock agency provides a register of shareholders, keeps up to date with a list of substantial shareholders and ultimate controllers of substantial shareholders and interacts well with the substantial shareholders.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) “The Subsidiary Management Regulations” have been established to implement a mechanism for the supervision of subsidiaries.	None

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has in place the “Procedures for Handling Material Inside Information,” and the “Procedures for Ethical Management and Guidelines for Conduct”, which prohibit insiders from trading in securities using information not publicly available in the market. When new directors and managers assume office, the Company also provides information on the relevant regulations and reminds them of the precautions to be taken when insider trading is involved.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) In the nomination and selection of board members, the academic qualifications and experience of each member have been assessed and the "Procedures for Election of Directors and Supervisors" and the "Corporate Governance Best Practice Principles" have been complied with to ensure that pluralism, independence and stakeholder views are taken into consideration. The current directors have professional backgrounds, skills and industry experience. Among the board members, there are 4 independent directors, including 2 female directors, whose professional fields include law, finance, corporate governance and construction, etc. They provide advice on the operation and future development of the Company. Please refer to pages 12-13 for details of the diversity of the Board of Directors.	None

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) The Company has set up a remuneration committee and an audit committee as required by law and Other functional committees will be established in the future depending on actual operational needs.	None
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually? The results of the performance evaluation will be reported to the board of directors and used as reference for individual director's salary compensation and nomination for reappointment?	V		(3) The "Self-Evaluation or Peer Evaluation of the Board of Directors" was approved by the Board of Directors on December 22, 2020 and was completed by the first quarter of 2022, and the evaluation results were reported to the Board of Directors on March 23, 2022. In 2021, the self-evaluation score of Board of Directors' performance evaluation is 23.8 points (full score is 25 points), and the self-evaluation score of individual director's performance evaluation is 27.7 points (full score is 30 points). The self-evaluation score of the performance evaluation of audit committee and compensation committee was 23.9 points 23.4 points respectively (full score is 25 points). The performance evaluation of the Board of Directors will be carried out regularly every year.	None
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Company evaluates the independence and competence of the CPA every year, in addition to requiring the certified accountant to provide the "Total Independence Statement", the evaluation will be made according to the standard of Note 2. Focusing on the number of years of audit services, fees, nature of non-audit services, legal proceedings, and whether there are any functional, relational or	None

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
			business interests with the management of the Company, which finds they are not interested parties. The results of the evaluation for the last two years were approved by the board meeting on March 26, 2021 and March 23, 2022 respectively.	
4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with information necessary for the execution of their business, assisting directors and supervisors in complying with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?	V		On June 29, 2021, the Board of Directors approved the appointment of Mr. Wang Yi-Ho, Manager of Finance Department, as corporate governance officer. The main responsibilities of the corporate governance officer are to handle the board of directors and the shareholders meeting in accordance with the law, prepare the board of directors and the shareholders meeting minutes, assist the directors in the appointment and continuous education, provide the directors with the information required for the execution of the business, assist the directors to comply with laws and regulations, etc. The corporate governance officer's qualification is based on the requirement, and completed the professional education/training in 2021. (see page 35)	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		A stakeholder section has been set up on the website. Stakeholders may contact the relevant departments and units of the Company at any time when necessary, and the Company will assign dedicated staff to handle the matter as appropriate.	None

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed KGI Securities Co to act for it in relation to shareholder affairs.	None
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) A website has been set up and company information is regularly disclosed.	None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has a spokesperson and a deputy spokesperson in place and discloses relevant information on the Market Observation Post System on a regular and occasional basis.	None
(3) Does the Company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second and third quarterly financial statements and its operations for each month well in advance of the prescribed deadline?		V	(3) The Company's financial reports for the first, second and third quarters, as well as the announcement and reporting of operations for each month, were made within the deadlines set by the competent authorities, except for the announcement and reporting of annual financial reports within two months after the year-end.	Communicate with certified public accountants with the goal of early announcement and reporting of financial reports.
8. Is there any other important information to	V		(1) Employee rights, employee care: The Company is committed to	None

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			providing a healthy and safe working environment in accordance with the law, and has followed the internal management rules on appointment, promotion, rewards and punishments, benefits, salaries, training and retirement to ensure fair opportunities and conduct guidelines. In addition to the establishment of the Employee Welfare Committee, the Sexual Harassment Complaint Handling Committee, the Award and Penalty Committee, and the Labor Pension Committee, the Company also holds labor-management meetings to protect the rights of employees, prevent accidents and injuries, and seek the welfare of employees. (2) Investor relations: The Company has set up a spokesperson system to provide a point of contact with shareholders and corporate investment institutions. (3) Supplier relations: The Company maintains equal and good relations with its suppliers. (4) Stakeholder rights: The company maintains smooth communication channels with stakeholders, including correspondent banks, other creditors, shareholders, employees, customers, consumers, supplier communities, etc. (5) Directors' and independent directors' continuing education: Please refer to page 33 of the annual report (Schedule 1). (6) Implementation of risk management policies and risk measurement standards: Major operating policies, investment	

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
			proposals, endorsement and guarantees, and capital loans are evaluated by the responsible departments and implemented in accordance with the resolutions of the board of directors, while the audit office prepares annual audit plans and conducts audits based on the results of the risk assessment. (7) Implementation of customer policy: Through the ISO management system, we ensure product quality and reduce energy consumption. In case of customer complaint about quality, we follow the customer complaint handling process to address the complaints for review and improvement. (8) The articles of incorporation provide for the taking out of liability insurance for directors and essential officers and the Company has (9) purchased directors' and managers' liability insurance, and the relevant renewal information has been reported to the Board of Directors on December 21, 2021.	
9. Please describe the improvements that have been made to the results of the latest annual corporate governance assessment issued by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and indicate the priorities and measures for improvement where improvements have not yet been made. (Not required for companies not included in the assessment) (1) A sustainability promotion team has been established and the first sustainability report is expected to be issued in June 2022. (2) The English version of the annual report of the shareholders' meeting, Meeting Handbook, and the annual financial report will be uploaded to the Market Observation Post System within the prescribed period. (3) The "Corporate Governance Best-Practice Principles" have been established and approved by the Board of Directors on December 21, 2021.				

Note 2: Standards for evaluating the CPA's independence

No.	Evaluation indicators	Evaluation Results	Passed Independence Evaluation
1	The CPA has been in office for less than 7 years	Yes	Yes
2	The CPA and audit team members have never held the position as director, managerial officer, or any position materially critical to the audited case in the most recent 2 years.	Yes	Yes
3	The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Company.	Yes	Yes
4	No direct or indirect substantial financial interest between the CPA and the Company.	Yes	Yes
5	Accounting firm of CPA is not overly reliant on funds from any single client, including the Company.	Yes	Yes
6	No substantially close business relationship between the CPA and the Company.	Yes	Yes
7	No potential employment relationship exists when the CPA audits the Company's report.	Yes	Yes
8	Non-audit services provided by the CPA to the Company have no direct impact on the major items of audit services provided.	Yes	Yes
9	The CPA is not representing the Company in litigation of a third party or other disputes. The CPA does not represent the Company in defending legal cases or other disputes with third parties.	Yes	Yes
10	The CPA does not promote or broker stocks or other securities issued by the Company.	Yes	Yes

(Schedule I)

Education/training for the Company's directors and independent directors in 2021: The term of office of the current directors started on June 30, 2021 and will end on July 26, 2024.

Title	Name	Date	Organizer	Course Name	hours	Whether or not the education/training meets the requirements
Director	TAN, KIN-MEN	12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes
Director	Peter Chen	12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes
Director	Hsieh Tzu-Yun	11/23/2021 11/24/2021	Securities & Futures Institute	Directors, Supervisors and Corporate Governance Officer Practical Workshop	12	Yes
		12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes
Director	Chu Tsung-Pin	12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of	Environmental, Social, Governance's	3	Yes

			Accounting	Corporate Social Responsibility (CSRESG) Model Practice Analysis		
Director	Hsieh Yu-Chin	12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes
Director	Wang Hai-Lun	12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes
Independent Director	Hou Ming-Li	11/18/2021	CPA Associatio R.O.C. (Taiwan)	Practical Application of Trust Cases (II)	3	Yes
		12/13/2021	CPA Associatio R.O.C. (Taiwan)	Discussion on special practice issues of company registration in 2021	4	Yes
Independent Director	Chang Yi-Yun	07/16/2021	Securities & Futures Institute	Climate Mitigation and Adaptation to Promote Sustainable Competitiveness	3	Yes
		07/16/2021	Securities & Futures Institute	Director and Supervisor Related Party Transactions Analysis and Case Sharing	3	Yes
Independent Director	Chen Wei-Lung	09/07/2021	Securities & Futures Institute	Operational Regulations and Supervision Mechanisms of Financial Holding	3	Yes

				Companies, and Discussion on ESG-related Regulations		
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes
Independent Director	Chien Hsueh-Li	11/23/2021 11/24/2021	Securities & Futures Institute	Directors, Supervisors and Corporate Governance Officer Practical Workshop	12	Yes
		12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	Yes
		12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	Yes

Education/training for the Company's corporate governance officer in 2021:

Name	Date	Organizer	Course Name	hours	Total hous
Wang Yi-Ho	09/15/2021	Accounting and Development Foundation	Accounting and Valuation Practices for Corporate Mergers and Tax Law Update	4	18
	11/17/2021	Accounting and Development Foundation	IFRS Real Estate Issues of Accounting and Valuation Practice and Tax News	4	
	12/06/2021	Chinese Association of Accounting	Trade secret protection and non-competition	3	
	12/15/2021	Accounting and Development Foundation	The Role and Operation of "Independent Director" in Corporate Governance and New Professional Standards Issues	4	
	12/21/2021	Chinese Association of Accounting	Environmental, Social, Governance's Corporate Social Responsibility (CSRESG) Model Practice Analysis	3	

(4). Composition, Responsibilities and Operations of the Remuneration Committee:

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members:

Title (Note 1)	Criteria	Professional Qualification and Experiences (Note 2)	Independence Situation (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
	Name			
Convener	Chen Wei-Lung	Refer to page 9, Information of Directors and Supervisors (2): 1. Disclosure of directors' professional qualifications and independence of the independent directors	Refer to page 9, Information of Directors and Supervisors (2): 1. Disclosure of directors' professional qualifications and independence of the independent directors	3
Independent Director	Hou Ming-Li			0
Independent Director	Chang Yi-Yun			2
Independent Director	Chien Hsueh-Li			0

Note 1: In the form, please specify the relevant work, seniority, professional qualifications and experience of members of the Remuneration Committee, as well as Independence situation; for Independent Director, please remark referring to Appendix 1 Directors and Supervisors (1) on page 6. As for title, please enter Independent Director or other (please add a note for convener).

Note 2: Professional Qualification and Experiences: Specify the professional qualifications and experiences of individual remuneration committee members.

Note 3: Independence situation: Specify that the members of the Remuneration Committee meet the Independence situation, including but not limited to whether relatives within the second degree of kinship of the person's spouse act as directors, supervisors or employees of the company or its affiliated companies; the number and proportion of the company's shares held by relatives within the second degree of kinship (or in the name of others) of the person's spouse; Whether to act as a Director, supervisor or employee of a company (referring to the provisions set forth in Subparagraphs 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) that has a specific relationship with the company; the amount of compensation received for providing services such as business, legal, financial accounting and other services to the company or its affiliates in the last two years.

(2) The implementation of Remuneration Committee:

1. The company's Remuneration Committee has 4 members, consisting of 4 Independent Directors. The Remuneration Committee members elected Mr. Chen Wei-Lung as the convener.
2. The 5th term of members: From July 27, 2021 to July 26, 2024. The Remuneration Committee held 4 meetings (A) in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Chen Wei-Lung	2	0	100%	New, re-elected on July 27, 2021
Committee Member	Hou Ming-Li	4	0	100%	re-elected
Committee Member	Chang Yi-Yun	3	1	75%	re-elected
Committee Member	Chien Hsueh-Li	2	0	100%	New, re-elected on July 27, 2021
Committee Member	Lin Chao-Min	2	0	100%	Former, re-elected on July 27, 2021

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): No such case.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: No such case.
3. Discussions and resolutions of the Remuneration Committee, and the company's handling of members' opinions: Schedule 1

Schedule 1

The date and period of the Remuneration Committee meeting	The content of the motion	The content of the objections, reservations or significant recommendations of the Remuneration Committee	The results of the Remuneration Committee resolution	The Company's handling of the Remuneration Committee's opinion
The 7 th meeting of 4 th Committee on March 26, 2021	1. A motion to amend the compensation of the independent directors of the Company is submitted for review and approval. 2. For determination of the Company's 2010 employee compensation and director compensation.	None	1. Respect the motion, which was submitted to the Board of Directors, and follow the Board of Directors' resolution. 2. The motion is in compliance with the Articles of Incorporation and all members present agreed to send it to the Board of Directors for resolution.	Submitted to the 16th meeting of 20th Board of Directors for deliberation and approved by all directors present

The 8th meeting of 4th Committee on June 29, 2021.	1. It is proposed that Manager Wang Yi-Ho will be concurrently the corporate governance officer of the Company for determination.		All the members present, the motion was passed without objection.	Submitted to the 18th meeting of 20th Board of Directors for deliberation and approved by all directors present.
The 1 st meeting of 5th Committee on Augs. 10, 2021	1. Elect the convener. 2. Report on 2020 year-end bonus, 2020 median salary, and 2021 employee salary forecast adjustment.		1. Member Chen Wei-Lung was the convener. 2. Members present noted.	Submitted to the 2 nd meeting of 21st Board of Directors for report.
The 2 nd meeting of 5th Committee on Dec. 21, 2021	1. Report the actual salary adjustment for FY 2021. 2. The expected payment of year-end bonuses in fiscal 2021.		All members present noted.	Submitted to the 4th meeting of 21 st Board of Directors for report and deliberation.

Note : (1) If a member of Remuneration Committee vacates his or her position before the end of the year, the date of departure should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings and the actual attendance during their employment.

(2) If there is a re-election of Remuneration Committee before the year-end, both new and existing independent members should be listed, and the date of re-election should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the actual attendance of the Remuneration Committee during the term of employment.

Remuneration Committee's duties:

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion.

1. Establishing and periodically reviewing the performance evaluation, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers.
2. Periodically evaluating and setting the director's and managerial officer's salary and compensation.

(5).Fulfilment of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies":

Promoting items	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Has the company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, with the Board of Directors authorizing senior management to handle the matter, and the Board of Directors supervising the situation?	V		The company's Sustainability Report was officially launched in November 2021. With the goal of fulfilling social responsibilities, it will continue to promote corporate governance, environmental protection and social care and other issues, and make contributions to the sustainable development of the society as a whole while creating profits for the company and safeguarding shareholders' rights and interests. In order to take up the role of sustainable management, the Company has established an ESG promotion team with the Chairman as the chief convener and the Assistant Manager as the deputy chief convener. Each plant manager is the convener, and there is an executive secretary. The team is divided into management, supply chain, labor rights, social participation, and sustainable development groups according to their functions to implement corporate social responsibility and report the results to the Board of Directors annually. On December 21, 2021, the company reported to the Board of Directors that major themes had been specified in the questionnaire returned by Stakeholders. At present, management objectives have been formulated for major themes. According to the assessment results of risks and opportunities, each department will develop specific and feasible work objectives for implementation and start	None

			writing. It is expected that the first Sustainability Report will be issued in 2022 and the results will be reported to the Board of Directors.										
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality and establish relevant risk management policies or strategies?	V		The first Sustainability Report is expected to be issued in 2022, covering the business data from January 1, 2021 to December 31, 2021. The scope of information is the company's factories and operations in Taiwan, but does not include subsidiaries. The "Sustainable Development Materiality Questionnaire" is provided to external stakeholders and internal senior executives to assess the major ESG issues and to set related management strategies and specific implementation targets to reduce the impact of related risks. The management strategies and implementation goals formulated by the company based on environmental, social and governance issues related to operations: <table><tr><th>Major Issues</th><th>Evaluation content</th><th>Management Strategy and Implementation Objectives</th></tr><tr><td>Economic Environmental Social</td><td>Legal compliance</td><td>Management policy: compliance, hazard prevention, communication and consultation, continuous improvement. Implementation objectives: 1. Improve the operating environment to avoid unsafe and illegal operations. 2. Establish operating standards according to internal control system. 3. Implement the audit work. 4. External expert assistance.</td></tr><tr><td>Economic Environmental Social</td><td>Grievance Mechanism</td><td>Management policy: Provide a smooth and unobstructed grievance channel, through the platform to put forward</td></tr></table>	Major Issues	Evaluation content	Management Strategy and Implementation Objectives	Economic Environmental Social	Legal compliance	Management policy: compliance, hazard prevention, communication and consultation, continuous improvement. Implementation objectives: 1. Improve the operating environment to avoid unsafe and illegal operations. 2. Establish operating standards according to internal control system. 3. Implement the audit work. 4. External expert assistance.	Economic Environmental Social	Grievance Mechanism	Management policy: Provide a smooth and unobstructed grievance channel, through the platform to put forward	None
Major Issues	Evaluation content	Management Strategy and Implementation Objectives											
Economic Environmental Social	Legal compliance	Management policy: compliance, hazard prevention, communication and consultation, continuous improvement. Implementation objectives: 1. Improve the operating environment to avoid unsafe and illegal operations. 2. Establish operating standards according to internal control system. 3. Implement the audit work. 4. External expert assistance.											
Economic Environmental Social	Grievance Mechanism	Management policy: Provide a smooth and unobstructed grievance channel, through the platform to put forward											

					policy statements and specific actions. Implementation objectives: Build a simple and diverse grievance channel for stakeholders to participate in policy discussions and decisions.	
			Economic	Economic Performance	Management policy: Integrity, pragmatism, stability and innovation.Implementation objectives: 1. Toward sustainable development of enterprises to protect the environment and reduce carbon emissions. 2. Improve the AI automation process to promote the transformation of enterprises. 3. Revitalize corporate assets to improve efficiency. 4. Increase high value-added products to create profits and give back to shareholders and employees.	
			Social	Labor-Management Communication	Management policy: Value the opinions and rights of employees, and will always respond appropriately to any employee's opinions. Any matters related to employee rights and interests must be communicated and announced first, and only after the approval of both parties can be implemented. Implementation objectives: There were 0 cases of labor disputes.	

					Maintain good communication channels to build consensus and effectively enhance the centripetal force of all employees.	
			Social	Occupational Safety and Health	Management policy: Avoid hazardous accidents, ensure the health of personnel, implement site safety, and promote harmony and common prosperity among workers and stakeholders. Implementation objectives: 1. Improve the operating environment and avoid unsafe and illegal operations. 2. Effective implementation of internal control system 3. Meet the requirements of environmental emission standards. 4. Zero violation, zero fine, zero pollution, zero disaster, and zero grievance.	
			Environmental	Chemical materials and factory safety	Management policy: Comply with the law and prioritize the environment. Implementation objectives: In compliance with chemical control laws and regulations, regular drills are held to ensure zero leakage and zero pollution.	
			Environmental	Water Resources	Management policy: Cherish water resources, enhance the recycling of	

			Management	groundwater, tap water reduction, and reclaimed water recovery. Implementation objectives: 1. The goal is to reduce the consumption per unit of production in 2019 by 1% and decrease year by year. 2. Xinwu Plant implements various monitoring of water resources and complies with regulations and EIA standards. 3. Taoyuan Plant must comply with discharge standards for water discharge. 4. Each plant ensures compliance with the relevant laws and regulations of the Water Pollution Control Act.	
3.Environmental issues					
(1) Whether the company has established appropriate environmental management system according to its industrial characteristics?	V		Among our plants in Taiwan, Xinwu Plant, Taoyuan Plant, and Zhongli Plant have all obtained ISO 14001 certification, and are audited by an objective third party to achieve continuous improvement, to avoid polluting the environment and the earth's ecology.		None
	V		The Company is actively implementing the concept of remainder reuse, recycling and energy saving, industrial waste reduction, refuse sorting, paper reduction and paper reuse, and encouraging the use of eco-friendly chopsticks, cups and internal network operations to alleviate the impact on the environment. Each plant is gradually replacing its equipment and using low energy consumption equipment, such as the Taoyuan plant replacing		None

		its motors with IE3 high efficiency motors and six air compressors; the Zhongli plant replacing one high efficiency inverter air compressor; and the Xinwu plant using LED energy-saving light bulbs throughout the plant.	
(2) Does the company assess the impact of climate change on its current and future operations? What are the potential risks and opportunities, and what are the measures to address climate related issues?	V	The company identified the possible transformation of operations and the risks associated with the entity by referring to the TCFD model and method, and also identified potential opportunities in the changing climate. Risk Items: 1. Water, electricity and work stoppages caused by storms and rainstorms. 2. Continued increase in raw materials. 3. Carbon emission taxation problems. 4. Energy shortage and disconnection of supply. 5. Industry being stigmatized. 6. Acute infectious diseases are rampant. Opportunity Projects: 1. low water consumption and low energy consumption technology. 2. participation in green energy development. 3. development of new green products. 4. energy diversification. 5. upgrading equipment automation and intelligence. Response Measures :In line with the government's green energy policy, solar power generation systems with a total capacity of 2,110 kilowatts were built at Xinwu Plant and Taoyuan 3rd Plant. 2. CELLwood medical tape was developed at Xinwu Plant. 3. PE flexible pipes and plastic wood for green building materials were produced at Zhongli Plant. 4. Water-based PU synthetic leather was produced at Taoyuan 3rd Plant. Solar power system and power generation situation of Xinwu Plant Taoyuan 3rd plant:	None

			<table><tr><td>Year</td><td>Power generation (kwh)</td><td>Carbon reduction (mt)</td><td colspan="2">Equivalent afforestation area (ha)</td></tr><tr><td>2020</td><td>2,690</td><td>2,717</td><td colspan="2">182</td></tr><tr><td>2021</td><td>2,757</td><td>2,784</td><td colspan="2">187</td></tr></table> R&D situation of green building materials—Cellwood: <table><tr><td>Year</td><td>Production Capacity (mt)</td><td colspan="3">Sales Volume (MT)</td></tr><tr><td>2020</td><td>110.90</td><td colspan="3">45.32</td></tr><tr><td>2021</td><td>96.21</td><td colspan="3">37.29</td></tr></table>	Year	Power generation (kwh)	Carbon reduction (mt)	Equivalent afforestation area (ha)		2020	2,690	2,717	182		2021	2,757	2,784	187		Year	Production Capacity (mt)	Sales Volume (MT)			2020	110.90	45.32			2021	96.21	37.29			
Year	Power generation (kwh)	Carbon reduction (mt)	Equivalent afforestation area (ha)																															
2020	2,690	2,717	182																															
2021	2,757	2,784	187																															
Year	Production Capacity (mt)	Sales Volume (MT)																																
2020	110.90	45.32																																
2021	96.21	37.29																																
(3) Does the company calculate GHG emissions, water consumption and total waste weight, and formulate policies for energy conservation, carbon reduction, GHG reduction, water reduction or other waste management for the past two years?	V	☐ In GHG emissions management: Greenhouse gas emissions for the last two years (covering all plants in Taiwan) <table><tr><td>Year</td><td>Area 1 (mt CO2e)</td><td>Area 2 (mt CO2e)</td><td>Total (mt CO2e)</td><td>Emissions per unit product (mt CO2e/mt)</td></tr><tr><td>2020</td><td>3,214</td><td>44,031</td><td>47,245</td><td>0.3167</td></tr><tr><td>2021</td><td>4,313</td><td>41,425</td><td>45,738</td><td>0.3222</td></tr></table> Management policy and results: 1. Each plant gradually replaced its equipment and used low energy consumption equipment. 2. In line with the "Graph Path for Sustainable Development of Listed Companies", the inventory of Taiwan plant area 1.2 was completed in 2020 and 2021, but it was not verified by a third party and reported to the Board of Directors on May 11, 2021 ☐ In water resources management: Water consumption in the last two years (covering all plants in Taiwan) <table><tr><td>Year</td><td>water intake (million liters)</td><td>Discharge (million liters)</td><td>water consumption (million liters)</td><td>water consumption per unit of product (L/MT)</td></tr></table>	Year	Area 1 (mt CO2e)	Area 2 (mt CO2e)	Total (mt CO2e)	Emissions per unit product (mt CO2e/mt)	2020	3,214	44,031	47,245	0.3167	2021	4,313	41,425	45,738	0.3222	Year	water intake (million liters)	Discharge (million liters)	water consumption (million liters)	water consumption per unit of product (L/MT)	None											
Year	Area 1 (mt CO2e)	Area 2 (mt CO2e)	Total (mt CO2e)	Emissions per unit product (mt CO2e/mt)																														
2020	3,214	44,031	47,245	0.3167																														
2021	4,313	41,425	45,738	0.3222																														
Year	water intake (million liters)	Discharge (million liters)	water consumption (million liters)	water consumption per unit of product (L/MT)																														

			<table><tr><td>109</td><td>440.44</td><td>346.71</td><td>93.73</td><td>0.6302</td></tr><tr><td>110</td><td>418.56</td><td>321.71</td><td>96.84</td><td>0.6834</td></tr></table>	109	440.44	346.71	93.73	0.6302	110	418.56	321.71	96.84	0.6834	
			109	440.44	346.71	93.73	0.6302							
			110	418.56	321.71	96.84	0.6834							
			Management policy and results: The Company continues to improve its technology and invest in equipment to recycle 46.15 million liters of water in 2020 and 50.99 million liters of water in 2021. And the temperature controller is used to reduce the starting times of the cooling fan in the cooling tower. The water saving in 2020 and 2021 is 19.89 metric tons and 21.39 metric tons respectively.											
			□In waste management:											
The amount of hazardous waste and non-hazardous waste in the last two years (covering all plants in Taiwan)														
<table><tr><td>Year</td><td>Hazardous Industrial Waste (mt)</td><td>Non-hazardous Industrial Waste (mt)</td><td>Amount of waste per unit of product (mt/mt)</td></tr><tr><td>109</td><td>484.46</td><td>5.91</td><td>0.00324</td></tr><tr><td>110</td><td>655.36</td><td>11.95</td><td>0.00468</td></tr></table>	Year	Hazardous Industrial Waste (mt)	Non-hazardous Industrial Waste (mt)	Amount of waste per unit of product (mt/mt)	109	484.46	5.91	0.00324	110	655.36	11.95	0.00468		
Year	Hazardous Industrial Waste (mt)	Non-hazardous Industrial Waste (mt)	Amount of waste per unit of product (mt/mt)											
109	484.46	5.91	0.00324											
110	655.36	11.95	0.00468											
			Management policy and results: 1.Adhering to the business attitude of green environmental protection, the waste is divided into general industrial waste and hazardous industrial waste, and according to the "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste", this Company entrusted to legal operators to deal with it. 2. Comply with environmental regulations, implement waste reduction at the source, properly classify waste, and implement recycling with high resource reuse rate. 3. Promote waste reduction, and separate some recyclable items such as waste PE film, PE packaging bags, transparent plastic bags, PP plastic ropes, PP woven bags, and PP packing tapes from garbage.											
4. Social Responsibilities														
(1) Does the Company formulate appropriate	V		Abiding by laws and regulations, the Company does not	None										

management policies and procedures in accordance with relevant regulations and international human rights conventions?			discriminate or pay differently on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, horoscope, blood type, or past membership in any labor union; the same applies to the employment of disabled and foreign staff.	
(2) Does the company formulate and implement reasonable employee benefits (including compensation, vacation, and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		The Company follows the minimum standards set out in the labor laws and regulations and, depending on the operating conditions, establishes measures for performance and employee bonuses, such as business bonuses, management target bonuses, performance bonuses, etc., providing various subsidies, such as education subsidies for employees' children, scholarships for employees' children, employees' on-the-job training subsidies, community subsidies, marriage subsidies, funeral subsidies for family members, maternity subsidies, retirement condolences, medical subsidies for employees and their families, and emergency subsidies. It also has leave regulations in place to achieve a balance between work and family, and a balance between mind and body. In addition, the articles of association also stipulates that if there is profit in the annual final account, no less than 1% shall be appropriated for employee compensation.	None
(3) Does the Company provide a safe and healthy working environment, and provide training on safety and health for its employees on a regular basis?	V		In accordance with "Occupational Safety and Health Act," "Labor Health Protection Rules", the company handles health management, occupational disease prevention, and health promotion and other on-site services. At the same time, after the health report is sent to colleagues, doctors will also be arranged to hold health lectures and personal report consultation in the factory. In addition, if the workplace and machinery and equipment may cause health concerns, the unit is required to make appropriate improvements and disposals in accordance with laws and regulations.	None

		Among the Company's factories in Taiwan, Xinwu Plant has obtained ISO 45001 certification, and is audited by an objective third party to achieve continuous improvement in the protection of labor safety and health.	
(4) Does the Company establish effective career development programs for its employees?	V	The Company's personnel department has created a substitute staff mechanism through ranking and duties, and has established a system for the classification, promotion and transfer of staff, combined with staff education and training to provide effective career development opportunities for employees. To encourage middle and senior executives and employees to pursue on-the-job training, a subsidy of up to \$200,000 is provided to obtain a master's degree.	None
(5) With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company comply with relevant regulations and international standards, and formulate related consumer protection policies and appeal procedures?	V	The company is committed to providing customers with the best products and services, and continues to invest in the development of green products that comply with EU RoHS, REACH and other environmental regulations and meet the green building materials standards. Some products have obtained the green building label. Each plant has passed the ISO 9001 management system to ensure the quality of products with good production control and service quality, hoping to improve customer loyalty and establish long-term cooperation with customers. In 2021, there was no complaint on violation of customer privacy or loss of customer information, and no product and service related violations were fined.	None
(6) Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V	The Company has drawn up a "Contractor Evaluation Guideline," whereby the compliance of suppliers with occupational safety and health regulations is considered an important evaluation criterion. Specific implementation situation: 1. Fully understand the other party's business integrity, human rights	None

		and environmental sustainability before consulting, negotiating and signing contracts. 2. For suppliers entering the plant to carry out high-risk work, the contractor shall be informed of occupational safety and health precautions before the start of work. During the operation, the safety issues of the plant are publicized daily, and the work permit of the work area is signed daily. The Industrial Safety Division and the on-site unit shall check the contractor's use of tools and protective equipment for construction methods and safety environment on a daily basis. 3. For suppliers who have been working in high risk for a long time, in addition to the above-mentioned routine matters, meeting with the contractor every six months to make agreements and provide a notification manual for various operating environment hazards. In addition, a contract on industrial safety and environmental protection is signed every two years. In 2021, no special or major deficiencies were found during inspections of suppliers performing high-risk work.	
5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as ESG reports? Did the previous release reports obtain a confirmation or assurance opinion from a third party verifier?	V	The first Sustainability Report, which is expected to be issued in 2022, is based on the core options of the GRI Sustainability Reporting Standards 2016 Edition (GRI Standards 2016) issued by the Global Reporting Initiative (hereinafter referred to as "GRI"); and also complies with the "Taiwan Stock Exchange Corporation Rules Governing" the Preparation and Filing of Sustainability Reports by TWSE Listed Companies". This report will be verified by GRI Certification (AA 1000: AS (2008) Type 1 medium warranty based on the principle of accountability).	None
6. If the Company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: The Company will establish the "Sustainable			

Development Best Practice Principles" in accordance with the actual implementation situation.

7. Other important information to facilitate better understanding of the Company's sustainable development practices:

Social Care : The Company is dedicated to the promotion of social welfare, which is why it founded the Yee Fong Charitable Foundation in 1972 in conjunction with affiliates such as Yee Fong Chemical & Industrial Co and Chin Yi Ho Hang Ltd. The purpose of the foundation is to organize or donate to social welfare and charitable causes, including medical aid, emergency relief, disaster relief and educational subsidies, and actively participate in social assistance for the underprivileged, sponsor community association activities and encourage the participation of employees in order to give back to the community. °

In Nov 2020, it was awarded by the Social Welfare Charitable Foundation of the Taipei City Government for its excellence in field evaluation

In 2021, expenditure of N\$13.05 million was allocated to 54 organizations to create a multiplier effect through the benevolence of each organization:

- (1) Medical subsidies: disease prevention education, elderly and dementia care, visual impairment care, hospice care, in-home bathing, dining together among seniors, etc.
- (2) Emergency assistance: medical treatment for the poor, emergency relief, medical care, etc.
- (3) Disaster relief: COVID-19 outbreak preparedness (giving bleach to the community, disinfecting hospitals, purchasing air-powered respiratory protective equipment for healthcare workers), disaster prevention in Taiwan, etc.
- (4) Educational subsidies: after-school tutoring for schoolchildren in rural areas, children's homes, education and nursing institutes, children's safety education, etc.

Note 1: If "Yes" is selected for operation, please explain the important policies, strategies and measures adopted and their implementation; if "No" is selected for implementation, please explain the deviations and reasons in the column "Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", and indicate the relevant plan of policies, strategies and measures to be adopted in the future.

Note 2: Materiality refers to the environmental, social and corporate governance issues that have a significant impact on the Company's investors and other Stakeholders.

Note 3: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(6) Fulfillment of Ethical Corporate Governance, the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and Reasons:

Evaluation Item	Implementation Status (Note)	Deviations from
-----------------	-------------------------------	-----------------

	Yes	No	Abstract Illustration	“the Corporate Governance Best-Practice Principles for TWSE/TPE _x Listed Companies” and Reasons
1. Establishment of ethical corporate management policies and programs				
(1) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	V		(1) In order to strengthen the corporate culture of ethical corporate management, the Company has established "the Corporate Governance Best-Practice Principles" which were approved by the Board of Directors to regulate the policies and practices of honest management, and regularly conducts education and training for Directors, managers and other related personnel in order to fulfill the commitment to the ethical corporate management policies.	None
(2) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) The Company take “the Corporate Governance Best-Practice Principles” as a risk assessment mechanism against unethical conduct, and analyze business activities which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		(3) The company has established the "Procedures for Ethical Management and Guidelines for Conduct", and the violation punishment and grievance system for unethical conduct are handled in accordance with the guidelines.	None
2. Implementing ethical corporate management				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The legitimacy of dealings with suppliers and customers is considered before transactions are made and any record of dishonest behaviour is taken into account, and the company's ethical corporate management policies and relevant regulations will timely be explained to the transaction object.	None
(2) Has the company set up a dedicated (concurrent serving) unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		(2) The Company's management department is responsible for the formulation of ethical management policies and preventive programs, and oversees the implementation thereof, and reports regularly to the board of directors for the purpose of sound ethical management.	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company provides appropriate channels for employees to make complaints through a suggestion box or to the plant administration, plant affairs and management departments. Directors, supervisors or managers should recuse themselves from any matter in which they have an interest.	None
(4) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(4) The audit department regularly audits the internal operations of the Company and reports the results to the board of directors.	None
(5) Does the company regularly hold internal and external educational trainings on ethical management?	V		(5) The Company promotes and teaches the concept of ethical management at internal meetings and in-service training sessions.	None
3. Operations of the whistleblowing channel				
(1) Does the company establish a specific whistleblowing and reward system, set up	V		(1) The Company has set up a suggestion box to facilitate reporting, and has established the "Employee Work Rules" and	None

Evaluation Item	Implementation Status (Note)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
convenient whistleblowing channels and designated appropriate personnel?			an award and penalty committee. If an employee reports a whistleblowing or is in breach of the rules, he/she will be sent to the committee for appropriate rewards or penalties, depending on the seriousness of the case.	
(2) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		(2) The company's management regulations have relevant operating procedures for the investigation follow-up measures and confidentiality mechanisms of reported matters.	None
(3) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her filing a complaint?	V		(3) The Company protects the identity of the whistleblower from improper treatment and threats as a result of the whistleblowing.	None
4. Strengthening information disclosure				
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and the Market Observation Post System (MOPS)?	V		(1) The company announces the company's Ethical Corporate Management Best Practice Principles on the company's website and the MOPS, and sets up a stakeholder area to provide complaint and communication channels.	None
5. If the company has established corporate governance policies based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has established "Procedures for Ethical Management and Guidelines for Conduct," and no material deviation is found between actual implementations and the Procedures.				

Evaluation Item	Implementation Status (Note)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Other important information that facilitate the understanding of the implementation of ethical corporate management: The company upholds the spirit of ethical management, complies with the Company Act, the Securities and Exchange Act and other laws and regulations, and promotes the implementation of the policy of ethical management by its vendors, directors, managers and employees, so that the company can develop towards the concept of sustainable management.				

Note : Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation in the column of Abstract Illustration.

(7). Corporate Governance Guidelines and Regulations:

The Company has laid down the following rules and regulations, which can be found on the Company's website and the Market Observation Post System.

1. Important rules approved at the shareholders' meeting:

- (1) Articles of Incorporation
- (2) Rules of Procedure for Shareholders Meetings
- (3) Procedures for Election of Directors
- (4) Procedures for the Acquisition and Disposal of Assets
- (5) Procedures for Loaning of Funds and Making of Endorsements/Guarantees

2. Important rules approved at the board meeting:

- (1) Corporate Governance Best Practice Principles
- (2) Rules of Procedure for Board of Directors Meetings
- (3) Rules Governing the Scope of Powers of Independent Directors
- (4) Remuneration Committee Charter
- (5) Audit Committee Charter
- (6) Self-Evaluation or Peer Evaluation of the Board of Directors
- (7) Procedures for Handling Material Inside Information
- (8) Codes of Ethical Conduct
- (9) Ethical Corporate Management Best Practice Principles
- (10) Procedures for Ethical Management and Guidelines for Conduct

(8). Other Important Information Regarding Corporate Governance: With a view to creating a good mechanism for handling and disclosing material internal information, avoiding improper revelation of information and ensuring consistency and correctness of information released by the Company to the outside world, the Company formulated the "Procedures for Handling Material Inside Information," which was approved by the board of directors on Dec. 22, 2009 for implementation.

(9). Internal Control Systems:

1. Statement of internal control

Ocean Plastics Co., Ltd.
Statement of Internal Control

Date: March 23, 2022

Based on the results of the self-inspection of the internal control system of the Company for the year ended December 31, 2020, we hereby declare that:

1. The Company recognizes that it is the responsibility of the Board of Directors and the managers to establish, implement and maintain a system of internal control, and the Company has established such a system. The purpose of this system is to provide reasonable assurance regarding the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), the reliability of financial reporting and compliance with relevant laws and regulations.
2. An effective internal control system, no matter how well designed, can only provide reasonable assurance that the above three objectives are achieved; moreover, the effectiveness of the internal control system may change as circumstances and conditions change. However, the Company's internal control system has a self-monitoring mechanism and once deficiencies are identified, the Company will take corrective action.
3. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines Governing the Establishment of Internal Control Systems by Public Companies" (the "Guidelines"). The judgment items of the internal control system adopted in the "Guidelines" are divided into five components based on the management control process: 1. Control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision. Each component includes a number of items. Please refer to the "Guidelines for Handling" for the aforementioned items.
4. The Company has adopted the judgment items in the above-mentioned internal control system to examine the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the preceding examination, the Company concluded that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2021, including the design and implementation of the internal control system relating to the knowledge of the extent to which operational effectiveness and efficiency objectives are achieved, the reliability of financial reporting and compliance with relevant laws and regulations, is effective and can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the Company's annual report and public statement and will be made public. If any of the above-mentioned contents is disclosed in a false or concealed manner, the Company will be subject to legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors at the board meeting held on March 23, 2022 of the 10 directors present, 0 held opposing views and all agreed to the contents of this statement.

Ocean Plastics Co., Ltd.

Chairperson: TAN, KIN-MEN

President: TAN, KIN-MEN

2. Accountant's review report on the internal control system of the project entrusted to the accountant:
None

(10). For the most recent year and up to the date of printing of the annual report, the Company and its internal personnel have been punished according to the law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on the shareholders' equity or the price of securities, the content of the punishment, the main deficiencies and the improvement situation should be listed: None

(11). Major Resolutions of Shareholders' Meeting and Board Meetings for the most recent year and up to the date of printing of the annual report:

1. The content and implementation of the important resolutions of the 2020 Annual General Meeting of Shareholder on July 27, 2021:

(1) To approve the Company's 2020 Annual Report on Operations and Final Accounts.

(2) To approve the Company's earnings distribution proposal for 2020.

Enforcement: Sept. 1, 2021 is set as the dividend record date, and the distribution has been completed on Sept. 15, 2021 according to the resolution of the shareholders' meeting (a cash dividend of NT\$1 per share will be distributed).

(3) To approve the proposed amendments to certain provisions of "Rules of Procedure of the Shareholders' Meeting".

Enforcement: Published in the minutes of shareholders' meeting and uploaded to the Market Observation Post System on August 3, 2021.

(4) To approve the proposed amendments to certain provisions of "Procedures for Election of Directors"

Enforcement: Published in the minutes of shareholders' meeting and uploaded to the Market Observation Post System on August 3, 2021.

(5) Election of the 21st directors of the Company

Elected list of directors: 6 seats as Chen Chin-Ming, Hsuan Yang Investment Co., Ltd., Want Want Co., Ltd., Li Hsiang Industrial Co., Ltd., Chen Chin-Hsiung, and Hsieh Tzu-Yun

Elected list of independent directors: 4 persons as Chang Yi-Yun, Hou Ming-Li, Chen Wei-Lung, and Chien Hsueh-Li

Enforcement: Approved for change registration by Department of Commerce, MOEA on September 6, 2021.

(6) The motion for lifting of a non-compete clause in Article 209 of the Company Act on the directors in the 21st term of the Company.

Enforcement: Published in the minutes of shareholders' meeting and uploaded to the Market Observation Post System on August 3, 2021.

2. Summary of the Board of Directors meeting:

Date	Summary of the meeting contents
03/26/2021	1. The Company's loans of funds as of Feb. 2021 for recognition. 2. For operational and cash flow needs, application with KGI Commercial Bank for renewal of a medium-term guaranteed loan amount of NT\$1 billion with a term of 3 years, of

Date	Summary of the meeting contents
	which NT\$200 million is guaranteed by the Company as a joint guarantor for the use of Changhsin Hsinyeh Co. for determination 3. Amendments to the Company's "Rules of Procedure for Shareholders Meetings" and "Procedures for Election of Directors" for review and approval. 4. Amendments to the Company's Remuneration Committee Charter for review and approval 5. Amendments to the independent director's compensation of the Company for review and approval. 6. The Company's "Statement of Internal Control" in compliance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission for review and approval. 7. Preparation of 2020 financial report and consolidated financial report for determination. 8. The Company's 2010 employee compensation and director compensation for determination. 9. The Company's 2020 earnings distribution proposal and 2020 business report for determination. 10. As the term of Director of the company is about to expire, 10 directors of the 21st term are to be reelected in accordance with the law at the general meeting of shareholders this year, among which are 4 independent directors for determination 11. The lifting of a non-compete clause in Article 209 of the Company Act on the directors in the 21st term of the Company for determination. 12. The time and venue of this year's (2021) regular shareholders' meeting and the agenda thereof for determination.
05/06/2021	1. The Company's loans of funds as of March 2021 for recognition. 2. Continuing to apply for a comprehensive line of credit to the First Bank for determination. 3. Nominating candidates for Director and Independent Director of the company for determination
06/29/2021	1. The Company's loans of funds as of May 2021 for recognition. 2. It is proposed that Manager Wang Yi-Ho will be concurrently the corporate governance officer of the Company for determination. 3. Adjournment of the Company's 2021 Annual General Meeting of Shareholders for determination.
07/27/2021	1. The Company's loans of funds as of June 2021 for recognition. 2. Appointment of General Manager in accordance with Article 18 of the Articles of Association of the Company for determination. 3. Pursuant to Article 14-6 of the Securities and Exchange Act and the Company's "Remuneration Committee Charter", it is proposed that the Company's 5th Remuneration Committee shall be composed of four Independent Directors for review and approval. 4. Continuing to apply for a comprehensive line of credit to the Hua Nan Commercial Bank Ltd. for determination.

Date	Summary of the meeting contents
08/10/2021	1. The Company's loans of funds as of July 2021 for recognition. 2. The Company's Quarterly Report on Consolidated Financial Statements for Fiscal Year 2021 for determination. 3. Chang Hua Bank financing quota discussion for determination. 4. The Company's 2020 Shareholders' Cash Dividend Distribution for determination
11/10/2021	1. The Company's loans of funds as of September 2021 for recognition. 2. The Company's Q3 Report on Consolidated Financial Statements for Fiscal Year 2021 for determination. 3. For the operational needs of the company and its subsidiary Changhsin Hsinyeh Co., it is proposed to apply to Yuanta Bank for raising the financing quota for determination. 4. In order to meet the operational needs of the subsidiary Changhsin Hsinyeh Co., it is proposed to apply to Huanan Bank to increase the credit line for determination. 5. The Company intends to transfer 21.3% of the readjusted land, No. 1286, with an area of 570.27 square meters, which is under the case of Urban Land Consolidation by private sector, to its subsidiary Changhsin Hsinyeh Co. for an amount of NT\$20,150,155 for determination.
12/21/2021	1. The Company's loans of funds as of November 2021 for recognition. 2. The Company's 2022 capital expenditure budget and profit and loss budget for review and approval. 3. The Company's 2022 audit plan for review and approval. 4. The Company's 2020 year-end bonus to be distributed by the chairman as delegated based on the Company's performance and industry standards for review and approval. 5. In order to establish an effective corporate governance structure, it is to formulate the Company's "Corporate Governance Best-Practice Principles" for review and approval. 6. In order to improve the ability of the company to prepare financial statements and standardize the management and control of the process of preparing financial statements, the company intends to amend the "process of preparing financial statements" for review and approval.
03/23/2022	1. The Company's loans of funds as of Feb. 2022 for recognition. 2. In accordance with the Economic Substance Act of Overseas Companies, it is proposed to terminate the operation of UNIVERSE ENTERPRISES LTD for liquidation for review and approval. 3. Amendments to the Company's "Procedures for the Acquisition and Disposal of Assets" for review and approval. 4. The Company's "Statement of Internal Control" in compliance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission for review and approval 5. 2021 financial report and consolidated financial report for determination. 6. The Company's 2021 employee remuneration and directors' remuneration for determination. 7. The distribution of 2021 the Company's director remuneration, and the the distributed amount of managerial officers among the employee's remuneration for determination. 8. The Company's 2021 earnings distribution proposal and 2020 business report for determination. 9. The time and venue of this year's (2022) regular shareholders' meeting and the agenda thereof for determination

Date	Summary of the meeting contents
	10. In response to the restructuring of the CPA Firm's internal administrative practices, the Company's CPA is proposed to change from KPMG Taiwan's CPA Chen Chen-Chien, and CPA Huang Yung-Hua to KPMG Taiwan's CPA Yu Sheng-Ho and CPA Huang Yung-Hua in the first quarter of 2022, and the CPA independence evaluation for review and approval.

(12). Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13). Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None.

5. Information Regarding the Company's Audit Fee:

Unit: NT\$1,000

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee (Note)	Total	Remark
KPMG Taiwan	Chen Chen-Chien	01.01.2021~12.31.2021	2,326.8	83.7	2,410.5	The service fee for KPMG acting to apply for BVI company (OHL) in 2021
	Huang Yung-Hua					

Please specify the non-audit services (such as Tax Compliance Audit or other financial consulting services).

Note : If the Company changes its accountant or accounting firm during the year, please list the audit period and the reasons for the change in the Remarks column, and disclose the audit and non-audit fees paid in order. The non-audit fees should be accompanied by a description of the services provided.

(1) If you change your accounting firm and the audit fee paid in the year of change is less than the audit fee paid in the year before the change, you should disclose the amount of the audit fee before and after the change and the reasons for the change: None.

(2) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for the reduction of audit fee shall be disclosed: None.

6. Replacement of CPA: Not applicable.

7. Where the company's chairperson, General Manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm: None.

8. Any transfer of equity interests and pledge and change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent:

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	TAN, KIN-MEN	-	-	-	-
Director	Peter Chen	-	-	-	-
Director (Note 1)	Wang Ju-Keng	-	-	-	-
Director (Note 2)	Hsieh Tzu-Yun	10,000	-	-	-
Director	Wang Hai-Lun (Juristic person representative of Hsuan-Yang Investment)	-	-	-	-
Director	Hsieh Yu-Chin (Juristic person representative of Want-Want)	-	-	-	-
Director	Chu Tsung-Pin (Juristic person representative of Li-Hsiang)	-	-	-	-
Independent Director	Hou Ming-Li	-	-	-	-
Independent Director (Note 1)	Lin Chao-Min	-	-	-	-
Independent Director	Chang Yi-Yun	-	-	-	-
Independent Director (Note 2)	Chen Wei-Lung	-	-	-	-
Independent Director (Note 2)	Chien Hsueh-Li	-	-	-	-
Assistant Manager	Shen Shao-Pin	-	-	-	-
Financial Executive	Wang Yi-Ho	-	-	-	-

Note 1: The tenure of director Wang Ju-Keng and independent director Lin Chao-Minis is from July 26, 2021;

Note 2: Director Hsieh Tzu-Yun and independent directors Chen Wei-Lung and Chien Hsueh-Li took office on July 27, 2021

(2) Shares Trading with Related Parties: None.

(3) Shares Pledge with Related Parties: None.

9. Relationship among the Top Ten Shareholders:

Relationship among the Top Ten Shareholders

April 23, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degree		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yee Fong Chemical & Industrial Co., Ltd	12,425,769	5.47	-	-	-	-	-	-	-
(Juristic person representative of Yee Fong Chemical & Industrial Co., Ltd.) Chen Chin-Wen	2,050,788	0.90	337,897	0.15	-	-	-	-	-
Mercuries Life Insurance Co., Ltd.	8,178,000	3.60	-	-	-	-	-	-	-
Pei-Hsun Enterprise Co., Ltd	6,796,973	2.99	-	-	-	-	-	-	-
(representative of Pei-Hsun Enterprise Co., Ltd.) Yeh Wen-Hung	-	-	-	-	-	-	-	-	-
Chen Chi-Yuan	5,669,128	2.49	412,000	0.18	-	-	Chen Yen-Hung Chen Chin-Ming	brothers	-
							Chen Yu-Mei	Siblings	
Heng-Chih Investment Co., Ltd. Trust Account	5,447,771	2.40	-	-	-	-	-	-	-
(Juristic person representative of Heng-Chih Investment Co., Ltd.) Chen Yu-Mei	317,677	0.14	-	-	-	-	Chen Yen-Hung Chen Chin-Ming Chen Chi-Yuan	Siblings	-
Chen Yen-Hung	4,956,762	2.18	-	-	-	-	Chen Chin-Ming Chen Chi-Yuan	brothers	-
							Chen Yu-Mei	Siblings	
Chen Fang-Fu	4,767,384	2.10	-	-	-	-	-	-	-
TAN, KIN-MEN	4,695,202	2.07	-	-	-	-	Chen Yen-Hung Chen Chi-Yuan	brothers	-
							Chen Yu-Mei	Siblings	
Chen Chin-Chuan	4,359,243	1.92	-	-	-	-	Chen	brothers	-

							Chin-Hsiung		
Peter Chen	3,943,860	1.74	-	-	-	-	Chen Chin-Chuan	brothers	-

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

Ownership of Shares in Affiliated Enterprises

As of March 31, 2022 Unit: thousand shares; %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	(%)	Shares	(%)	Shares	(%)
Chun Pin Enterprise Co., Ltd.	29,000	44.62	-	-	29,000	44.62
Chang-Hsin-Hsin-Yeh Co., Ltd.	290,086	100.00	-	-	290,086	100.00
Hung-Ta Investment Co., Ltd.	19,000	100.00	-	-	19,000	100.00
FERMAT ENTERPRISES,LTD.	450	100.00	-	-	450	100.00
UNIVERSE ENTERPRISES,LTD.	3,000	100.00	-	-	3,000	100.00
OCEAN GROUP,LTD.	32,900	100.00	-	-	32,900	100.00
Fine Environment Technologies Co., Ltd.	1,003	60.76	647	39.24	1,650	100.00

Note : Investments made by the Company and accounted for using equity method.

IV. Capital Overview

1. Capital and Shares:

(1) Source of Capital:

May 20, 2022 Unit: Shares;

NT\$1

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
54/6	100	300,000	30,000,000	300,000	30,000,000	Cash investment of NT\$30,000,000	None	
61/3	100	450,000	45,000,000	450,000	45,000,000	Transfer of surplus to capital of NT\$15,000,000	"	
62/4	100	600,000	60,000,000	600,000	60,000,000	Transfer of surplus to capital of NT\$15,000,000	"	
63/10	100	900,000	90,000,000	900,000	90,000,000	Transfer of surplus to capital of NT\$30,000,000	"	
64/2	100	1,100,000	110,000,000	1,100,000	110,000,000	Transfer of surplus to capital of NT\$20,000,000	"	
65/6	100	1,375,000	137,500,000	1,375,000	137,500,000	Transfer of surplus to capital of NT\$27,500,000	"	
65/8	100	2,138,000	213,800,000	2,138,000	213,800,000	Merger of Yee Fong Plastics Co., Ltd. NT\$76,300,000	"	
66/5	100	2,779,400	277,940,000	2,779,400	277,940,000	Transfer of surplus to capital of NT\$21,380,000 Capital reserve to increase capital by NT\$42,760,000	"	
67/8	100	3,168,516	316,851,600	3,168,516	316,851,600	Transfer of surplus to capital of NT\$38,911,600	"	
68/6	100	3,802,219	380,221,900	3,802,219	380,221,900	Transfer of surplus to capital of NT\$63,370,300	"	
69/7	100	4,182,441	418,244,100	4,182,441	418,244,100	Transfer of surplus to capital of NT\$38,022,200	"	
76/11	10	54,371,733	543,717,330	54,371,733	543,717,330	Change of denomination and capitalization of surplus by \$125,473,230	"	
77/7	10	65,246,080	652,460,800	65,246,080	652,460,800	Transfer of surplus to capital of \$108,743,470	"	
78/9	10	79,600,218	796,002,180	79,600,218	796,002,180	Transfer of surplus to capital of \$134,406,930 Capital reserve transferred to capital of \$9,134,450	"	
80/9	10	99,500,273	995,002,730	99,500,273	995,002,730	Transfer of surplus to capital of \$127,360,350 Capital reserve transferred to capital of \$71,640,200	"	
81/9	10	109,450,302	1,094,503,020	109,450,302	1,094,503,020	Transfer of surplus to capital of \$69,650,200 Capital reserve transferred to	"	

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						capital of \$29,850,090		
82/9	10	123,678,843	1,236,788,430	123,678,843	1,236,788,430	Transfer of surplus to capital of \$131,340,370 Capital reserve transferred to capital of \$10,945,040	"	
84/9	10	136,046,728	1,360,467,280	136,046,728	1,360,467,280	Transfer of surplus to capital of \$115,021,330 Capital reserve transferred to capital of \$8,657,520	"	Note 1
85/8	10	157,406,066	1,574,060,660	157,406,066	1,574,060,660	Transfer of surplus to capital of \$204,070,100 Capital reserve transferred to capital of \$9,523,280	"	Note 2
85/10	10	162,306,066	1,623,060,660	162,306,066	1,623,060,660	Cash capital increase of \$49,000,000	"	Note 3
87/7	10	198,175,707	1,981,757,070	198,175,707	1,981,757,070	Capital reserve transferred to capital of \$358,696,410	"	Note 4
89/8	10	208,084,494	2,080,844,940	208,084,494	2,080,844,940	Transfer of surplus to capital of \$79,270,290 Capital reserve transferred to capital of \$19,817,580	"	Note 5
94/8	10	218,488,719	2,184,887,190	218,488,719	2,184,887,190	Transfer of surplus to capital of \$104,042,250	"	Note 6
95/8	10	227,228,268	2,272,282,680	227,228,268	2,272,282,680	Transfer of surplus to capital of \$87,395,490	"	Note 7

Note:

- 1 Approved by the Securities Commission of the Ministry of Finance (82.7.9), Taiwan Financial Services Commission (1) Letter No. 29506
- 2 Approved by the Securities Commission of the Ministry of Finance (84.6.30), Taiwan Financial Securities (I) No. 38156
- 3 Approved by the Securities Commission of the Ministry of Finance (85.7.3), Taiwan Financial Services Commission (1) Letter No. 41690
- 4 Approved by the Securities and Futures Commission, Ministry of Finance (87.6.26), Taiwan Financial Securities (I) No. 55942
- 5 Approved by the Securities and Futures Commission of the Ministry of Finance (89.7.7), Taiwan Financial Securities (I) No. 58829
- 6 Approved by the Financial Supervisory Commission, Executive Yuan (94.7.12), Financial Supervisory Commission No. 0940128031
- 7 Approved by the Financial Supervisory Commission, Executive Yuan (95.6.29), Financial Supervisory Commission No. 0950127211

Unit: Shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Ordinary shares	227,228,268	172,771,732	400,000,000	Listed Company Stocks

Information about the master reporting system: None

(2) Status of Shareholders

04/23/2022

Item \ Status	Government Agencies	Financial Institutions	Domestic Trust	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	1	2	42	3,776	54	3,875
Shareholding (shares)	-	8,178,000	5,458,771	50,891,472	152,050,151	10,649,874	227,228,268
Percentage	-	3.60	2.40	22.39	66.92	4.69	100

(3) Shareholding Distribution Status (face value of \$10 per share)

04/23/2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage %
1 ~ 999	1,308	131,223	0.06
1,000 ~ 5,000	1,416	3,197,215	1.41
5,001 ~ 10,000	307	2,563,677	1.13
10,001 ~ 15,000	120	1,573,370	0.69
15,001 ~ 20,000	90	1,682,439	0.74
20,001 ~ 30,000	102	2,635,332	1.16
30,001 ~ 40,000	69	2,446,816	1.08
40,001 ~ 50,000	50	2,329,610	1.03
50,001 ~ 100,000	140	10,330,312	4.55
100,001 ~ 200,000	116	16,998,133	7.48
200,001 ~ 400,000	54	15,437,687	6.79
400,001 ~ 600,000	29	14,247,166	6.27
600,001 ~ 800,000	17	11,716,596	5.16
800,001 ~ 1,000,000	11	9,721,679	4.28
1,000,001 or over	46	132,217,013	58.17
Total	3,875	227,228,268	100.00

Preferred Shares: None

(4) List of Major Shareholders

04/23/2022

Shareholder's Name \ Shares	Shareholding	Percentage %
-----------------------------	--------------	--------------

Yee Fong Chemical & Industrial Co., Ltd.	12,425,769	5.47
Mercuries Life Insurance Inc.	8,178,000	3.60
Pei-Hsun Enterprise Co., Ltd.	6,796,973	2.99
Chen Chi-Yuan	5,669,128	2.49
Henchi Investment Trust Account	5,447,771	2.40
Chen Yen-Hung	4,956,762	2.18
Chen Fang-Fu	4,767,384	2.10
TAN, KIN-MEN	4,695,202	2.07
Chen Chin-Chuan	4,359,243	1.92
Peter Chen	3,943,860	1.74

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Year		2020	2021	As of March 31, 2022 (Note 8)
Item				
Market Price per Share (Note 1)	Highest Market Price	41.35	42.70	34.90
	Lowest Market Price	20.65	31.85	33.30
	Average Market Price	32.78	35.26	33.96
Net Worth per Share (Note 2)	Before Distribution	29.06	29.16	29.25
	After Distribution	28.06	28.46	28.55
Earnings per Share (Note 3)	Weighted Average Shares	220,685,552	220,685,552	220,685,552
	Earnings Per Share	3.24	1.45	-0.07
Dividends per Share	Cash Dividends	1.00	0.70	-
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-
Return on Investment	Price / Earnings Ratio (Note 5)	10.12	24.32	-
	Price / Dividend Ratio (Note 6)	32.78	50.37	-
	Cash Dividend Yield Rate (Note 7)	0.03	0.02	-

Note 1: The highest and lowest market prices of common stock for each year are shown, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please use the number of shares issued at the end of the year as the basis for the distribution resolved at the following year's Board of Directors or shareholders' meeting.

Note 3: If retroactive adjustments are required due to the no-compensation stock allotment, etc., the earnings per share before and after the adjustments should be presented.

Note 4: If the conditions of issuance of equity securities provide that dividends not paid in the current year

may be accumulated and paid in the year of earnings, they should be paid separately. Disclosure of accumulated unpaid dividends for the year then ended.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: The net value per share and earnings per share should be presented as of the latest quarterly period audited (reviewed) by the accountants as of the date of printing of the annual report.

(6). Dividend Policy and Implementation Status

1. Dividend Policy:

The Company adopts a stable dividend payment policy based on the principle of profit sharing with shareholders, and the dividend policy set forth in the Company's Articles of Incorporation is as follows.

The Company's annual financial statements shall first make up for prior years' deficits if there is any after-tax profit, and then set aside 10% of the remaining balance as legal reserve. In addition, as required by law, after setting aside or reversing the special reserve, the accumulated undistributed earnings shall be added to the available-for-distribution earnings, and the Board of Directors shall, in accordance with the Company's dividend policy, prepare a proposal for distribution of earnings to the shareholders for resolution.

The former dividend policy is to distribute cash dividends, capitalization of earnings, and capitalization of capital reserves in three ways, depending on the profitability of the year, with no less than 20% of the dividends to be distributed. If the Company has investment plans or needs to improve its financial structure, cash dividends may be paid by transferring capital from earnings or capital surplus, provided that the minimum cash payout ratio shall not be less than 10% of the total dividends allotted.

2. Proposed Distribution of Dividend: The proposed distribution at the shareholders' meeting is a cash dividend of NT\$0.7 per share.

(7). Effect of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable

(8). Employee Bonus and Directors' and Supervisors' Remuneration:

1. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation:

If the Company makes a profit in its annual accounts, it shall set aside not less than 1% for employees' remuneration and not more than 2% for directors' remuneration, but shall reserve the amount to cover any accumulated losses in advance. The foregoing is defined as income before income taxes before the distribution of employee compensation and director's compensation. The Company may distribute employee compensation to employees who meet certain criteria.

2. The Estimated Basis for Calculating the Employee Bonus and Directors' and Supervisors' Remuneration:

1) In accordance with the Company's Articles of Incorporation, the Company's estimated compensation to employees and directors is first discussed and approved by the Compensation Committee and then submitted to the Board of Directors for approval and report to the shareholders' meeting. If the actual amount of appropriation differs from the amount approved by the board of directors, the difference is recorded as a change in accounting for the following year. If the actual amount of distribution differs from the amount approved by the Board of Directors, the change is recorded as profit or loss in the following year.

3. Profit Distribution for Employee Bonus and Directors' and Supervisors' Remuneration for This Year Approved in Board of Directors Meeting:

1) The amount of employee compensation and Director compensation distributed in cash or

stock:

On March 23, 2022, the Board of Directors approved the proposed distribution of \$6,108 thousand in cash compensation to employees and \$4,671 thousand in cash compensation to directors.

- 2) The amount of employee compensation distributed in stock and its proportion to the aggregate of net income after tax and total employee compensation in the individual or individual financial statements for the period:

There is no proposed distribution of employee stock-based compensation.

4. Information of Earnings Set Aside for Employee Bonus and Directors' and Supervisors' Remuneration for Last Year:

- 1) Actual distributions: Directors' remuneration \$ 9,545 in cash and no employees' remuneration \$7,299 in cash.
- 2) Differences in compensation to employees, directors and supervisors, causes and treatment: No differences.

(9). Buyback of Treasury Stock: None.

- 1) Corporate Bonds: None.
- 2) Special share: None.
- 3) Global Depository Receipts: None.
- 4) Employee Stock Options: None.
- 5) Issuance of New Restricted Employee Shares: None.
- 6) Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.
- 7) Financing Plans and Implementation: None

V. Operational Highlights

1. Business Activities:

(1) Business Scope:

1) Main areas of business operations:

Manufacture and sale of plastic materials.

Manufacture and sale of plastic products.

Manufacture and sale of raw materials incidental to the plastic industry.

C801020 Manufacture of Petrochemical Materials

C801040 Synthetic Resin Manufacturing

C801990 Other chemical materials manufacturing (plastic alloys of mixed pellets, plastic steel of mixed pellets, concentrated materials)

H701010 Residential and building development for lease and sale.

H701020 Industrial plant development for lease and sale.

H703010 Factory for rent.

H703030 Office building for lease.

F401010 International Trade.

F301010 Department store business.

F301020 Super market industry.

F301030 General department store.

ZZ999999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2) Revenue distribution:

The Company is principally engaged in the manufacture and sale of plastic materials and products, and the operating weight of each business is as follows

Product	Year	2020	2021
PE foam		0.00%	0.00%
Plastic Cloth		18.07%	14.08%
Synthetic leather		1.66%	2.18%
Plastic Building Materials		13.62%	14.08%
Plastic Materials		66.65%	69.66%
Total		100.00%	100.00%

3) Current products and new products planned to be developed:

Processing Dept.: Cellwood, transparent tape, general tape, rigid tape, printing tape, laminating tape and printing tape, etc. We also develop products for tent, ship windows and industrial curtain, and various printing and laminating materials for building materials and various ink-jet printing materials.

Synthetic Leather Dept.: produces DMF-Free eco-friendly PU products, which are divided into two major categories as follows: 1. Water-based PU resin & synthetic leather. 2. Solvent-free pre-polymerized PPU resin & synthetic leather. The resin is widely used in textile functional coating, laminating and synthetic leather processing, etc. Synthetic leather is used in furniture, various ball skins, wrapping materials, gloves, etc.

Building Materials Dept.: PVC rigid plastic pipes, impact resistant pipes, PVC-DWV foam pipes, CD flexible pipes, connectors, general boards, impact resistant boards, foam pellets, bottle blowing pellets, injection pellets, line groove (press strip) pellets, WPC plastic wood composite materials, hanging tile strips, water leakage strips, PE foam park chair materials, PVC foam corner materials, etc.

Raw Materials Dept.: Plastic powder, plastic pellets, environmental pellets, medical pellets and large thick transparent tube pellets, etc.

(2) Industry Overview:

Since President Biden was elected, he has been actively restoring links with countries in the Western world and promoting the stable development of the U.S. economy; the ongoing trade war

between the U.S. and China and the impact of the U.K.'s exit from the European Union have instantly changed the global economy from free trade to protectionism. In addition, the recent Russian invasion of Ukraine has provoked direct confrontation between Western democracies and communist totalitarian states, and the Asian region is in an international political tug-of-war atmosphere and the cross-strait situation is unclear, affecting the domestic economic situation. In addition to considering the southward investment to reduce the impact of trade tariff, the Company has been making flexible policies in the procurement of raw materials to adjust the production capacity to meet the market demand, speeding up the development of structural products, making efforts to change the cost, and making step-by-step efforts to integrate the manpower, material and resources to make the most effective use so that the Company can improve its operation.

Synthetic Leather Dept. has been dedicated to the production of environmentally friendly PU resins and synthetic leather for many years, which has replaced the traditional solvent-based PU, the new crown epidemic affects the border control of various countries, but even more for the professional production technology breakthroughs developed a number of unique products: 1) Super soft and breathable foam 2) Ryan Suede and other functional materials, and actively promotes to the global market with the application end; the resin combines with various fields of application, such as leather, textile and other processing.

In terms of pipes, private real estate factories, new social housing, and public works have also continued to be constructed. In addition, in order to stimulate private consumption, the government has also provided relevant relief and revitalization programs to encourage people to go out to consume. Therefore, the market momentum still exists, but prices continue to rise. Material shortages and high prices have contributed to slow growth. ◦

In addition to the existing products, the Xinwu Plant is developing products such as transparent adhesive sheeting for medical facilities and pool cloths, and we are introducing the planning and production of environmentally friendly products, with special emphasis on green manufacturing processes and green factories to save energy and reduce carbon, and we are also introducing our own environmentally friendly products in the planning of green areas in our factories, with the hope that we can become a "plastic" tourist factory in the future.

As for our mainland business, we have adopted a downsizing approach to the risky building materials industry, and our two innovative plants in Huizhou and Dongguan, Guangdong, can expand the export market in all aspects due to their proximity to our customers and strategic alliances. We pay close attention to the impact of the trade war between the United States and China to adjust the production capacity of the product lines on both sides of the Taiwan Strait, and provide the best combination of products to meet the needs of customers to create profit efficiency.

The company's main product raw material division, PVC powder, is vulnerable to the supply and demand situation of upstream raw materials and affects profits. The Company will improve the quality and efficiency of its production to maintain normal operations and to develop new products and markets to maintain optimal profitability. The focus of development is to meet the future needs of the market, while taking into account the environmental protection and the inherent characteristics.

(3) Research and Development:

1) Recent Annual Expenses:

NT\$9,896 thousand for 2021.

2) Technology or products successfully developed in 2021:

Successful development of hollow ball microcapsule 400nm/1300nm particle size specification formulation polymerization technology.

Successful development of TPE wood-like high-impact formulation technology.

Successful development of TPE wood-like red phosphorus flame-resistant formulation technology: passed UL94V0 flame-resistance test.

NonP plasticizer type PVC high soft medical pellets: passed ISO10993-5 cytotoxicity test.

(4) Long-term and Short-term Development:

1) Short-term Development:

- A. In 2022, the world is still affected by the pandemic. It is more difficult to promote reenproducts in Europe and the United States. The Company changed to video and internet marketing in response to the epidemic, cooperating with domestic manufacturers for mutual benefit and win-win situation and to reverse the unfavorable situation caused by the epidemic.
- B. In the past, it has been difficult to recruit talent, and in this period of pandemic, the company's solid image and future vision are attracting quality employees to apply.
- C. We will use our existing products to meet the market demand and actively seek orders through the Internet, publicity and exhibitions to increase our market awareness and share.
- D. In order to compete with our competitors, we need to effectively reduce our manufacturing and marketing costs.

2) Long-term Development:

- A. New product development staff, together with sales staff, actively engage in technical service work to establish a good interactive relationship with customers.
- B. We continue to develop high value-added and profitable products, and constantly pursue more environmentally friendly materials and more efficient manufacturing processes, with the goal of sustainable management with zero pollution, recyclable and biomass materials.
- C. Effective management planning for the existing idle land assets, with the opening of the ring road to initiate the development of the residential and commercial area of the Zhonghe plant.
- D. We work closely with our distributors to develop the market and continue to pursue new construction and public works projects to increase sales volume and profitability.
- E. To avoid tariff barriers in international markets, to establish a shorter supply chain with customers, and to seek to establish a production base close to customers.

2. Market and Sales Overview:

(1) Market Analysis:

1) Sales (Service) Region:

Plastic cloth: Domestic sales 34.32%; export sales 65.68%, mainly in North America and the Middle East, etc.

Plastic Building Materials: 100% domestic sales.

Synthetic leather: Domestic sales 60.81%; export sales 39.19%, mainly in China and other regions.

Plastic Materials: Domestic sales 34.2%; export sales 65.8%, mainly in South Asia and other regions.

2) Market Share (%):

Product Name	Plastic cloth	Synthetic leather	Plastic Building Materials	Plastic Materials
Market Share	5.63%	5.26%	6.84%	5.48%

- 3) The future supply and demand situation and growth of the market, competitive niche and development prospect, favorable and unfavorable factors and countermeasures:

The Company is a manufacturer of plastic secondary processing products, the main products are plastic cloth, plastic pipe, PU synthetic leather and plastic powder. Due to the lack of labor, high land cost, downstream manufacturers moving out of the country, and mainland China joining the production ranks, it is necessary to make a market segmentation with high value-added products, which are described below for each product:

Plastic cloth: Due to the high plasticity and low price of PVC products, they are used everywhere in daily life. Taiyo's products are of stable quality and have a complete line of soft and hard products, providing customers with a full range of supply services. In view of the trade war between the US and China, the Company and Huizhou factory have been adjusting their production lines to meet the needs of customers and to serve customers and create maximum benefits. The Xinwu factory has also been working hard to grasp the development timeline and to strive for change orders under the US-China trade war and the pandemic.

Plastic Tubes: We mainly supply pipes for public utilities, construction, sewerage, fishery, wire and cable distribution, and water supply, and we have been able to maintain our growth over the years because of its wide coverage and its relationship with people's livelihood. In order to increase sales and improve production capacity, the company has made efforts to improve the manufacturing process towards automatic equipment, and has developed special impact and vibration resistant pipes, core layer foam pipes to reduce noise, and CD flexible pipe for electric wire to facilitate construction.

Synthetic leather: The market for traditional high pollution solvent-based PU products is shrinking rapidly, while the cost of water-based PU and solvent-free PU synthetic leather is high and post-processing is not mature, but the cost of solvent-based PU is increasing year by year and the difference is getting closer, so we are inquiring about the degree of environmental PU and promoting samples in the market. Our company is in full control from resin synthesis to synthetic leather processing. The resin is used in textile coating and synthetic leather in various fields such as ball, furniture, shoes and bags, and apparel, etc. It has excellent physical and chemical properties and has been quantified in the market, and continues to expand market acceptance and usage.

Plastic powder : In view of the oversupply of PVC powder, the Company will continue to focus on quality and production efficiency improvement, strengthen export business to diversify the market, and invest in warehousing companies to reduce overall costs

in order to facilitate future market competition. We plan to reduce transportation costs, increase production lines in key markets, and develop customized plastic pellets to pave the way for future growth.

In the future, our parent company

In the new year, the parent company in Taiwan will still focus on domestic sales, and will export a moderate amount depending on the supply and demand of the overall market. In terms of products, we will move towards high value-added and high-tech product projects, and continue to invest resources in the transformation of the industry. The parent company in Taiwan will focus on green products and green processes. Our mainland plants will be flexible to meet the market demand and provide customers with the most rapid and best product combination options

(2) Production Procedures of Main Products:

Plastic Fabric:Mainly used for medical equipment use, making file folder, stationery related supplies, ink jet use, double back use, advertising and trademark use, suit cover, wrapping cloth, packing cloth, leather case lining, umbrella cloth, raincoat, curtain cloth, tablecloth, shower curtain, blow-up toys, hovercraft, flocked bed, building materials, pool, industrial use fabrics and ships, tent transparent plastic cloth window use. The production of plastic fabric of our company is fully automatic, which is made by mixing PVC powder and other sub-materials with a weighing system, and then embossing and rolling them with a mixing machine, a 10,000- orsepower machine, and a laminating machine.

Synthetic leather: Water-based PU synthetic leather has been successfully used in ball, glove, shoe material, furniture, etc. Solvent-free pre-polymerized PPU synthetic leather is successfully used in mirror leather, shoe materials, electronic products, etc., and also with hand feeling agents to increase the added value of products such as apparel, bags, etc. The production process is to make various types of ecofriendly PU synthetic leather by coating the eco-friendly PU resin on the release paper, drying it, and then transferring it to various types of cloths.

Plastic Building Materials: It is mainly used in electrical piping, water supply piping, drainage piping, construction and civil engineering, waterworks, sanitary sewerage, well drilling, traffic signs, chemical storage tanks, electroplating, dust shields, signboards, plastic injection, indoor and outdoor landscape applications. The production process is automated, using mixing systems, extruders, injection machines, and cold water tanks to form the finished products.

Plastic Materials: PVC powder is mainly used as raw material for plastic cloth, plastic skin, plastic pipe, plastic film, electrical insulation material, blown bottle, floor tile, shaped extrusion, paint, ink, etc. Our PVC powder is produced by automatic process system, through polymerization tank, dewatering machine and other equipment, and finally dried into finished products.

Plastic pellets are mainly used for extrusion, blowing, film blowing, and medical grade

plastic pellets; non-halogenated environmental pellets are also used for IC packaging tubes, and newly developed PVC extrusion pellets for large thick transparent tubes are used for corrosive material outer protection tubes.

(3 Supply Status of Main Materials:

Main raw materials		
PVC powder	Source of Supply	Supply Situation
PVC powder	Self made	Long-term cooperation, good
Vinyl chloride monomer	Foreign import and domestic manufacturers	Long-term cooperation
Plasticizer	Foreign import and domestic manufacturers	Long-term cooperation
Adhesive	Domestic manufacturers	Long-term cooperation
Modifier	Foreign import	Long-term cooperation

(4) Major Suppliers and Clients

1) Major Suppliers in the Last Two Calendar Years (Note 1)

Unit: NT\$1,000

	2020				2021				2022 (As of March 31) (Note 2)			
Item	Company Name	Amount	Ratio of annual net purchases (%)	Relation with Issuer	Company Name	Amount	Ratio of annual net purchases (%)	Relation with Issuer	Company Name	Amount	Ratio to net purchases for the current year as of the previous quarter (%)	Relation with Issuer
1	A Company	1,850,393	64.8	business dealings	A Company	2,938,718	64.8	business dealings	A Company	385,766	34.50	business dealings
2	B Company	353,945	12.4	"	B Company	1,065,470	12.4	"	B Company	295,720	26.44	"
3	Others	651,021	22.8	"	Others	570,564	22.8	"	Others	436,807	39.06	"
	net purchase amount	2,855,359	100.00		net purchase amount	4,574,752	100.00		net purchase amount	1,118,293	100.00	

Note 1: The names of suppliers who have purchased more than 10% of the total amount of goods in the last two years and the amounts and percentages of their purchases are listed, provided that the names of suppliers or the parties to whom the transactions are made are not disclosed due to contractual provisions. If the supplier's name is not a related party, the name may be used as the code.

Note 2: As of the printing date of the annual report, financial information of companies whose shares are listed or traded on the stock exchange should be disclosed if they have been audited or reviewed by a certified public accountant most recently.

2) Major Clients in the Last Two Calendar Years: No customer with more than 10% of total sales.

(5) Production in the Last Two Years:

Output		2020			2021		
		Capacity	Production volume	output value (\$1,000)	Capacity	Production volume	output value (\$1,000)
Major products							
Plastic (ton)		21,500	14,997	861,235	21,500	13,785	964,436
PE foam (ton)		0	0	0	0	0	0
Synthetic leather (thousand yards)		3,500	425	104,954	5,000	722	158,400
Plastic building materials (ton)		15,000	14,286	538,021	15,000	15,917	752,257
Plastic materials (ton)		125,000	125,904	3,048,884	125,000	119,232	4,528,627
Total	(ton)	161,500	155,187	4,448,140	161,500	148,934	6,245,320
	(Thousand yards)	3,500	425	104,954	5,000	722	158,400

(6) Sales for the last two years:

Amount: NT\$1,000

Sales Major product		2020				2021			
		Domestic Sales		Export		Domestic Sales		Export	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
Plastic (ton)		3,847	207,724	9,559	560,261	3,809	248,164	8,229	52,0028
PE foam (ton)		414	31,044	129	16,010	244	35,890	172	24,158
Synthetic leather (thousand yards)		0	61	0	0	0	0	0	0
Plastic building materials (ton)		236	51,754	170	23,033	375	78,106	329	50,329
Plastic materials (ton)		13,775	614,313	0	0	15,190	827,857	0	0
Plastic (ton)		39,343	1,131,281	70,725	1,885,002	34,907	1,409,118	64,406	2,694,419
Total	(ton)	56,965	2,036,177	80,284	2,484,306	53,906	2,599,135	72,635	2,484,306
	(Thousand yards)	650		316		619		501	

3. Human Resources:

March 31, 2022

Year		2020	20210	Current year ending March 31, 2022
Employee	Management Staff	61	62	63
	Direct labor	145	141	141
	Indirect Labor	254	250	245
	Total	460	453	449

Average age		44.05	44.77	45.09
Average seniority		14.07	14.46	14.54
Education	-	-	-	-
	MA	8.26%	8.38%	8.24%
	BA	46.09%	47.46%	47.66%
	High School	32.83%	32.24%	32.30%
	Below high school	12.82 %	11.92%	11.80%

4. Environmental Protection Expenditure:

(1) Losses and penalties suffered by the Company as a result of environmental pollution in the most recent year and up to the printing date of the annual report:

1) 2021:

Date	3.2.2021
Order No.	20-110-020003
Violation	Paragraph 2, Article 23 of Air Pollution Prevention Act
Description	The waste water level of the waste water temporary storage tank is in contact with the atmosphere, which violates Article 10 of the "Air Pollutant Control and Emission Standards for the Manufacturing of Vinyl Chloride and Polyvinyl Chloride".
Penalties	uFine of NT\$240,000 vEnvironment lecture 2 hours

2) As of March 31, 2022:

Date	None
Order No.	None
Violation	None
Description	None
Penalties	None

(2) Response: The plant has drawn up an improvement plan to include the downstream piping and receiving equipment in the permit documents and has obtained a permit from the Environmental Protection Bureau to set up the plant. The Company has completed the cleanup of polluted water bodies and the installation of overflow prevention dikes for storage tanks, and has added patrol sign-up sheets at wastewater treatment sites. We have commissioned a testing company to perform the sampling, and the testing results are all in accordance with the regulatory standards, and we are working towards a pollution-free workplace.

5. Labor Relations:

Since our company was founded, we have attached great importance to labor relations, and based on

the management philosophy of "one employer, one employee" and "humane management". We have established a mechanism for consultation between employers and employees by participating in labor union meetings, management and supervisory meetings, and holding regular labor-management meetings; established a grievance system to smooth communication channels; and established various rules and regulations to establish the rights and obligations of both parties. The harmony between employers and employees can be maintained through mutual trust and understanding between management and employees.

(1) Employee benefit system.

We provide universal health insurance, labor insurance, annual festival bonus, living allowance in remote areas, scholarships for employees' outstanding children, and employee dividends from company surplus and Labor's Day recognition activities. In addition, the Company has an employee welfare committee to coordinate the use of employee welfare funds and conduct various welfare activities, such as wedding and funeral subsidies, child education subsidies, medical subsidies for employees and their dependents, club activities, travel, and celebration activities are all included in the scope of welfare. In order to take care of both personal and family needs, and to enhance the physical and mental health of employees. In addition, the annual budget for each employee is approximately \$10,000 to \$11,000, and we also provide free health checkups for our employees. The company provides equal maternity and paternity leave and other leave entitlements for both men and women, which makes it easier for the organization to recruit and retain talented employees.

In 2019, according to the General Accounting Office of the Executive Yuan, there is a 14% difference between men's and women's salaries, but in our company, the ratio of men's to women's salaries is 1:1. In accordance with the Company's personnel management regulations, employees are selected and hired according to the initial appointment requirements for each grade, and are paid according to the standards set by the employee salary scale. The concept of gender workplace equality is truly implemented.

(2) Staff Development and Training:

1) Professional on-the-job training

Every year, the Company cooperates with the Plastic Industry Technology Development Center and the Industrial Association to systematically enhance the professional knowledge and skills of employees through various professional practical courses, and also adopts digital learning courses to provide a more flexible and convenient learning environment so that each employee can quickly perform his or her duties.

2) Management Training

In order to help employees reserve their strengths for future career development and to train management personnel, the Company has established the rules for the classification, promotion and transfer of employees, and holds training courses and purchases digital training series every year in accordance with these rules to systematically assist supervisors and future supervisors to improve their management abilities in order to achieve the best management performance.

3) Encourage self-study

The Company encourages employees to study on the job to supplement the training provided by the Company. The Company has also established a program for in-service employees to further

their studies by subsidizing the costs of their studies in colleges and universities and research classes. In addition, the Company has established a new incentive program for certified personnel to encourage employees to obtain relevant licenses, or to provide fees for the application of plastic materials for the certification of engineers held by the Plastic Industry Technology Development Center, in order to enhance their self-worth.

4) Training Quality Standards

In 2011, 2014, 2016 and 2019, and 2020 our company passed the Training Quality Standard (TTQS) assessment by the Vocational Training Bureau of the Council of Labor Affairs, Executive Yuan, and the assessment result was Bronze.

5) In 2021, education and training courses related to ethical management, prevention of insider trading, ISO management, ESG guidance, production operations, and industrial safety and environmental protection were organized:

Internal			External		
Courses	People	People hours	Courses	People	People hours
157	1,210	3,039	172	331	2,099.5

(3) Code of conduct or ethics for employees:

Integrity, pragmatism, innovation and people-oriented are the management philosophy that we have insisted on since the beginning of our company, and it is also the highest standard that we expect all Taiyo employees to carry out their work tasks. In accordance with this management philosophy and relevant laws and regulations such as the Labor Standards Law, the Company has established work rules and various management systems to maintain employee discipline and order.

- 1) The "Work Rules for Employees" are established to regulate the hiring, firing, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement, and benefits of employees.
- 2) Pre-employment training for new recruits includes basic education on ethics, environmental protection, occupational safety and health management.
- 3) We have signed a "Professional and Confidential Agreement", which stipulates that employees are obligated to maintain confidentiality of tangible and intangible business property information and prohibits them from infringing on the Company's interests.

(4) Work environment and employee safety protection measures

- 1) Regularly perform labor safety education training and health checks The company conducts labor safety education and training for all new employees. In accordance with the relevant domestic laws and regulations, we regularly implement health checks and operating environment inspections for general employees, as well as annual education and training for special operators and health checks for special operators, in order to grasp the health status of special operators and ensure the safety and health of employees.
- 2) Regular fire training and emergency response training In addition, the Company implements self-defense and fire-fighting team training, notification, evacuation drills, first aid training, fire safety training and fire-fighting training every year in accordance with the law to implement

disaster prevention and ensure employee safety.

(5) Retirement System

There are two types of retirement for the Company's employees: voluntarily retirement and ordered retirement.

1) An employee of the Company may voluntarily retire under one of the following circumstances:

1.1. 15 years of service or aged 55 or older

1.2. 25 years of service

1.3. Aged 60

2) The Company may order the retirement of any employee of the Company under any of the following circumstances:

2.1. Aged 65

2.2. Mentally or physically incapacitated for work

The age specified in the first paragraph of the preceding paragraph may be adjusted by the Company for workers with special characteristics such as danger and physical strength, but not less than fifty-five years of age, upon request to the central competent authority.

In addition, in order to ensure the retirement life of our employees, the Company has established a retirement plan in full compliance with the Labor Standards Law and the Labor Pension Act. If the Labor Standards Law's pension plan is applicable, the Company will make monthly contributions at a rate of 2% of the total salary and deposit them in a special account at the Central Trust Bureau. The Company shall pay 6% of each employee's monthly salary to the individual pension account set up by the Labor Insurance Bureau, and the voluntary contribution rate shall be deducted from the employee's monthly salary to the individual pension account set up by the Labor Insurance Bureau, so that all eligible employees can receive their pensions in accordance with the law. The Company shall pay the employees' pensions within 30 days from the date of retirement.

Since the establishment of the Company in June 1965, 541 employees have retired under the Employees' Retirement Plan as of the end of 2021. As of December 31, 2021, the Company had deposited a total of NT\$276,248,868 in the "Labor Retirement Fund" with the Bank of Taiwan.

(6) The Company's personnel involved in the transparency of financial information have obtained the relevant licenses specified by the competent authorities:

Dept.	Name	Organizer	Course	Hours
Finance	Wang Yi-Ho	ARDF	The latest development of IFRS policy in Taiwan and the analysis of practical issues of financial reporting/regulatory compliance.	3
		ARDF	Analysis of the latest securities and financial tax laws and professional standards	4
		ARDF	Interpretation of the relevant provisions of IFRS "Material Judgment".	3
		ARDF	Corporate governance practices: Use performance management to improve operational	3

Dept.	Name	Organizer	Course	Hours
			effectiveness.	
		ARDF	Corporate tax evasion and lifting related legal responsibility and practical case analysis.	3
Accounting	Chiu Chun-Fu	ARDF	Explanation of the new/revised content of the new IFRS Interpretation Model (2020)	3
		ARDF	The latest securities and finance tax law and professional standards issues analysis	3
		ARDF	The latest IFRS development in the world and discussion on key directions/current issues of IFRS adoption.	3
		Chinese Association of Accounting	Corporate governance practices: Discussion on the use of employee reward strategies and tools.	3
		Importers and Exporters Association of Taipei	Tax and Foreign Exchange Courses	6
Audit office	Lu Chien-An	Internal Audit Association	Necessary labor law knowledge for supervisors at all levels: general management and special management performance evaluation for recruiting and interviewing workers on the job.	6
		Securities & Futures Institute	The risk assessment practice on compliance, operation, and fraud in accordance with cycle-by-cycle operations combined with the core principles of internal control	6
	Chiu Chun-Fu	Internal Audit Association	Pre-service training seminar for internal auditors for the first time.	18
	Chen Kuo-Nan	ARDF	Latest policy development and internal control management practice of "self-compiling financial statements".	6
		Internal Audit Association	Finance and Audit EXCEL ("Hidden Version" Secret Technique) Advanced DATA Compilation Practical Course	6

Audit Office: 1 international internal auditor; 1 share officer designated by Securities and Futures Market Development Foundation.

Finance Department: 1 senior salesperson, 1 investment advisor, and 1 futures dealer salesperson of the Securities and Futures Market Development Foundation; 1 salesperson of a securities dealer.

(7) For the most recent year and up to the date of the annual report, the Company suffered losses due to labor disputes: No. lao-jian-zi 11100225861~3; Reasons for violating the Labor Standards Act: Salary delay, etc., fined NT\$90,000.

6. Cyber Security Management:

(1) Cyber Security Operations:

1) Network Resource Security Management

- A. In order to maintain the normal operation of internal and external network communication and prevent hackers from intruding into the internal system, a firewall should be set up to facilitate control.
- B. The permission to access the Internet of external websites shall be opened by the supervisor according to the work requirements.

2) Virus security management: All virus codes of server hosts and personal PCs are automatically updated by the anti-virus host to achieve real-time updates and reduce human negligence.

3) User account and password management

- A. Users are responsible for the confidentiality of their accounts and passwords. In the event of malicious disclosure of confidentiality causing loss to the Company, the relevant personnel shall be punished in accordance with the relevant provisions of the Company's work rules and regulations, and shall be investigated in accordance with the law.

B. Intra-company

- B-1. To apply for an account using the computer information system, an employee needs to fill in the "Computer Work Request Form", which will be transferred to the Information Department for processing and filing after being approved by the department head.
- B-2. The account and password applied for by the user are determined by the user, but the account can not be repeated with others, and the password should not be less than six characters.
- B-3. The user shall maintain the change of password on a regular basis, but shall not change the password of others.
- B-4. For the recruitment of personnel from the Information Department, personnel inspections should be conducted according to regulations, and supervision and assessment should be conducted at any time; when resigning, the resignation procedures should be completed, relevant documents should be submitted, and the login authority should be cancelled. If there is any change in the personnel of other units (including, new recruitment, transfer, and resignation), the personnel unit needs to fill in the change form and notify the information department in order to maintain the login authority for computer use.

C. Online report

- C-1. The user account and authority of online report should be set separately according to the business scope and rights and responsibilities. In case of any change of relevant personnel (including new recruitment, transfer and resignation), the user account authority and password should be revoked or changed immediately.
- C-2. For those who need to use electronic certificate for online declaration, the storage and use of electronic certificate refer to Seal Management Method.

4) Information department and relevant personnel shall regularly or irregularly carry out education and training on information confidentiality and security protection.

(2) For the most recent year and up to the date of the annual report, the Company suffered losses, potential impact and response measures due to major cyber security incidents: None

7. Important contracts: None

VI. Financial Information

1. Five-Year Financial Summary:

(1) Condensed Balance Sheet and Condensed Consolidated Income Statement

Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT\$1,000

Year Item		Financial information for the last five years (Note 1)					Financial information for the year ended March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current Assets		1,535,650	1,825,538	1,857,147	2,006,284	2,656,901	2,373,988
Property, plant and equipment		4,082,282	3,822,843	3,595,365	3,522,618	3,450,776	3,433,886
Intangible assets		-	-	-	-	-	-
Other Assets		5,261,036	5,998,554	6,122,994	6,646,260	6,872,506	6,902,996
Total assets		10,878,968	11,646,935	11,575,506	12,175,162	12,980,183	12,710,870
Current liabilities	Before Distribution	955,457	1,096,126	1,068,829	1,004,885	1,474,042	1,173,573
	Before Distribution	955,457	1,096,126	1,068,829	1,232,113	1,633,102	-
Non-Current liabilities		5,143,021	5,203,710	5,179,211	4,566,160	4,879,544	4,890,477
Total liabilities	Before Distribution	6,098,478	6,299,836	6,248,040	5,571,045	6,194,526	6,064,050
	Before Distribution	6,098,478	6,299,836	6,248,040	5,798,273	6,353,586	-
Equity attributable to owners of the parent company		4,780,490	5,347,099	5,327,466	6,604,117	6,626,597	6,646,820
Share capital		2,272,283	2,272,283	2,272,283	2,272,283	2,272,283	2,272,283
Capital surplus		7,792	7,792	7,792	7,792	14,335	14,335

Retained Surplus	Before Distribution	2,570,264	2,688,839	2,805,902	3,507,899	3,603,417	3,588,942
	Before Distribution	2,570,264	2,688,839	2,805,902	3,280,671	3,444,357	-
Other Equity		(33,660)	414,374	277,678	852,332	772,751	807,449
Treasury stock		(36,189)	(36,189)	(36,189)	(36,189)	(36,189)	(36,189)
Non-controlling interests		-	-	-	-	-	-
Equity Total	Before Distribution	4,780,490	5,347,099	5,327,466	6,604,117	6,626,597	6,646,820
	Before Distribution	4,780,490	5,347,099	5,327,466	6,376,889	6,467,537	-

Note 1: The accompanying consolidated financial information for the years ended December 31, 2022 has been audited and cleared by our auditors.

Note 2: The 2022 Annual General Meeting of Shareholders has not yet been held and the distribution of earnings has not yet been determined.

Condensed Consolidated Statements of Income - Consolidated Financial Statements

Unit: NT\$1,000

Item \ year	Financial information for the last five years (Note 1)					Financial information for the year ended March 31, 2021 (Note 1)
	2017	2018	2019	2020	2021	
Operating Income	4,467,046	4,776,323	4,656,690	4,980,018	6,490,333	1,772,509
Gross profit	251,921	185,738	209,701	600,125	484,617	100,673
Operating Profit and Loss	(82,449)	(141,807)	(112,859)	232,694	(32,401)	(57,392)
Non-operating income and expenses	72,334	137,385	248,322	169,019	384,609	48,206
Pre-tax profit	(10,115)	(4,422)	135,463	401,713	352,208	(9,186)
Net income (loss) for the period from continuing operations	(81,431)	(26,411)	117,676	374,097	319,368	(14,475)
Loss from discontinued operations	0	(45,383)	(589)	341,055	0	0

Net income (loss) for the period	(81,431)	(71,794)	117,087	715,152	319,368	(14,475)
Other comprehensive income (net of tax) for the period	(4,022)	12,935	(136,720)	561,499	(76,203)	18,515
Total comprehensive income for the period	(85,453)	(58,859)	(19,633)	1,276,651	243,165	20,223
Net income attributable to owners of parent company	(81,431)	(71,794)	117,087	715,152	319,368	(14,475)
Net income attributable to noncontrolling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	(85,453)	(58,859)	(19,633)	1,276,651	243,165	20,223
Total comprehensive income and loss attributable to noncontrolling interests	0	0	0	0	0	0
Earnings per share	(0.37)	(0.33)	0.53	3.24	1.45	(0.07)

Note 1: The accompanying consolidated financial information for the years ended December 31, 2022 has been audited and cleared by our auditors.

Condensed Balance Sheet - Individual Financial Reports

Unit: NT\$1,000

Item \ Year	Financial information for the last five years (Note 1)				
	2017	2018	2019	2020	2021
Current Assets	1,173,817	1,401,081	1,328,403	1,341,590	1,885,899
Property, plant and equipment	3,851,937	3,645,994	3,458,318	3,367,983	3,304,874

Intangible assets		0	0	0	0	0
Other Assets		3,008,381	3,749,318	3,760,328	4,461,111	4,509,055
Total Assets		8,034,135	8,796,393	8,547,049	9,170,684	9,699,828
Current liabilities	Before distribution	872,729	1,020,905	993,074	939,739	1,345,351
	After distribution	872,729	1,020,905	993,074	1,166,967	1,504,411
Non-Current liabilities		2,380,916	2,428,389	2,226,509	1,626,828	1,727,880
Total liabilities	Before distribution	3, 253,645	3,449,294	3,219,583	2,566,567	3,073,231
	After distribution	3, 253,645	3,449,294	3,219,583	2,793,795	3,232,291
Equity attributable to owners of the parent company		4,780,490	5,347,099	5,327,466	6,604,117	6,626,597
Share capital		2,272,283	2,272,283	2,272,283	2,272,283	2,272,283
Capital surplus		7,792	7,792	7,792	7,792	14,335
Retention Surplus	Before distribution	2,570,264	2,688,839	2,805,902	3,507,899	3,603,417
	After distribution	2,570,264	2,688,839	2,805,902	3,280,671	3,444,357
Other Equity		(33,660)	414,374	277,678	852,332	772,751
Treasury stock		(36,189)	(36,189)	(36,189)	(36,189)	(36,189)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	4,780,490	5,347,099	5,327,466	6,604,117	6,626,597
	After distribution	4,780,490	5,347,099	5,327,466	6,376,889	6,467,537

Note 1: The financial information of the Company for the preceding year has been audited by CPA.

Condensed Consolidated Income Statement - Individual Financial Reports

Unit: NT\$1,000

Item \ Year	Financial information for the last five years (Note 1)				
	2017	2018	2019	2020	2021

Operating revenue	3,858,689	4,365,960	4,456,187	4,408,155	5,730,874
Gross profit from operations	206,861	135,265	129,257	461,363	409,665
Operating profit or loss	(37,992)	(127,370)	(142,967)	151,313	(30,147)
Non-operating income and expenses	27,849	77,542	277,778	578,807	375,305
Pre-tax profit	(10,143)	(49,828)	134,811	730,120	345,158
Net income (loss) for the period from continuing operations	(81,431)	(71,794)	117,087	715,152	319,368
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	(81,431)	(71,794)	117,087	715,152	319,368
Other comprehensive income (net of tax) for the period	(4,022)	12,935	(136,720)	561,499	(76,203)
Total comprehensive income for the period	(85,453)	(58,859)	(19,633)	1,276,651	243,165
Net income attributable to owners of parent company	(81,431)	(71,794)	117,087	715,152	319,368
Net income attributable to noncontrolling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	(85,453)	(58,859)	(19,633)	1,276,651	243,165
Total comprehensive income and loss attributable to noncontrolling interests	0	0	0	0	0
Earnings per share	(0.37)	(0.33)	0.53	3.24	1.45

Note 1: The financial information of the Company for the preceding year has been audited by CPA.

(3) Name of CPA and audit opinion for the last five years:

Year	The CPA Name	Opinion
2017	Yu Sheng-Ho	Unqualified opinion and description of other matters

	Lee Tsu-Hui	
2018	Yu Sheng-Ho Lee Tsu-Hui	Unqualified opinion and description of other matters
2019	Chen Chen-Chien Huang Yung-Hua	Unqualified opinion and description of other matters
2020	Chen Chen-Chien Huang Yung-Hua	Unqualified opinion and description of other matters
2021	Chen Chen-Chien Huang Yung-Hua	Unqualified opinion and description of other matters

2. Five-Year Financial Analysis:

Financial Analysis - Consolidated Financial Reporting

Item \ year(Note 1)		Financial analysis for the last five years					Current year ended March 31, 2022	Remark
		2017	2018	2019	2020	2021		
Financial Structure %	Debt to assets ratio	56.06	54.09	53.98	45.76	48.95	47.71	
	Long-term capital to property, plant and equipment	243.09	275.99	292.23	317.10	333.44	335.98	
Solvency %	Current Ratio	160.72	166.54	173.76	199.65	180.25	202.29	
	Quick Ratio	92.18	108.30	115.99	133.80	106.67	140.27	
	Interest coverage multiple	0.74	(0.76)	5.91	21.28	23.87	(1.27)	
Operating Capabilities	Receivables turnover rate (times)	8.20	6.87	7.06	7.93	8.91	8.37	
	Average collection days	44.51	53.12	51.69	46.02	40.96	43.60	
	Inventory turnover rate (times)	5.94	7.42	7.35	7.38	7.33	10.05	
	Average sales days	61.45	49.19	49.65	49.45	49.79	36.30	
	Turnover rate of accounts payable (times)	10.14	9.49	8.15	8.62	8.20	9.57	
	Property, plant and equipment turnover rate (times)	1.09	1.25	1.30	1.41	1.88	2.06	Note 1
	Total assets turnover rate (times)	0.41	0.41	0.40	0.41	0.50	0.55	
Profitability	Return on Assets (%)	(0.46)	(0.43)	1.21	6.16	2.64	(0.09)	Note 2
	Return on equity (%)	(1.69)	(1.42)	2.19	11.99	4.83	(0.21)	Note 2
	Net income before income tax to paid-in capital (%)	(0.45)	(2.19)	5.96	17.68	15.50	(0.4)	
	Net Income Ratio (%)	(1.82)	(1.50)	2.51	14.36	4.92	(0.82)	Note 2

	Earnings per share (NT\$)	(0.37)	(0.33)	0.53	3.24	1.45	(0.07)	Note 2
Cash Flow	Cash flow ratio (%)	3.60	19.83	34.15	43.34	25.16	(5.32)	Note 3
	Cash Flow Allowance Ratio (%)	8.66	8.95	33.14	106.47	116.59	118.79	
	Cash reinvestment ratio (%)	0.27	1.69	2.81	3.28	2.68	(0.45)	
leverage	Operating leverage	(10.26)	(4.08)	(6.41)	4.28	(18.96)	(1.55)	Note 4
	Financial leverage	0.68	0.85	0.80	1.09	0.68	0.97	Note 5

Reasons for changes in financial ratios for the last two years. (The analysis is exempted if the change is less than 20%)

Note 1: The Consolidated Company's sales income for the current year increased compared the same in 2020, so the Property, plant and equipment turnover rate increased.

Note 2: The Consolidated Company's net income for FY2021 was after-tax and decreased significantly compared with that of FY2020, so the positive ratio decreased.

Note 3: Cash inflow from operating activities increased in 2021 compared to 2020, so the positive ratio decreased.

Note 4: The Consolidated Company's cash flow from operating activities decreased in 2021 compared to 2020, and net operating loss, so negative ratio is shown.

Note 5: The Consolidated Company's pre-tax profit decreased in 2021 compared to 2010, and so negative ratio is shown.

Note 1: The Company's consolidated financial information for the preceding year and the first quarter of 2022 is based on information that was audited or reviewed by the accountants.

Financial Analysis - Individual Financial Reports

Year Item		Financial analysis for the last five years (Note 1)					Note
		2017	2018	2019	2020	2021	
Financial Structure%	Debt to assets ratio	40.50	39.21	37.67	27.99	31.68	
	Long-term capital to property, plant and equipment	185.92	213.26	218.43	244.39	252.79	
Solvency %	Current Ratio	134.50	137.24	133.77	142.76	140.18	
	Quick Ratio	78.42	89.24	87.76	96.06	79.35	
	Interest coverage multiple	0.71	(0.79)	5.94	38.31	24.24	Note 2
Operating Capabilities	Receivables turnover rate (times)	7.59	6.45	6.89	7.34	8.10	
	Average collection days	48.09	56.55	52.97	49.72	45.06	
	Inventory turnover rate (times)	6.63	8.81	9.32	9.08	8.95	

	Average sales days	9.75	9.54	8.12	8.05	7.84	
	Turnover rate of accounts payable (times)	55.07	41.44	39.16	40.19	40.78	
	Property, plant and equipment turnover rate (times)	1.00	1.20	1.29	1.31	1.73	Note 1
	Total assets turnover rate (times)	0.48	0.50	0.52	0.48	0.59	
Profitability	Return on Assets (%)	(0.63)	(0.58)	1.61	8.26	3.52	Note 3
	Return on equity (%)	(1.69)	(1.42)	2.19	11.99	4.83	Note 3
	Net income before income tax to paid-in capital (%)	(0.45)	(2.19)	5.93	32.13	15.19	Note 2
	Net Income Ratio (%)	(2.11)	(1.64)	2.63	16.22	5.57	Note 3
	Earnings per share (NT\$)	(0.37)	(0.33)	0.53	3.24	1.45	Note 3
Cash Flow	Cash flow ratio (%)	(1.87)	18.59	31.39	42.77	25.85	Note 4
	Cash Flow Allowance Ratio (%)	3.01	0.58	15.61	75.00	114.90	Note 5
	Cash reinvestment ratio (%)	(0.17)	1.98	3.23	4.05	1.18	Note 4
Leverage	Operating leverage	(19.82)	(5.27)	(6.86)	6.14	(22.45)	Note 6
	Financial leverage	0.52	0.82	0.84	1.15	0.67	Note 6

Reasons for changes in financial ratios for the last two years. (The analysis is exempted if the change is less than 20%)

Note 1: The Consolidated Company's sales income for the current year increased compared the same in 2020, so the Property, plant and equipment turnover rate increased.

Note 2: The Consolidated Company's net income for FY2020 was after-tax and decreased significantly compared with that of FY2019, so the positive ratio decreased.

Note 3: Cash inflow from operating activities increased in 2021 compared to 2020, so the positive ratio decreased.

Note 4: The Consolidated Company's cash flow from operating activities decreased in 2021 compared to 2020, and net operating loss, so negative ratio is shown.

Note 5: The Consolidated Company's cash flow from operating activities increased significantly and capital expenditures decreased in the last five years, so the positive ratio increased.

Note 6: The Consolidated Company's operating income less variable costs increased in 2021 compared to 2020, but the positive ratio decreased because of the net operating loss.

Note 1: The calculation of the Company's financial information for the preceding year is based on information audited and certified by the accountants.

The formula for calculating the financial analysis items is as follows.

1. Financial Structure

(1) Debt to asset ratio = Total liabilities / Total assets.

(2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
- (3) Interest coverage = Net income before income tax and interest expense / Interest expense for the period.

3. Management capability

- (1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = Net sales / Average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.
- (2) Average collection days = 365/receivable turnover rate.
- (3) Inventory turnover rate = Cost of goods sold / average inventory amount.
- (4) Accounts payable (including accounts payable and bills payable arising from operations) turnover rate = Cost of goods sold / average accounts payable for each period
The balance of payments (including accounts payable and bills payable arising from operations).
- (5) Average sales days = 365 / Inventory turnover rate.
- (6) Turnover rate of property, plant and equipment = Net sales / Average net property, plant and equipment.
- (7) Total Asset Turnover = Net Sales / Average Total Assets.

4. Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / Average total assets.
- (2) Return on equity = Profit or loss after tax / average total equity.
- (3) Net profit margin = profit or loss after tax / net sales.
- (4) Earnings per share = (Profit or loss attributable to owners of the parent company – preferred stock dividends) / weighted-average number of shares outstanding.

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Net cash flow fair ratio = Net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital).

6. Leverage.

- (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating income.
- (2) Financial leverage = Operating income / (Operating income - interest expense).

3. Audit Committee's Report in the Most Recent Year:

To: The company's 2022 General Shareholder Meeting

Ocean Plastics Co., Ltd. Audit Committee's Review Report

We hereby accept the 2021 annual business report, the earnings distribution statement submitted by the board of directors of the company, and the 2021 individual financial report and consolidated financial report that have been checked and certified by KGMP, Taiwan, and the audit committee has completed the audit, it is believed that there is no inconsistency, and according to the provisions of Article 14-4 of the Securities and Exchange Act, and Article 29 of the Company Act, it is reported to be reviewed.

Hou, Ming-Li

Convener of Audit Committee

March 23, 2022

4. Financial Statements in the Most Recent Year: Please refer to annex 1.
5. Parent company only financial statements audited by CPAs for the most recent year: Please refer to annex 2.
6. The effect on the financial position of the Company and its affiliates in the most recent year and as of the date of printing of the annual report, if there were any financial turnover difficulties: None

VII. Review of Financial Conditions, Operating Results, and Risk Management

1. Analysis of Financial Status:

Comparative Analysis of Financial Position

Unit: NT\$1,000

Item \ Year	2021	2020	Differences	
			Amount	%
Current assets	2,656,901	2,006,284	650,617	32.43
Property, plant and equipment	3,450,776	3,522,618	(71,842)	(2.04)
Intangible assets	0	0	0	0
Other Assets	6,872,506	6,646,260	226,246	3.4
Total Assets	12,980,183	12,175,162	803,021	6.61
Current liabilities	1,474,042	1,004,885	469,157	46.69
Non-current liabilities	4,879,544	4,566,160	313,384	6.86
Total liabilities	6,353,586	5,571,045	782,541	14.05
Share Capital	2,272,283	2,272,283	0	0
Capital Fund	14,335	7,792	6,543	83.97
Retention Surplus	3,603,417	3,507,899	95,518	2.72
Other adjustments to shareholders' equity	736,562	816,143	(79,581)	(9.75)
Total shareholders' equity	6,626,597	6,604,117	22,480	0.34

The main reasons for the significant changes in assets, liabilities and equity in the last two years and their effects:

1. Retained earnings: The significant decrease in net income in 2021 compared to 2020.
2. Other adjustments to stockholders' equity: As a result of the recognition of the fair value valuation gain on equity in 2021

2. Analysis of Operation Results:

(1) Comparative Analysis of Operating Results

Unit: NT\$1,000

Item \ Year	2020	2021	Increase (decrease)	Variation%
Net Operating Income	6,490,333	4,980,018	1,510,315	30.33
Operating Costs	6,005,716	4,379,893	1,625,823	37.12
Gross Profit	484,617	600,125	(115,508)	19.25
Operating Expenses	517,018	367,431	149,587	40.71
Net operating income (loss)	(32,401)	232,694	(265,095)	(113.92)
Non-operating income and expenses	384,609	169,019	215,590	127.55
Pre-tax net income (loss)	352,208	401,713	(49,505)	(12.32)
Income tax expense	32,840	27,616	5,224	18.92
Gain or loss on discontinued operations	0	341,055	(341,644)	(100)
Net income (loss) for the period	319,368	715,152	(395,784)	(55.34)
Other comprehensive income (net of tax)	(76,203)	561,499	(637,702)	(113.57)
Total comprehensive income for the period	243,165	1,276,651	(1,033,486)	(80.95)

The main reasons for the significant changes in operating income, net operating income and net income before income tax for the last two years:

1. Reasons for changes of 20% or more:

j Increase in net operating revenues and operating costs: In the second half of 2021, due to the increase in international VCM prices, PVC powder prices also increased. Although the average selling price increased slightly, the increase in VCM raw material prices and the increase in sales volume resulted in a significant increase in net operating revenues and operating costs for the period compared to the same period last year. International shipping costs remained high and operating expenses were significantly higher than last year, resulting in a net operating loss for the year.

k Increase in non-operating income and expenses: The increase is mainly due to the recognition of valuation gains on financial assets and dividend income in 2021.

l Decrease in other comprehensive income or loss: The decrease was due to the recognition of fair value gain on equity interest in 2021.

2. The expected sales volume and its basis, the possible impact on the company's future financial

operations, and the plan to deal with it:

The expected sales volume is evaluated based on the actual sales performance in recent years, the industry environment and market changes. Expected revenue to increase slightly in 2021, but global economy affected by unstabilized pneumonia outbreak. With the government's continued promotion of economic revitalization programs, the overall economic prosperity of the country has been boosted.

In the future, we will strengthen the development of new products and research to develop high value-added products, and fully grasp the source of raw material supply to ensure that there is no shortage of sources in order to achieve the production goals. In terms of sales, we will develop new customers and markets to increase revenue, and in particular, we will keep abreast of international financial and economic information, keep an eye on price trends, increase our market share, and strengthen our after-sales services. In addition to revenue, it is the Company's goal to improve its operations and profits, to comply with government regulations, and to fulfill its corporate social responsibility.

3. Analysis of Cash Flow

(1) Liquidity analysis for the last two years

Year Item	2021	2020	Increase (decrease) ratio %
Cash Flow Ratio	25.16	43.34	(41.95) % (Note 1)
Cash Flow Fair Ratio	116.59	106.47	9.51 %
Cash reinvestment ratio	2.68	3.28	18.29 %
Analysis of changes in the percentage of increase or decrease:			
Note 1: The cash inflow from operating activities of the Consolidated Company decreased significantly in 2021 compared to 2020, so the positive ratio decreased.			

(2) Cash flow analysis for the coming year

Unit: NT\$1,000

Beginning of the period Cash Balance	Year-round selfservice Net cash flow from activities	Annual Cash Inflow	Cash surplus (Deficiency) Amount	Remedies for cash shortage	
				Investment Plan	Financial Plan
414,256	-887,176	121,265	-351,655	-	410,000-

Annual cash flow sex analysis:

The net cash outflow of \$887,176 thousand from operating activities in the coming year is based on the estimated profitability of the Consolidated Company in 2022 and investment income and dispose of stock were recognized, resulting in a cash inflow of \$121,265 thousand, the cash shortage of \$351,655 thousand at the end of the period, which was raised by bank financing, and the rest was used as working capital of the company.

4. Major Capital Expenditure Items: None.

5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year:

Last year, under the impact of the covid-19 epidemic, many Taiwanese companies thought of dispersing their production plants in China and the uncertainty of the entire upstream and downstream supply chain of raw materials, In addition to the political and economic instability in Europe since the beginning of this year, the Russian invasion of Ukraine at the end of February triggered a global political and economic turmoil, and the global inflation trend confirmed the international financial turmoil. There was no truce until March, and it is estimated that the recovery will slowly resume in the second half of this year as the trend stabilizes. However, Raw Materials Dept. is making good profit under the balance of VCM raw material procurement and sales, and Building Materials Dept. is also making stable profit under the domestic inflationary pressure of the real estate boom, except for the out-of-control environment of the epidemic situation in Europe and the U.S., which has not yet improved. However, we have adopted a conservative and prudent investment policy, with the industries related to the Company's core business as the main investment consideration, resulting in stable profits last year.

The Company will invest in the storage industry, investment companies and manufacturing industry, etc. The Company will invest in the future depending on the development status of the industry, and will hold the reinvestment business related to the industry for a long period of time, while the reinvestment of optoelectronic materials and idle land assets will be adjusted and developed in a timely manner depending on the general environment, in order to enrich the capital requirements for the future development and transformation of the Company's industry.

6. Analysis of Risk Management:

- (1) The impact of interest rate, exchange rate and inflation on the Company's profit or loss and future measures:
 - 1) Interest rates: Due to the deterioration of global inflation, countries began to tighten money supply and raise interest rates. It is expected that the Central bank of Taiwan will follow suit this year and adjust financing tools depending on the interest rate level in the future.
 - 2) Exchange rate: The Company has a small shortage of U.S. dollars, so it is less affected by changes in the exchange rate and currently uses natural hedging and forward foreign exchange locking when the exchange rate is more volatile.
 - 3) Inflation: The Company has not experienced any significant impact on the Company's profit or loss due to inflation.
- (2) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profit or loss and future measures:
 - 1) The Company does not engage in high-risk, highly leveraged investments.
 - 2) The Company does not engage in hedging derivatives.
 - 3) The Company's loan of funds to others and endorsement of guarantees are handled in accordance with the "Procedures for Handling Loan of Funds and Endorsement of Guarantees" established by the Company.

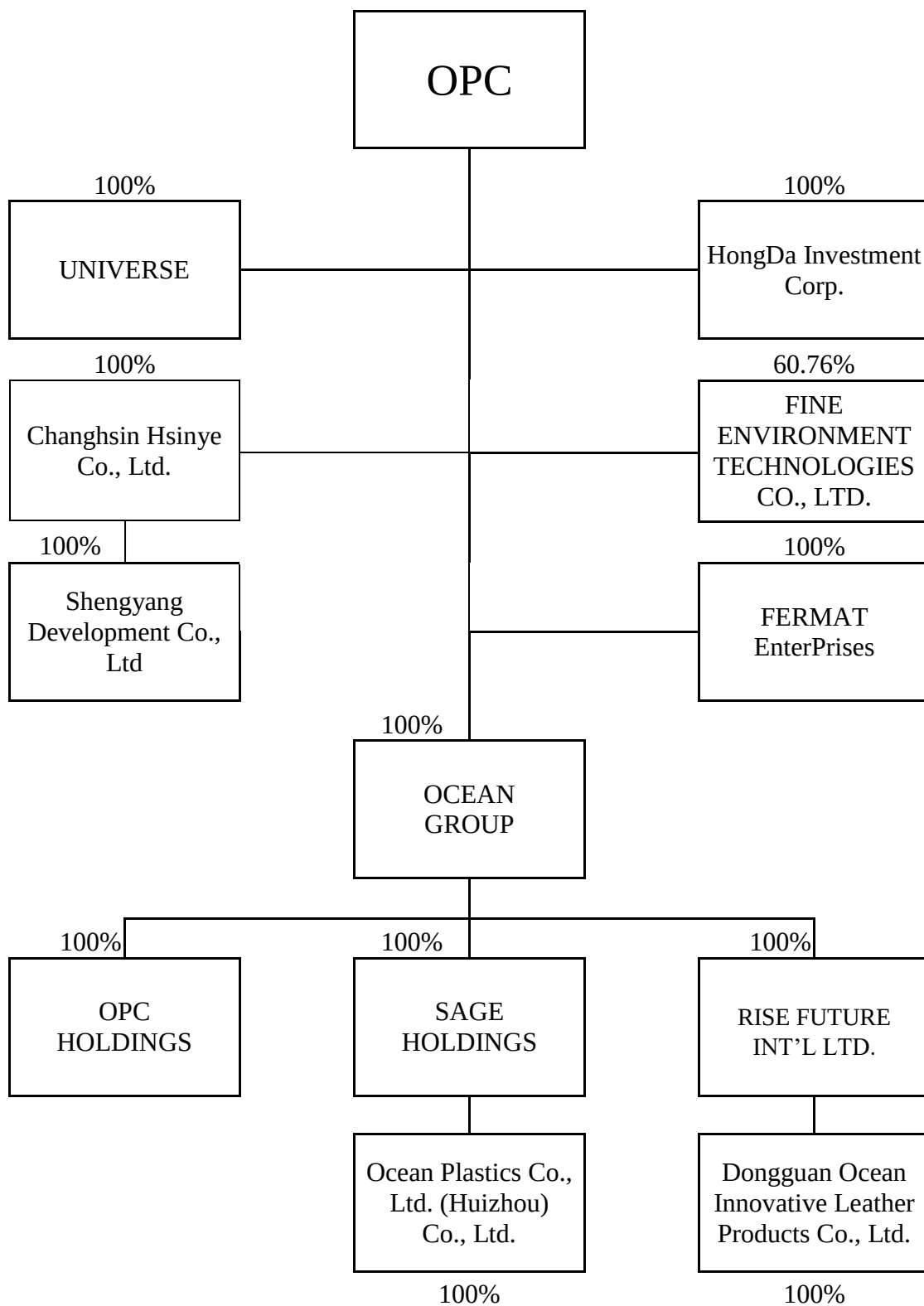
- (3) Future research and development plans and estimated research and development costs:
- 1) Future R&D plan:
 - ①Development of microcapsules for soft hollow ball materials and testing of synthetic leather applications.
 - ②TPE imitation wood combustion resistant material development (II).
 - ③NonP plasticizer type PVC high softness medical pellets: softness, hardness and heat resistance specification product development.
 - ④PVC foam pellet development: quality and cost improvement..
 - (4) Impact of significant domestic and foreign policy and legal changes on the Company's financial operations and measures taken in response: None
 - (5) Impact of technological changes and industry changes on the Company's financial operations and measures to address them: None
 - (6) Impact of corporate image change on corporate crisis management and response measures: None
 - (7) Expected benefits, possible risks and contingencies of the merger and acquisition: None
 - (8) Expected benefits, possible risks and contingency measures for plant expansion: None
 - (9) Risks associated with concentrations of imports or sales and measures to address them: None
 - (10) The impact, risk and response measures of a significant transfer or change in shareholding of directors, supervisors or substantial shareholders holding more than 10% of the shares of the Company: None
 - (11) Impact of the change in operating right on the Company, risks and response measures: None
 - (12) For litigation or non-litigation events, the Company and its directors, supervisors, general manager, persons in charge, substantial shareholders holding more than 10% of the shares, and affiliated companies should disclose the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved in the litigation, and the price of the securities if the outcome of the litigation, non-litigation or administrative dispute is likely to have a significant impact on shareholders' equity or the price of the securities. Disposition as of the date of the annual report: None
 - (13) Other significant risks and responses: None
7. Other important matters: None

VIII. Special Disclosure

1. Summary of Affiliated Companies:

(1) Report on Consolidated Operations of Affiliated Companies:

1) Affiliate Organization Chart



2) Basic information of affiliated companies

March 31, 2022

Unit:10,000 dollars

Name	Established on	Address	Paid-in Capital	Business Scope
Changhsin Hsinye Co., Ltd.	12.24.1998	5F, No. 310, Juguang Road, Taipei, Taiwan	290,086	Investment
HongDa Investment Corp.	12.14.1998	5F, No. 310, Juguang Road, Taipei, Taiwan	1.9 million	Investment
FERMAT ENTERPRISES	6.27.2000	P.O. BOX3321 Road Town, Trotola, British Virgin Islands	US\$ 45	Investment
UNIVERSE ENTERPRISES	4.2.2001	P.O. BOX3152 Road Town, Trotola, British Virgin Islands	US\$ 300	Trade
OCEAN GROUP	3.8.2004	Portcullis Chambers P.Q.Box1225 Apia Samoa	US\$3,290	Investment
SAGE HOLDINGS	3.17.2004	Portcullis Chambers P.Q.Box1225 Apia Samoa	US\$ 2,500	Investment
RISE FUTURE INT'L LTD.	12.16.2004	NO.4, Franky Building Providence Industrial Estate, Mahe, Seychelles	US\$ 745	Investment
OPC HOLDINGS	8.25.2000	P.O. BOX3152 Road Town, Trotola, British Virgin Islands	US\$ 45	Investment
Ocean Plastics Co., Ltd. (Huizhou) Co., Ltd.	11.8.2004	Fulong Industrial Zone, Shatian Town, Huiyang District, Huizhou City, Guangdong Province	US\$ 2,500	Manufacturing
OCEAN PLASTICS (Dongguan)CO., LTD.	9.12.2005	Weiya Industrial Zone, Lamma Village, Daojiao Town, Dongguan City, Guangdong Province	US\$ 745	Manufacturing
Shengyang Development Co., Ltd.	1.5.2015	5F, No. 310, Juguang Road, Wanhua District, Taipei, Taiwan	100	Land Development
FINE ENVIRONMENT TECHNOLOGIES CO., LTD.	5.7.2003	6F, No. 310, Juguang Road, Taipei, Taiwan	1,650	Sales

3) Information on the same shareholders who are presumed to be in a controlling and subordinate relationship: None

4) The business of the affiliated companies and their relationship with each other

Industry	Name	Relationship
Investment Co.	Changhsin Hsinyeh Co.	None
	HongDa Investment Corp.	"
	FERMAT ENTERPRISES	"
	OCEAN GROUP	"
	SAGE HOLDINGS	"
	RISE FUTURE INT'L LTD.	"
	OPC HOLDINGS	"
Trading	UNIVERSE ENTERPRISES	"
Manufacturing	Ocean Plastics (Huizhou) Co., Ltd.	"
	Dongguan Ocean Innovative Leather Products Co., Ltd.	"
Land Development	Shengyang Development Co., Ltd.	"
Sales	FINE ENVIRONMENT TECHNOLOGIES CO., LTD.	"

5) Information on Directors, Supervisors and General Managers of affiliated companies

March 31, 2022

Name	Title	Name or representative	Shareholding	
			Shares	Holding ratio
Changhsin Hsinyeh Co., Ltd.	Chairman	Ocean Plastics Co., Ltd. Juristic person representative: Cheng Yu-Feng	290,086,000	100.00%
	Director	Ocean Plastics Co., Ltd. Juristic person representative: Cheng Fan-Yao		
	Director	Ocean Plastics Co., Ltd. Juristic person representative: Lin Chin-Hua		
	supervisor	Ocean Plastics Co., Ltd. Juristic person representative : Wang Yi-Ho		
HongDa Investment Corp.	Chairman	Ocean Plastics Co., Ltd. Juristic person representative: Chiu Chun-Fu	19,000,000	100.00%
	Director	Ocean Plastics Co., Ltd. Juristic person representative: Chen Fang-Ching		
	supervisor	Ocean Plastics Co., Ltd. Juristic person representative: Lee Shang-Hsun		
OCEAN GROUP	Managing Director	Ocean Plastics Co., Ltd. Juristic person representative: Shen Shao-Pin	32,900,000	100.00%
UNIVERSE ENTERPRISES	Chairman	Ocean Plastics Co., Ltd. Juristic person representative: Wang Yi-Ho	3,000,000	100.00%

Name	Title	Name or representative	Shareholding	
			Shares	Holding ratio
	Director	Ocean Plastics Co., Ltd. Juristic person representative: Lu Chien-An		
FERMAT ENTERPRISES	Chairman	Ocean Plastics Co., Ltd. Juristic person representative: Wang Yi-Ho	450,000	100.00%
	Director	Ocean Plastics Co., Ltd. Juristic person representative : Lu Chien-An		
SAGE HOLDINGS	Managing Director	OCEAN GROUP Juristic person representative: Wang Yi-Ho	25,000,000	100.00%
RISE FUTURE INT'L LTD.	Managing Director	OCEAN GROUP Juristic person representative: Wang Yi-Ho	7,450,000	100.00%

OPC HOLDINGS	Chairman	OCEAN GROUP Juristic person representative: Wang Yi-Ho	450,000	100.00%
	Director	OCEAN GROUP Juristic person representative : Lu Chien-An		
Dongguan Ocean Innovative Leather Products Co., Ltd.	Managing Director	RISE FUTURE INT'L LTD. Juristic person representative: Peng Hung-Chang	7,450,000	100.00%
	supervisor	RISE FUTURE INT'L LTD. Juristic person representative: Wang Yi-Ho		
Ocean Plastics Co., Ltd. (Huizhou) Co., Ltd.	Chairman	SAGE HOLDINGS Juristic person representative: Shen Shao-Pin	25,000,000	100.00%
	Director	SAGE HOLDINGS Juristic person representative: Chen Chin-Ming		
	Director	SAGE HOLDINGS Juristic person representative: Chen Chin-Ho		
Shengyang Development Co., Ltd.	Chairman	Chang-Hsin-Hsin-Yeh Co., Ltd. Juristic person representative: Chen Yu-Feng	100,000	100.00%
	Director	Chang-Hsin-Hsin-Yeh Co., Ltd. Juristic person representative: Chen Chien-Ta		
	Director	Chang-Hsin-Hsin-Yeh Co., Ltd. Juristic person representative: Lee Shang-Hsun		
	supervisor	Chang-Hsin-Hsin-Yeh Co., Ltd. Juristic person representative: Chang Yu-Hui		
FINE ENVIRONMENT TECHNOLOGIES CO., LTD.	Chairman	Ocean Plastics Co., Ltd. Juristic person representative: Hsu Ming-Lien	1,002,533	60.76%
	Director	Hung-Ta Investment Co., Ltd. Juristic person representative: Chiang Jui-Hsiang	647,467	39.24%
	supervisor	Lu Chien-An	-	-

6) Business Overview of Affiliates

Dec.31, 2021

Unit: NT\$1,000

Company Name	Capitali- zation	Assets Total Value	Liabilities Total amount	Net value	Business Revenue	Business Interests	Profit or loss for the period (after tax)	Earnings per share (after tax)/(NT\$)
Changhsin Hsinye Co., Ltd.	2,900,860	6,014,124	3,103,375	2,910,749	2,940	2,235	5,280	0.02
HongDa Investment Corp.	190,000	405,971	397	405,574	82,655	74,111	81,241	4.28
FERMAT ENTERPRISE	13,886	22,237	294	21,943	0	0	224	0.50
UNIVERSE ENTERPRISE	93,032	63,761	149	63,612	91,929	1,042	3,870	1.29
OCEAN GROUP	1,069,438	761,196	302,660	458,536	866,252	(4,210)	(11,145)	(0.34)
SAGE HOLDINGS	812,643	472,015	0	472,015	0	0	(7,542)	(0.3)
RISE FUTURE INT'L LTD.	242,168	(59,089)	0	(59,089)	0	0	(3,086)	(0.41)
OPC HOLDINGS	14,628	45,558	0	45,558	0	0	(516)	(1.15)
Ocean Plastics (Huizhou) Co., Ltd.	812,643	595,385	123,373	472,012	808,265	337,189	(7,542)	(0.3)
OCEAN PLASTICS(Dong guan) CO., LTD	242,168	120,196	179,287	(59,091)	57,987	(4,547)	(3,086)	(0.41)
FINE ENVIRONMENT TECHNOLOGIE S CO., LTD.	16,500	15,254	798	14,456	3,681	(12)	194	0.12
Shengyang Development Co., Ltd.	1,000	535	0	535	0	0	108	0

2) Consolidated financial statements of affiliated companies: None

3) Relationship Report: None

2 . Private Placement Securities in the Most Recent Years: None

3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

Unit: TWD\$1000 dollars/Share/%

Subsidiaries	Received Capitalization	Funding Source	Our Company Shareholding ratio	Obtain or Disposition Date	Number of shares acquired and amount	Number of shares disposed of and amount	Investment Profit and Loss	Number and amount of shares held as of the date of printing of the annual report	Set the pledge situation	Our company is Subsidiary Endorsement Guaranteed Amount	Amount loaned by the Company to subsidiaries
Changhsin Hsinye Co., Ltd.	2,900,860	OCEAN PLASTICS CO., LTD.	100%	-	-	-	-	2,939,062 shares 69,362 thousand	None	1,220,150	None
HongDa Investment Corp.	190,000	„	100%	-	-	-	-	3,603,654 shares 85,046 thousand	„	„	„

4. Other necessary supplementary items: None

5. For the most recent year and as of the printing date of the annual report, events that have a significant impact on shareholders' equity or the price of securities as defined in Article 36, Paragraph 2 of the Securities and Exchange Act: None

Appendix 1

Ocean Plastics Co., Ltd and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: 5、6F., No. 310, Juguang Rd., Wanhua Dist., Taipei City 108, Taiwan
(R.O.C.)

Telephone: (02)2308-2131

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	11~26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	26~27
(6) Explanation of significant accounts	27~59
(7) Related-party transactions	59~60
(8) Pledged assets	61
(9) Commitments and contingencies	61
(10) Losses Due to Major Disasters	61
(11) Subsequent Events	61
(12) Other	62
(13) Other disclosures	
(a) Information on significant transactions	63~65
(b) Information on investees	66
(c) Information on investment in mainland China	66~67
(d) Major shareholders	67
(14) Segment information	68~70

Representation Letter

The entities that are required to be included in the combined financial statements of 2021 as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements. " In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Ocean Plastics Co., Ltd and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Ocean Plastics Co., Ltd

Chairman:

Date: March 23, 2022

Independent Auditors' Report

To the Board of Directors of Ocean Plastics Co., Ltd:

Opinion

We have audited the consolidated financial statements of Ocean Plastics Co., Ltd and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of Ocean Group Ltd., Fermat Enterprises Ltd. and Universe Enterprises Ltd., subsidiaries of the Group, nor Chun Pin Enterprise Co., Ltd., an associate of the Group, which represented investment in another entity accounted for using the equity method. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Ocean Group Ltd., Fermat Enterprises Ltd., Universe Enterprises Ltd., and Chun Pin Enterprise Co., Ltd., is based solely on the reports of other auditors. The financial statements of Ocean Group Ltd., Fermat Enterprises Ltd. and Universe Enterprises Ltd. reflect total assets constituting 7% and 6% of consolidated total assets at December 31, 2021 and 2020, and total operating revenues constituting 13% and 12% of consolidated total operating revenues for the years then ended, respectively. The investment in Chun Pin Enterprise Co., Ltd. accounted for using the equity method constituting 3% of consolidated total assets at December 31, 2021 and 2020, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituting 22% and 19% of consolidated total profit before tax for the years then ended, respectively.

Ocean Plastics Co., Ltd has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory evaluation

Please refer to note 4(h) for the accounting policy on “Inventory” and note 6(f) for components of inventories and expenses.

Description of key audit matter:

The Group’s inventories are mainly midstream and downstream products of petrochemicals (PVC) and related products. The measurement of the net realizable value and obsolescence of inventories is uncertain because of involvement of management's subjective judgement. Therefore, we have considered inventory valuation to be a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures in this area included, among others: understanding inventory valuation policies to ensure that the process of inventory valuation was in conformity with the accounting policies, which included sampling the sources of the market prices adopted in inventory valuation to ascertain the appropriateness, and sampling inventories to test the accuracy of the aging report, reviewing the estimate of allowance for inventory loss in prior periods, and comparing it with the method and assumption used in estimating allowance for inventory loss for the current period, so as to assess the reasonableness, inspecting the sales after the balance sheet date in order to ensure that inventory valuation was appropriate.

2. Revenue recognition

Please refer to note 4(o) for the accounting policy on “Revenue recognition” and note 6(u) for information about revenue recognition.

Description of key audit matter:

The Group engages in manufacturing and selling plastics materials and downstream plastic products (plastic construction tubing, plastic cloth, plasticized synthetic leather, etc.). Considering the high trade volume and decentral customers of the Group, the control of products transfers at different time points might impact the time of revenue recognition. Therefore, revenue recognition has been identified as a key matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures in this area included, among others: evaluating the reasonableness of revenue recognition, understanding and testing the internal control of sales and collection cycles to ascertain if the implement was operative, checking individual sales transactions, customer orders, shipping certificates, invoices and other documents, delving into the periods before and after the balance sheet date in order to evaluate if the period of revenue recognition tallied with the trade condition and shipping documents.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 23, 2022

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 414,256	3	413,217	3	2100	Short-term borrowings (note 6(m) and 8)	\$ 150,000	1	200,000	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	436,198	3	264,727	2	2170	Notes and trade payables	963,972	7	490,131	4
1137	Current financial assets at amortized cost (note 6(d))	-	-	33,693	-	2200	Other payables	251,360	2	223,654	2
1170	Notes and trade receivables, net (note 6(e))	751,866	6	663,174	5	2220	Other payables to related parties (note 7)	3,083	-	3,204	-
130X	Inventories (note 6(f))	968,087	7	510,217	5	2300	Other current liabilities (note 6(l)(o)(u) and 7)	51,460	-	33,729	-
1470	Other current assets (note 6(k) and 7)	86,494	1	121,256	2	2320	Long-term liabilities, current portion (note 6(n) and 8)	54,167	-	54,167	-
		2,656,901	20	2,006,284	17			1,474,042	10	1,004,885	8
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	9,326	-	16,237	-	2540	Long-term borrowings (note 6(n) and 8)	3,145,798	24	2,981,931	24
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,169,824	9	1,251,957	10	2570	Deferred tax liabilities	1,439,652	12	1,428,647	12
1535	Non-current financial assets at amortised cost, net (note 6(d))	21,715	-	21,585	-	2640	Net defined benefit liability, non-current (note 6(q))	105,337	1	108,107	1
1550	Investments accounted for using equity method (note 6(g))	417,247	3	407,945	3	2670	Other non-current liabilities, others (note 6(o) and 7)	188,757	1	47,475	-
1600	Property, plant and equipment (note 6(h) and 8)	3,450,776	28	3,522,618	30			4,879,544	38	4,566,160	37
1755	Right-of-use assets (note 6(i) and 7)	192,346	1	51,513	-		Total liabilities	6,353,586	48	5,571,045	45
1760	Investments property, net (note 6(j) and 8)	4,995,629	38	4,850,298	40		Equity attributable to owners of parent (note 6(s)):				
1900	Other non-current assets (note 6(k))	66,419	1	46,725	-	3100	Capital stock	2,272,283	18	2,272,283	19
		10,323,282	80	10,168,878	83	3200	Capital surplus	14,335	-	7,792	-
						3300	Retained earnings	3,603,417	28	3,507,899	29
						3400	Other equity	772,751	6	852,332	7
						3500	Treasury shares	(36,189)	-	(36,189)	-
							Total equity	6,626,597	52	6,604,117	55
Total assets		\$ 12,980,183	100	12,175,162	100		Total liabilities and equity	\$ 12,980,183	100	12,175,162	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4100	Operating revenues, net(note 6(u))	\$ 6,490,333	100	4,980,018	100
5000	Operating costs (note 6(f) and 7)	6,005,716	93	4,379,893	88
5900	Gross profit from operation	484,617	7	600,125	12
6000	Operating expenses (note 6(e)(h)(i)(j)(q)(v) and 7):				
6100	Selling expenses	371,412	6	224,452	5
6200	Administrative expenses	133,676	2	130,466	3
6300	Research and development expenses	11,496	-	8,654	-
6450	Impairment loss determined in accordance with IFRS 9	434	-	3,859	-
6000	Total operating expenses	517,018	8	367,431	8
6900	Net operating income (loss)	(32,401)	(1)	232,694	4
7000	Non-operating income and expenses:				
7100	Interest income (note 6(w))	4,344	-	4,475	-
7010	Other income (note 6(w) and 7)	165,860	3	59,954	1
7020	Other gains and losses, net (note 6(w))	151,077	2	47,261	1
7050	Finance costs (note 6(w))	(15,400)	-	(19,808)	-
7060	Share of profit of associates accounted for using equity method (note 6(g))	78,728	1	77,137	2
	Total non-operating income and expenses	384,609	6	169,019	4
	Profit from continuing operations before income tax	352,208	5	401,713	8
7950	Less: Income tax expenses (note 6(r))	32,840	1	27,616	1
	Profit from continuing operations	319,368	4	374,097	7
	Profit and loss of discontinued operations:				
8101	Profit (loss) from discontinued operations after income tax (note 12(b))	-	-	341,055	7
	Profit	319,368	4	715,152	14
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	3,378	-	(8,014)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(82,133)	(1)	564,796	11
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(78,755)	(1)	556,782	11
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	2,552	-	4,717	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		2,552	-	4,717	-
8300	Other comprehensive income	(76,203)	(1)	561,499	11
	Total comprehensive income	\$ 243,165	3	1,276,651	25
	Earnings per share (NT dollars) (note 6(t))				
9750	Basic earnings per share				
	Basic earnings per share from continuing operations	\$	1.45		1.69
	Basic earnings per share from discontinued operations		0.00		1.55
	Total basic earnings per share	\$	1.45		3.24
9850	Diluted earnings per share				
	Diluted earnings per share from continuing operations	\$	1.45		1.69
	Diluted earnings per share from discontinued operations		0.00		1.55
	Diluted earnings per share	\$	1.45		3.24

See accompanying notes to consolidated financial statements.

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

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital	Retained earnings					Total other equity interest				
							Unrealized gains				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	(losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2020	\$ 2,272,283	7,792	-	2,978,245	(172,343)	2,805,902	(44,124)	321,802	277,678	(36,189)	5,327,466
Profit	-	-	-	-	715,152	715,152	-	-	-	-	715,152
Other comprehensive income	-	-	-	-	(8,014)	(8,014)	4,717	564,796	569,513	-	561,499
Total comprehensive income	-	-	-	-	707,138	707,138	4,717	564,796	569,513	-	1,276,651
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,141)	(5,141)	-	5,141	5,141	-	-
Balance at December 31, 2020	2,272,283	7,792	-	2,978,245	529,654	3,507,899	(39,407)	891,739	852,332	(36,189)	6,604,117
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	52,965	-	(52,965)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(227,228)	(227,228)	-	-	-	-	(227,228)
	-	-	52,965	-	(280,193)	(227,228)	-	-	-	-	(227,228)
Profit	-	-	-	-	319,368	319,368	-	-	-	-	319,368
Other comprehensive income	-	-	-	-	3,378	3,378	2,552	(82,133)	(79,581)	-	(76,203)
Total comprehensive income	-	-	-	-	322,746	322,746	2,552	(82,133)	(79,581)	-	243,165
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	6,543	-	-	-	-	-	-	-	-	6,543
Balance at December 31, 2021	\$ 2,272,283	14,335	52,965	2,978,245	572,207	3,603,417	(36,855)	809,606	772,751	(36,189)	6,626,597

See accompanying notes to consolidated financial statements.

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

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	\$ 352,208	401,713
Profit from discontinued operations, before tax	-	341,055
Profit before tax	352,208	742,768
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	206,568	207,488
Expected credit loss	434	3,859
Net gain on financial assets or liabilities at fair value through profit or loss	(121,883)	(70,562)
Interest expense	42,828	47,479
Interest income	(4,344)	(4,475)
Dividend income	(97,957)	(29,459)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(78,728)	(77,137)
Loss (gain) on disposal of property, plan and equipment	-	3,351
Property, plan and equipment transferred to expenses	441	803
Loss (gain) on disposal of investment properties	(18,689)	-
Loss (gain) on disposal of non-current assets classified as held for sale	-	(341,054)
Loss (gain) on disposal of investments	(1,385)	11,965
Total adjustments to reconcile loss	(72,715)	(247,742)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(11,570)	2,470
Accounts receivable	(77,565)	(109,795)
Inventories	(457,870)	1,680
Other current assets	33,586	(64,039)
Other financial assets	-	(14,831)
Operating assets	(19,914)	69,571
Total changes in operating assets	(533,333)	(114,944)

See accompanying notes to consolidated financial statements.

Changes in operating liabilities:

Contract liabilities	19,613	14,970
Notes payable	169,110	(38,111)
Accounts payable	304,731	13,783
Other payable	13,185	66,758
Other payable to related parties	(121)	(336)
Provisions	1,081	1,057
Other current liabilities	94	(8,503)
Net defined benefit liability	(2,924)	(1,789)
Other operating liabilities	-	(69,552)
Total changes in operating liabilities	504,769	(21,723)
Total changes in operating assets and liabilities	(28,564)	(136,667)
Total adjustments	(101,279)	(384,409)

See accompanying notes to consolidated financial statements.

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

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash inflow generated from operations	250,929	358,359
Interest received	4,344	4,475
Dividends received	167,383	103,584
Interest paid	(42,575)	(47,628)
Income taxes refund (paid)	(9,220)	16,725
Net cash flows from operating activities	370,861	435,515
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	-	(33,678)
Proceeds from disposal of financial assets at amortised cost	33,563	-
Acquisition of financial assets at fair value through profit or loss	(51,247)	(12,729)
Proceeds from disposal of financial assets at fair value through profit or loss	9,955	34,210
Proceeds from disposal of non-current assets classified as held for sale	-	347,300
Acquisition of property, plant and equipment	(96,523)	(114,591)
Proceeds from disposal of property, plant and equipment	462	7,970
Decrease in refundable deposits	-	1,724
Acquisition of investment properties	(187,391)	(74,614)
Proceeds from disposal of investment properties	56,162	-
Net cash flows from (used in) investing activities	(235,019)	155,592
Cash flows used in financing activities:		
Decrease in short-term loans	(50,000)	(50,000)
Proceeds from long-term debt	1,688,033	658,886
Repayments of long-term debt	(1,524,166)	(1,224,167)
Payment of lease liabilities	(30,537)	(27,701)
Cash dividends paid	(220,685)	-
Net cash flows used in financing activities	(137,355)	(642,982)
Effect of exchange rate changes on cash and cash equivalents	2,552	4,717
Net increase (decrease) in cash and cash equivalents	1,039	(47,158)

See accompanying notes to consolidated financial statements.

Cash and cash equivalents at beginning of period	413,217	460,375
Cash and cash equivalents at end of period	<u>\$ 414,256</u>	<u>413,217</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

OCEAN PLASTICS CO., LTD (the “Company”) was incorporated in June 1965 as a company limited by shares under the Company Act of the Republic of China (R.O.C.), and merged Yee Fong Chemical & Industrial Co., Ltd. The Company was registered in 5F & 6F., No. 310, Juguang Rd., Wanhua Dist., Taipei City. The consolidated financial statements of the Company as of the year ended December 31, 2021 comprise the Company and subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note 14 for related information of the Group entities’ main business activities.

The major business activities of the Company are the manufacture and sale of plastics.

The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on January 1999.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. 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, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by 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 International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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 IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(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 (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2021	December 31, 2020	
The Company	Hong Da Investment Co., Ltd.	General investing	100%	100%	
The Company	Chang Xin Co., Ltd	General investing	100%	100%	
The Company	Fine Environment Technologies Co., Ltd	Wholesale of Plastic Products	100%	100%	(Note 1)
The Company	Universe Enterprises Ltd	Trading Company	100%	100%	
The Company	Fermat Enterprises Ltd	Investment holding	100%	100%	
The Company	Ocean Group Ltd	Investment holding	100%	100%	
Ocean Group Ltd	Sage Holdings Ltd	Investment holding	100%	100%	
Ocean Group Ltd	OPC Holdings Ltd	Investment holding	100%	100%	
Ocean Group Ltd	Rise Future International Ltd	Investment holding	100%	100%	
Sage Holdings Ltd	Ocean Plastics (Hui Zhou) Co.,	Plastic Products Manufacturing	100%	100%	
Rise Future International Ltd	Ocean Plastics (Dong Guan) Co., Ltd	Plastic Products Manufacturing	100%	100%	
Chang Xin Co., Ltd	Shen Yang Development Co., Ltd.	Real Estate Development Activities	100%	100%	

Note 1: Holds 100% of Fine Environment Technologies Co., Ltd shares with Hong Da Investment Co., Ltd..

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary item denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'accounts receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) buildings	5~50 years
2) machinery equipment	3~20 years
3) other facility	2~20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells electronic components to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(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 the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 44.62% of the outstanding voting shares of Chun Pin Enterprise Co., Limited. and is not the single largest shareholder of the investee. The Group cannot obtain more than half of the total number of Chun Pin Enterprise company'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 Chun Pin Enterprise company.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value. The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. For the estimation of the valuation of inventory, please refer to note 6(f).

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss.

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

Please refer to Note 6(y) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Revolving funds and cash on hand	\$ 788	920
Demand deposits and check deposits	413,468	412,297
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 414,256</u>	<u>413,217</u>

Please refer to note 6(y) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

The cash and cash equivalents on December 31, 2021 and 2020, including deposits held by subsidiaries in China, were \$142,833 thousand, and \$118,097 thousand, respectively. It must be processed in accordance with the procedures prescribed by the foreign exchange control laws and regulations, and the deposit can only be remitted.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Current financial assets designated at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 411,528	244,032
Fund investment	24,670	20,695
Subtotal	<u>436,198</u>	<u>264,727</u>
Non-current financial assets designated at fair value through profit or loss		
Stocks listed on domestic markets	9,326	11,517
Fund investment	-	4,720
Subtotal	<u>9,326</u>	<u>16,237</u>
Total	<u>\$ 445,524</u>	<u>280,964</u>

(c) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Stock unlisted on domestic markets — Taiwan VCM Corporation	\$ 1,016,326	1,130,019
Stock unlisted on domestic markets — Others	146,608	115,048
Stock unlisted on foreign markets	6,890	6,890
Total	<u>\$ 1,169,824</u>	<u>1,251,957</u>

(i) For credit risk and market risk, please refer to note 6(x).

(ii) The financial assets at fair value through other comprehensive income of the Group were not pledged as collateral as of December 31, 2021 and 2020.

(d) Financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Domestic and foreign time deposit-current	<u>\$ -</u>	<u>33,693</u>
Domestic and foreign time deposit-non-current	<u>\$ 21,715</u>	<u>21,585</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

- (i) During the years ended December 31, 2021 and 2020, the Group held domestic and foreign time deposits, with the weighted average interest rates of 3.30% and 0.41%~3.3%, which mature on November 2022 and from March to November 2021, respectively.
- (ii) The discount instruments were not pledged as collateral as of December 31, 2021 and 2020.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Trade receivables and notes receivable

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	\$ 59,347	47,777
Trade receivables	700,502	622,937
Less: Loss allowance	<u>(7,983)</u>	<u>(7,540)</u>
	<u>\$ 751,866</u>	<u>663,174</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 706,928	-	-
1 to 180 days past due	49,077	7%	4,139
More than 180 days past due	<u>3,844</u>	100%	<u>3,844</u>
	<u>\$ 759,849</u>		<u>7,983</u>

	December 31, 2020		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 630,420	-	-
1 to 180 days past due	36,522	10%	3,768
More than 180 days past due	<u>3,772</u>	100%	<u>3,772</u>
	<u>\$ 670,714</u>		<u>7,540</u>

The movement in the allowance for notes and trade receivables were as follows:

	2021	2020
Balance at January 1	\$ 7,540	3,682
Impairment losses recognized	1,708	5,460
Impairment losses reversed	(1,274)	(1,601)
Foreign exchange gains/(losses)	<u>9</u>	<u>(1)</u>
Balance at December 31	<u>\$ 7,983</u>	<u>7,540</u>

The aforementioned notes and trade receivables of the Group were not pledged as collateral as of December 31, 2021 and 2020.

(f) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 425,987	244,165
Work in progress	36,662	28,285
Finished goods	505,438	237,767
	<u>\$ 968,087</u>	<u>510,217</u>

The Group's relevant inventory details recognized in operating costs in 2021 and 2020 are as follows:

	2021	2020
Inventory that has been sold	\$ 5,890,176	4,258,900
Write-down of inventories (Reversal of write-downs)	1,234	(4,460)
Disposal of inventory	1,602	-
Idle capacity	111,542	122,300
Revenue from sale of scraps and others	1,162	3,153
	<u>\$ 6,005,716</u>	<u>4,379,893</u>

As of December 31, 2021 and 2020, the Group did not provide any inventories as collateral for its loans.

The impairment loss in inventory was reversed due to the increase in net realizable value which was caused by the scarcity of the inventory and the market price increased.

(g) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Associates	<u>\$ 417,247</u>	<u>407,945</u>

(i) Associates

Associates which are material to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered country of the Company	Proportion of shareholding and voting rights	
			December 31, 2021	December 31, 2020
Chun Pin Enterprise Co., Limited.	Wholesale of chemical feedstock and products	Taiwan	44.62%	44.62%

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associate.

	December 31, 2021	December 31, 2020
Current assets	\$ 862,322	794,810
Non current assets	238,527	207,248
Current liabilities	(133,582)	(86,914)
Non current liabilities	(32,059)	(784)
Net assets	<u>\$ 935,208</u>	<u>914,360</u>
	2021	2020
Operating revenue	\$ 436,102	420,247
Profit from continuing operations	176,458	172,894
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 176,458</u>	<u>172,894</u>
	2021	2020
Share of net assets of associates as of January 1	\$ 407,945	404,932
Comprehensive income attributable to the Group	78,728	77,137
Dividends received from associates	(69,426)	(74,124)
Share of net assets of associates as of December 31	<u>\$ 417,247</u>	<u>407,945</u>

(ii) Guarantee

As of December 31, 2021 and 2020, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Lands	Buildings and constructions	Machinery and equipments	Other facilities	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2021	\$ 1,483,366	1,408,825	2,437,215	1,514,118	65,051	6,908,575
Additions	-	947	-	68	100,836	101,851
Transfer from construction in progress and testing equip	-	4,604	53,131	21,253	(78,988)	-
Disposal	-	(231)	(34,338)	(18,259)	-	(52,828)
Transfer to expense	-	-	-	-	(441)	(441)
Effect of movement in exchange rates	-	1,010	2,473	319	194	3,996
Balance on December 31, 2021	<u>\$ 1,483,366</u>	<u>1,415,155</u>	<u>2,458,481</u>	<u>1,517,499</u>	<u>86,652</u>	<u>6,961,153</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Machinery and equipments</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2020	\$ 1,483,366	1,399,223	2,430,913	1,476,738	22,217	6,812,457
Additions	-	493	791	716	115,230	117,230
Transfer from construction in progress and testing equip	-	9,226	20,913	41,598	(71,737)	-
Disposal	-	-	(15,123)	(4,901)	-	(20,024)
Transfer to expense	-	-	-	-	(803)	(803)
Effect of movement in exchange rates	-	(117)	(279)	(33)	144	(285)
Balance on December 31, 2020	<u>\$ 1,483,366</u>	<u>1,408,825</u>	<u>2,437,215</u>	<u>1,514,118</u>	<u>65,051</u>	<u>6,908,575</u>

Depreciation and impairments losses:

Balance on January 1, 2021	\$ -	405,663	1,857,412	1,122,882	-	3,385,957
Depreciation and impairment loss for the year	-	32,617	69,847	71,272	-	173,736
Disposal	-	-	(34,107)	(18,258)	-	(52,365)
Effect of movement in exchange rates	-	538	2,203	308	-	3,049
Balance on December 31, 2021	<u>\$ -</u>	<u>438,818</u>	<u>1,895,355</u>	<u>1,176,204</u>	<u>-</u>	<u>3,510,377</u>
Balance on January 1, 2020	\$ -	373,826	1,785,022	1,058,244	-	3,217,092
Depreciation and impairment loss for the year	-	31,850	76,513	69,501	-	177,864
Disposal	-	-	(3,877)	(4,826)	-	(8,703)
Effect of movement in exchange rates	-	(13)	(246)	(37)	-	(296)
Balance on December 31, 2020	<u>\$ -</u>	<u>405,663</u>	<u>1,857,412</u>	<u>1,122,882</u>	<u>-</u>	<u>3,385,957</u>

Carrying amount:

Balance on December 31, 2021	<u>\$ 1,483,366</u>	<u>976,337</u>	<u>563,126</u>	<u>341,295</u>	<u>86,652</u>	<u>3,450,776</u>
Balance on January 1, 2020	<u>\$ 1,483,366</u>	<u>1,025,397</u>	<u>645,891</u>	<u>418,494</u>	<u>22,217</u>	<u>3,595,365</u>
Balance on December 31, 2020	<u>\$ 1,483,366</u>	<u>1,003,162</u>	<u>579,803</u>	<u>391,236</u>	<u>65,051</u>	<u>3,522,618</u>

Part of the land held by the Group is part of the land used for urban rezoning or agricultural land, which cannot be transferred in the name of the Group yet, so it is temporarily registered in other and mortgaged to the Group. The Group expects to use part of the agricultural land for lease; therefore, it is reclassified as investment real estate. As of December 31, 2021 and 2020, the book value (including investment real estate) were \$106,823 thousand and \$135,881 thousand. The Group is actively applying to the relevant authorities for the change of the land head and will transfer the ownership to the Group after the city rezoning or the land head change is completed.

As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings and credit lines; please refer to note 8.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Right-of-use-assets

The Group leases many assets including land and buildings and vehicles. Information about leases for which the Group as a lessee was presented below:

	Lands	Buildings and constructions	Other facilities	Total
Cost:				
Balance at January 1, 2021	\$ 31,702	41,298	34,429	107,429
Addition	-	76,726	95,660	172,386
Decrease	-	-	30,770	30,770
Effect of movement in exchange rates	362	(28)	-	334
Balance at December 31, 2021	\$ 32,064	117,996	160,859	310,919
Balance at January 1, 2020	\$ 31,722	41,308	34,429	107,459
Effect of movement in exchange rates	(20)	(10)	-	(30)
Balance at December 31, 2020	\$ 31,702	41,298	34,429	107,429
Accumulated depreciation:				
Balance at January 1, 2021	\$ 4,873	22,971	28,072	55,916
Depreciation for the year	2,555	12,723	16,309	31,587
Decrease	-	-	30,770	30,770
Effect of movement in exchange rates	235	64	1	300
Balance at December 31, 2021	\$ 7,663	35,758	75,152	118,573
Balance at January 1, 2020	\$ 2,328	11,470	13,705	27,503
Depreciation for the year	2,547	11,468	14,366	28,381
Effect of movement in exchange rates	(2)	33	1	32
Balance at December 31, 2020	\$ 4,873	22,971	28,072	55,916
Carrying amount:				
Balance at December 31, 2021	\$ 24,401	82,238	85,707	192,346
Balance at December 31, 2020	\$ 26,829	18,327	6,357	51,513

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(j) Investment property

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Blance at January 1, 2021	\$ 4,833,619	18,390	4,852,009
Purchases	187,391	-	187,391
Disposal	(40,815)	-	(40,815)
Blance at December 31, 2021	<u>\$ 4,980,195</u>	<u>18,390</u>	<u>4,998,585</u>
Blance at January 1, 2020	\$ 4,764,792	18,390	4,783,182
Purchases	74,614	-	74,614
Disposal	(5,787)	-	(5,787)
Blance at December 31, 2020	<u>\$ 4,833,619</u>	<u>18,390</u>	<u>4,852,009</u>
Accumulated depreciation and impairment losses:			
Blance at January 1, 2021	\$ -	1,711	1,711
Depreciation for the year	-	1,245	1,245
Blance at December 31, 2021	<u>\$ -</u>	<u>2,956</u>	<u>2,956</u>
Blance at January 1, 2020	\$ -	468	468
Depreciation for the year	-	1,243	1,243
Blance at December 31, 2020	<u>\$ -</u>	<u>1,711</u>	<u>1,711</u>
Carrying amount:			
Blance at December 31, 2021	<u>\$ 4,980,195</u>	<u>15,434</u>	<u>4,995,629</u>
Blance at January 1, 2020	<u>\$ 4,764,792</u>	<u>17,922</u>	<u>4,782,714</u>
Blance at December 31, 2020	<u>\$ 4,833,619</u>	<u>16,679</u>	<u>4,850,298</u>
Fair value			
Blance at December 31, 2021		<u>\$ 18,456,508</u>	
Blance at December 31, 2020		<u>\$ 12,364,604</u>	

Part of the lands were agricultural land, which's legal title were not allowed to be held by the Group were held temporarily by third party and registered as mortgage to the Group. The Group is applying for alternation of land use for above lands and their title will be transferred to the Group once the process of alternation of land use complete. Please refer to note 6(h) for further details.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2021, the fair value of the Group's investment property was evaluated based on the appraisal report of the property from external experts and the recent market price recorded in the Actual Price Registration of Real Estate Transaction. As of December 31, 2020, the fair value of the Group's investment property was evaluated based on the appraisal report of the property from external experts.

As of December 31, 2021 and 2020, the capitalized borrowing costs related to the acquisition of investment real estate were 27,428 and 27,671 thousand, and the capitalization interest rates were both 1.41%.

As of December 31, 2021 and 2020, investment property of the Group had been pledged as collateral for long-term borrowings and credit lines, please refer to note 8.

(k) Other current assets and other non current assets

The other current assets others and other non current assets of the Group were as follows:

	December 31, 2021	December 31, 2020
Other current assets		
Other receivables	\$ 15,005	19,789
Current tax assets	197	348
Prepayments	68,874	93,404
Others	2,418	7,715
	<u>\$ 86,494</u>	<u>121,256</u>
Other non-current assets		
Prepayments for equipment	\$ 3,922	-
Deferred tax assets	12,397	12,617
Other non-current financial assets	32,674	14,831
Others	17,426	19,277
	<u>\$ 66,419</u>	<u>46,725</u>

As of December 31, 2021 and 2020, the Group did not provide any other current assets and other non-current assets as collateral for its loans.

(l) Other current liabilities

The other current liabilities of the Group were as follows:

	December 31, 2021	December 31, 2020
Lease liabilities-current	\$ 31,148	15,595
Unearned sales revenue	18,022	15,938
Others	2,290	2,196
	<u>\$ 51,460</u>	<u>33,729</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Other current liabilities are expected to be settled within one year.

(m) Short-term borrowings

The short-term borrowings of the Group were summarized as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	\$ 150,000	200,000
Unused short-term credit line	\$ 398,156	334,843
Range of interest rates	<u>1.10%~1.11%</u>	<u>1.08~1.16%</u>

For the collateral for short-term borrowings, please refer to note 8.

(n) Long-term borrowings

December 31, 2021				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	0.89%~1.41%	113.03~120.06	\$ 3,199,965
Less: current portion				(54,167)
Total				<u>\$ 3,145,798</u>
Unused long-term credit lines				<u>\$ 2,864,099</u>

December 31, 2020				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	0.95%~1.41%	110.03~120.06	\$ 3,036,098
Less: current portion				(54,167)
Total				<u>\$ 2,981,931</u>
Unused long-term credit lines				<u>\$ 2,873,902</u>

For the collateral for short-term borrowings, please refer to note 8.

(o) Leases Liabilities

The lease liabilities of the Group's were as follows:

	December 31, 2021	December 31, 2020
Current	\$ 31,148	15,595
Non-current	\$ 141,332	15,128

For maturity analysis, please refer to note 6 (x).

The amounts recognized in profit or loss was as follows:

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2021	2020
Interest on lease liabilities	<u>\$ 1,521</u>	<u>798</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	2021	2020
Total cash outflow for leases	\$ 32,058	28,499

The Group leases land, houses and buildings, and raw material storage tanks. The leases run for four to five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(p) Operating lease

(i) Leases as lessor

The Group leases out its investment property and other facilities. The Group has classified these leases as operating leases.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2021	December 31, 2020[]
Less than one year	\$ 9,281	9,169
One and two years	9,444	9,281
Two and three years	9,560	9,444
Three and four years	9,727	9,560
Four and five years	9,846	9,727
More than five years	79,554	89,401
Total undiscounted lease payment	\$ 127,412	136,582

Rental income from investment properties was \$11,689 thousand and \$11,328 thousand in 2021 and 2020, respectively.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 381,586	396,840
Fair value of plan assets	(276,249)	(288,733)
Net defined benefit liabilities	\$ 105,337	108,107

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Long-term vacation liability	\$ 14,633	13,699
Cash-settled share-based payment liability	-	-
Total employee benefit liabilities	<u>\$ 14,633</u>	<u>13,699</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$276,249 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2021	2020
Defined benefit obligation at January 1	\$ 396,840	415,756
Current service costs and interest cost (income)	3,810	5,622
Remeasurements loss(gain):		
— Experience adjustment	(1,241)	10,612
— Financial assumptions	9,162	74
— Financial assumptions	(3,389)	7,555
Benefits paid	(23,596)	(42,779)
Defined benefit obligations at December 31	<u>\$ 381,586</u>	<u>396,840</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2021	2020
Fair value of plan assets at January 1	\$ (288,733)	(313,091)
Interest cost (income)	(1,052)	(1,872)
Remeasurements of defined benefit liabilities (assets):		
— Return on plan assets excluding interest income	(4,379)	(11,010)
Contribution paid by employer	(5,681)	(5,539)
Benefits paid	23,596	42,779
Fair value of plan assets at December 31	<u>\$ (276,249)</u>	<u>(288,733)</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2021	2020
Current service costs	\$ 2,363	3,125
Net interest of net liabilities for defined benefit obligations	395	625
	<u>\$ 2,758</u>	<u>3,750</u>

	2021	2020
Operating cost	\$ 2,179	2,874
Selling expenses	23	138
Administration expenses	553	732
Research and development expenses	3	6
	<u>\$ 2,758</u>	<u>3,750</u>

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

	2021	2020
Accumulated amount at January 1	\$ 126,105	118,091
Recognized during the period	(3,378)	8,014
Accumulated amount at December 31	<u>\$ 122,727</u>	<u>126,105</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	0.500%	0.375%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$5,671 thousand.

The weighted average lifetime of the defined benefits plans is 7.2 years.

7) Sensitivity analysis

When calculating and determining the present value of defined benefit obligations, the company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet date, including discount rates, employee turnover rates, and future salary changes. Any change in actuarial assumptions may materially affect the amounts of the company's defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation in the years 2021 and 2020 shall be as follows:

	Impact on defined benefit obligation	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	(6,792)	6,994
Future salary increasing rate	6,769	(6,609)
December 31, 2020		
Discount rate	(7,555)	7,788
Future salary increasing rate	7,527	(7,341)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The Company and consolidated entities set up Taiwan allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The consolidated entities set up Mainland China contributes and deposits insurance money to its employee's endowment insurance account in accordance with the regulations of their respective countries. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$14,805 thousand and \$11,313 thousand for the years ended December 31, 2021 and 2020, respectively.

(r) Income tax

The components of income tax in the years 2021 and 2020 were as follows:

(i) Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 17,725	12,648
Adjustments for prior periods	<u>548</u>	<u>(1)</u>
Subtotal	<u>18,273</u>	<u>12,647</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>14,567</u>	<u>14,969</u>
Subtotal	<u>14,567</u>	<u>14,969</u>
Tax expense	<u>\$ 32,840</u>	<u>27,616</u>

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	\$ 352,208	401,713
Income tax using the Company's domestic tax rate	85,460	176,407
Tax-exempt income	(73,084)	(43,587)
Non-deductible expenses	(27)	2,606
Recognition of previously unrecognized tax losses	(5)	(21,492)
Current-year losses for which no deferred tax asset was recognized	777	249

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Changes in unrecognized temporary differences	1,293	(87,619)
Change in provision in prior periods	6,869	(1)
Additional tax on undistributed earning tax	<u>11,557</u>	<u>1,053</u>
Income tax expense	<u>\$ 32,840</u>	<u>27,616</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible Temporary Differences	\$ 407,210	405,917
The carryforward of unused tax losses	51,709	51,128
Total	<u>\$ 458,919</u>	<u>457,045</u>

The deductible temporary differences are mainly the share of overseas investment losses and deferred benefits recognized by the equity method.

The R.O.C. Income Tax Act and P.R.C. Enterprise Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years and five years for local tax reporting purposes, respectively. Deferred tax assets have not been recognized in respect of these items because it is less than more likely that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the Company and domestic subsidiaries have not recognized deferred tax asset. The deduction deadline are as follows:

Consolidated entities	Year of loss	Unused tax loss	Expiry date
Fine Environment Technologies Co., Ltd	2012 (Assessment amount)	\$ 56	2022
FFine Environment Technologies Co., Ltd.	2015 (Assessment amount)	760	2025
Fine Environment Technologies Co., Ltd.	2016 (Assessment amount)	351	2026
Fine Environment Technologies Co., Ltd.	2017 (Assessment amount)	468	2027
Fine Environment Technologies Co., Ltd.	2018 (Assessment amount)	856	2028
Ocean Plastics Co., Ltd.	2018 (Assessment amount)	66,897	2028
Ocean Plastics Co., Ltd.	2019 (Assessment amount)	128,746	2029
Fine Environment Technologies Co., Ltd.	2019 (Reported amount)	41	2029
Fine Environment Technologies Co., Ltd.	2020 (Reported amount)	16	2030
Total		<u>\$ 198,191</u>	

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2021, the deduction period of the subsidiaries in Mainland China unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2017	\$ 19,463	2022
2018	14,823	2023
2019	5,439	2024
2020	4,581	2025
2021	3,978	2026
Total	<u><u>\$ 48,284</u></u>	

2) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Unrealized loss on valuation of inventories	Other	Total
Balance at January 1, 2021	\$ 10,511	2,106	12,617
Recognized in profit or loss	247	(467)	(220)
Balance at December 31, 2021	<u><u>\$ 10,758</u></u>	<u><u>1,639</u></u>	<u><u>12,397</u></u>
Balance at January 1, 2020	\$ 11,404	675	12,079
Recognized in profit or loss	(893)	1,431	538
Balance at December 31, 2020	<u><u>\$ 10,511</u></u>	<u><u>2,106</u></u>	<u><u>12,617</u></u>

Deferred tax liabilities:

	Reserve for land revaluation increment tax	Difference of property plant and equipment in depreciation life	Total
Balance at January 1, 2021	\$ 1,350,538	78,109	1,428,647
Recognized in profit or loss	-	14,347	14,347
Cash compensation for land sale	(3,342)	-	(3,342)
Balance at December 31, 2021	<u><u>\$ 1,347,196</u></u>	<u><u>92,456</u></u>	<u><u>1,439,652</u></u>
Balance at January 1, 2020	\$ 1,350,538	62,602	1,413,140
Recognized in profit or loss	-	15,507	15,507
Balance at December 31, 2020	<u><u>\$ 1,350,538</u></u>	<u><u>78,109</u></u>	<u><u>1,428,647</u></u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The tax returns of the Company and domestic subsidiaries for the years ended 2019 were assessed by the Taipei National Tax Administration, and the tax returns of the subsidiaries in China for the years ended 2020 have already reported to the local tax authority.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(s) Capital and other equity

As of December 31, 2021 and 2020, the number of authorized ordinary shares were 4,000,000 thousand shares with par value of \$10 per share, and 227,228 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share premium	\$ 680	680
Treasury share transactions	7,112	7,112
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6,543	-
Total	\$ 14,335	7,792

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, unless the amount of the legal reserve is already equal to or greater than the total paid-in capital. Additionally, the Company shall allocate special reserve taking into consideration the operating needs and statutory requirements. Any remaining profit, together with any prior-period undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In accordance with the Company's dividend policy, if there is profitability for the year, dividends can be distributed in three forms—cash dividend, common stock dividend, or capital surplus transferred to common stock. Distribution shall not be less than 20 percent of the income after deducting legal reserve and special reserve, and only when the Company has significant investment plan or intends to improve financial structure can common stock dividends or capital surplus transferred to common stock substitute for cash dividend. However, cash dividends shall account for at least 10 percent of dividend distribution.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied the exemptions at the first-time adoption of IFRSs, and increased its retained earnings by \$2,992,372 thousand, which resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment property being used as the cost on initial recognitions at the transition date.

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance of special earnings reserve were \$2,978,245 thousand.

3) Earnings distribution

Earnings distribution for 2020 was decided by the resolution adopted, at the general meeting of shareholders held on July 27 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2020	
	Amount per share	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$	1 <u><u>227,228</u></u>

The appropriations of earnings for 2019 had been approved during the shareholders' meeting on June 22 2020, respectively. The operating result showed net loss after tax; consequently, no surplus distribution is planned.

(iii) Treasury shares

As of December 31, 2021, the company's treasury stock balance is \$36,189 thousand.

Before the amendment to the R.O.C. Company Act on November 2001, the Company's subsidiaries, Chang Xin Co., Ltd. and Hong Da Investment Co., Ltd., acquired \$2,939 thousand and \$3,604 thousand of the Company's shares, respectively.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(t) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share of the Company as follows:

	<u>2021</u>	<u>2020</u>
Basic earnings per share		
Profit of the Company for the year — continuing operations	\$ 319,368	374,097
Profit/(loss) of the Company for the year — discontinued operations	<u>-</u>	<u>341,055</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 319,368</u>	<u>715,152</u>
Weighted average number of ordinary shares (thousand share)	<u>220,686</u>	<u>220,686</u>
Basic earnings per share (NT dollars)		
From continuing operations	\$ 1.45	1.69
From discontinued operations	<u>-</u>	<u>1.55</u>
	<u>\$ 1.45</u>	<u>3.24</u>
Diluted earnings per share		
Profit of the Company for the year — continuing operations	\$ 319,368	374,097
Profit/(loss) of the Company for the year — discontinued operations	<u>-</u>	<u>341,055</u>
Profit attributable to ordinary shareholders of the Company	<u>319,368</u>	<u>715,152</u>
Weighted average number of ordinary shares (thousand share)	220,686	220,686
Effects of dilutive potential ordinary shares (in thousands of shares)		
Effect of employee share bonus	<u>235</u>	<u>235</u>
Weighted average number of ordinary shares (diluted) (thousand share)	<u>220,921</u>	<u>220,921</u>
Diluted earnings per share (NT dollars)		
From continuing operations	\$ 1.45	1.69
From discontinued operations	<u>-</u>	<u>1.55</u>
	<u>\$ 1.45</u>	<u>3.24</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Revenue from contracts with customers

(i) Details of revenue

		2021		
		Taiwan	China	Total
Primary geographical markets:				
Taiwan	\$	2,610,363	20,349	2,630,712
India		1,962,638	-	1,962,638
United States		313,942	636,850	950,792
China		52,650	186,955	239,605
Other		684,488	22,098	706,586
	\$	5,624,081	866,252	6,490,333
Major products:				
Plastic materials	\$	3,596,453	-	3,596,453
Plastic products		2,017,453	866,252	2,883,705
Stocks and funds		10,175	-	10,175
	\$	5,624,081	866,252	6,490,333
		2020		
		Taiwan	China	Total
Primary geographical markets:				
Taiwan	\$	2,019,788	56,189	2,075,977
India		1,299,490	-	1,299,490
United States		376,551	283,927	660,478
China		52,625	242,164	294,789
Other		636,588	12,696	649,284
	\$	4,385,042	594,976	4,980,018
Major products/services lines:				
Plastic materials	\$	2,683,721	-	2,683,721
Plastic products		1,666,310	594,976	2,261,286
Stocks and funds		35,011	-	35,011
	\$	4,385,042	594,976	4,980,018

(ii) Contract balances

December 31,
2021

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		2020
Notes and trade receivables	\$ 759,849	670,836
Less: allowance for impairment	(7,983)	(7,540)
Total	\$ 751,866	663,296
Contract liabilities	\$ 50,142	30,529

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For details on trade receivables and allowance for impairment, please refer to note 6(e).

Contract liabilities mainly arose from advance receipt of loans from customers and payments for real estate. The Group will record revenue when the product is delivered to the customer or when the property is completed and the ownership is transferred.

The amount of revenue recognized for the years ended December 31 2021 and 2020 that was included in the contract liability balance at the beginning of the period were 12,604 thousand and 15,559 thousand, respectively.

(v) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and more than 2% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The persons who are entitled to receive cash or shares as staff remuneration stipulated in the preceding paragraph include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to 6,108 thousand and 9,545 thousand, and directors' and supervisors' remuneration amounting to 4,671 thousand and 7,299 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors in 2021, if any, shall be accounted for as changes in accounting estimates and recognized in 2022. The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2020.

(w) Non-operating income and expenses

(i) Interest income

For the years ended December 31, 2021 and 2020, the details of other income were as follows:

	2021	2020
Interest income from bank deposits	\$ 4,344	4,475

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Other income

For the years ended December 31, 2021 and 2020, the details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Rent income	\$ 11,689	11,328
Dividend income	97,957	29,459
Other income, Others	56,214	19,167
	<u>\$ 165,860</u>	<u>59,954</u>

(iii) Other gains and losses

For the years ended December 31, 2021 and 2020, the details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Loss on disposal of property, plant and equipment	\$ -	(3,351)
Gains on disposals of investment property	18,689	-
Gains (losses) on disposal of investments	1,385	(11,965)
Foreign exchange gains (losses)	9,637	(18,537)
Gains on financial assets at fair value through profit or loss	121,883	70,562
Miscellaneous disbursements	(517)	10,552
	<u>\$ 151,077</u>	<u>47,261</u>

(iv) Financial costs

For the years ended December 31, 2021 and 2020, the details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	\$ 42,828	47,479
Less : Interest capitalization	(27,428)	(27,671)
	<u>\$ 15,400</u>	<u>19,808</u>

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets except for cash and cash equivalents, represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk were 1,197,390 thousand and 944,138 thousand, respectively.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The sales target of the Group is not significantly concentrated in a few customers, as of December 31, 2021 and 2020, the balance of accounts receivable resulted from the top ten customers were 35% and 38%.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,199,965	3,372,360	47,231	47,565	94,796	2,911,719	271,049
Unsecured bank loans	150,000	150,284	150,284	-	-	-	-
Notes payables	208,350	208,350	208,350	-	-	-	-
Trade payables	755,622	755,622	755,622	-	-	-	-
Other payables (including related parties)	162,233	162,233	162,233	-	-	-	-
Lease liabilities	172,480	179,677	16,707	16,128	40,984	82,356	23,502
	\$ 4,648,650	4,828,526	1,340,427	63,693	135,780	2,994,075	294,551
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,036,098	3,245,255	46,398	46,718	281,776	2,535,562	334,801
Unsecured bank loans	200,000	200,266	200,266	-	-	-	-
Notes payables	39,240	39,240	39,240	-	-	-	-
Trade payables	450,891	450,891	450,891	-	-	-	-
Other payables (including related parties)	129,909	129,909	129,909	-	-	-	-
Lease liabilities	30,723	31,295	11,525	4,391	7,979	7,400	-
	\$ 3,886,861	4,096,856	878,229	51,109	289,755	2,542,962	334,801

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
<u>Financial assets:</u>						

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Monetary items

USD	\$	25,134	27.69	695,835	20,864	28.10	586,278
HKD		430	3.55	1,526	845	3.63	3,063

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2021			December 31, 2020		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	20,913	27.69	578,989	14,726	28.10	413,797

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the JPY, USD, and HKD as of December 31, 2021 and 2020, would have increased (decreased) the net profit after tax by \$947 thousand and \$1,404 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 9,637 thousand and (18,537) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Group's net income would have increased / decreased by \$6,400 thousand and \$6,672 thousand for the year ended December 31, 2021 and 2020 with all other variable factors remaining constant, respectively.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities at the reporting date	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	<u>\$ 11,698</u>	<u>4,455</u>	<u>12,520</u>	<u>2,810</u>
Decreasing 1%	<u>\$ (11,698)</u>	<u>(4,455)</u>	<u>(12,520)</u>	<u>(2,810)</u>

(vi) Fair value of financial instruments

1) Fair value hierarchy

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, except as described in the following paragraphs, 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:

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss-current	\$ 436,198	436,198	-	-	436,198
Designated at fair value through profit or loss-non current	9,326	9,326	-	-	9,326
Subtotal	445,524	445,524	-	-	445,524
Financial assets at fair value through other comprehensive income					
Stock in domestic unlisted company	1,169,824	-	-	1,169,824	1,169,824
Total	<u>\$ 1,615,348</u>	<u>445,524</u>	<u>-</u>	<u>1,169,824</u>	<u>1,615,348</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		December 31, 2020				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Designated at fair value through profit or loss-current	\$	264,727	264,727	-	-	264,727
Designated at fair value through profit or loss-non current		16,237	16,237	-	-	16,237
Subtotal		280,964	280,964	-	-	280,964
Financial assets at fair value through other comprehensive income						
Stock in domestic unlisted company		1,251,957	-	-	1,251,957	1,251,957
Total	\$	1,532,921	280,964	-	1,251,957	1,532,921

2) Valuation techniques for financial instruments measured at fair value

If quoted prices of financial instruments are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and the prices represent actual and regularly occurring market transactions on an arm's length basis, then the financial instrument is regarded as quoted in an active market.

If the condition above is not met, the market is inactive. If the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

If the financial instruments held by the Group are in active market, its fair value hierarchy and nature are as follows:

The stock of listed companies and domestic open end funds are financial instruments in active market, and the fair value thereof is decided by the market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Group are in no active market, its fair value category and nature are as follows:

Unquoted equity instruments: except acquiring the latest transaction price as fair value, others adopt market approach of comparable business. This method mainly assumes price-book of investees, enterprise value, income after tax, and the stock price of comparable listed company to calculate price-book ratio, enterprise value ratio, and earnings per share as a measure basis. This estimated fair value is already adjusted for the lack of liquidity.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Reconciliation of Level 3 fair values

	At fair value through profit or loss	Fair value through other comprehensive income	
	Designated at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2021	\$ -	1,251,957	1,251,957
Total gains and losses recognized:			
In other comprehensive income	-	(82,133)	(82,133)
Ending Balance, December 31, 2021	<u>\$ -</u>	<u>1,169,824</u>	<u>1,169,824</u>
Opening balance, January 1, 2020	\$ -	690,314	690,314
Total gains and losses recognized			
In profit or loss	(716)	-	(716)
In other comprehensive income	-	564,796	564,796
Purchased	3,954	-	3,954
Derecognized	(3,238)	(3,153)	(6,391)
Ending Balance, December 31, 2020	<u>\$ -</u>	<u>1,251,957</u>	<u>1,251,957</u>

For the years ended December 31, 2021 and 2020, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	2021	2020
Total gains and losses recognized		
In profit or loss, and presented in “other gains and losses”	\$ -	(716)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(82,133)	564,796

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

Most of the fair value of the Group classified as level 3 is an equity instrument in no active market which has multiple significant unobservable inputs. Because the inputs are mutual independent, there is no relevance.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable company analysis	· P/E ratio (7.94~15.91 and 10.21~15.22 on December 31, 2021 and 2020, respectively) · Lack-of-Marketability Discount (17.69%~25.04% and 17.71%~27.56% on December 31, 2021 and 2020, respectively) · P/B ratio (1.42~2.78 and 1.36~2.35 on December 31, 2021 and 2020, respectively)	· The estimated fair value would increase (decrease) if: · The P/E ratio and control premium were higher (lower); · Lack-of-Marketability Discount were lower (higher); · The P/B ratio and control premium were higher (lower).

5) Fair value measurements in Level 3-sensitivity analysis of reasonably possible alternative assumptions

The method to derive at the fair value of financial instruments is reasonable but could yield different outcomes when using different multipliers. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possibilities of alternative assumptions would have the following effects:

			Pofit or loss		Other comprehensive income	
			Inputs	Variation	Favourable	Unfarourable
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	1%	-	-	14,120	(14,120)
	Discount rate	1%	-	-	3,909	(3,909)
	P/B ratio	1%	-	-	9,040	(9,040)
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	1%	-	-	16,287	(16,287)
	Discount rate	1%	-	-	4,079	(4,079)
	P/B ratio	1%	-	-	7,870	(7,870)

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

This note expresses the risk exposure information of the above-mentioned risk of the Group, and the Group's objectives, policies and processes for measuring and managing the risks. For more disclosures about the quantitative effects, please refer to the respective notes in the consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Group's credit risk exposure is mainly affected by the individual conditions of each customer. However, the management also considers the statistical data of the Group's customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk.

The accounting Department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis or providing collateral.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The company has set up allowances for bad debt accounts to reflect estimates of losses incurred in accounts receivable and other receivables and investments. The main components of the allowance account include specific loss components related to individual major risk insurance and combined loss components established for similar asset groups that have occurred but have not been identified. The combined loss allowance account is determined based on historical payment statistics of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Endorsements and guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, endorsement guarantee provided by the Group were both 668,553 thousand, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Generally, the Group ensures that it has sufficient cash to support expected operating expenditure in a short term, including financial liabilities, but excludes potential impact which can not be predicted reasonably such as nature disasters. Moreover, as of December 31, 2021 and 2020, the Group's unused credit line respectively were 3,208,745 thousand and 2,754,277 thousand.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The functional currency of group is mainly NTD, and the currencies used in these transactions are the NTD, HKD, JPY and USD.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Interest rate risk

The Group's interest risk arose from short term and long term borrowings. Since the short term borrowings are at floating rate, the fluctuation in interest rates will lead to movements in future cash flows.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in stocks listed on domestic markets, and fund investment on domestic and foreign markets. The equity investment is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group manages the risk by holding different investment portfolios. The Group assigned a specific team to supervise the equity price risk, so as to avoid or minimize the risk from the hedging position.

(z) Capital management

The policy of the board of directors is to maintain a sound capital base to maintain the confidence of investors, creditors and the market, and to support the development of future operations. Capital includes the share capital, capital reserve, retained earnings and non-controlling interests of the combined company. The board of directors controls the return on capital and at the same time controls the level of ordinary stock dividends.

As of December 31, 2021 and 2020, the Group's debt-to-equity ratio at the end of the reporting period, were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 6,353,586	5,571,045
Less: cash and cash equivalents	(414,256)	(413,217)
Net debt	<u>\$ 5,939,330</u>	<u>5,157,828</u>
Total equity	<u>\$ 6,626,597</u>	<u>6,604,117</u>
Debt-to-equity ratio at 31 December	<u>89.63%</u>	<u>78.10%</u>

Management believes that there were no changes in the Group's approach to capital management for the years ended December 31, 2021 and 2020. As of December 31, 2021, the increase in the debt ratio was mainly attributable to the increase in net liabilities due to new long-term borrowings for the year.

(aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

(i) For right-of-use asset under lease, please refer to notes 6(j).

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Acquisition	Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 3,036,098	76,558	-	-	-	3,112,656
Short-term borrowings	200,000	(50,000)	-	-	-	150,000
Lease liabilities	30,723	(30,537)	172,386	(92)	-	172,480
Total liabilities from financing activities	<u>\$ 3,266,821</u>	<u>(3,979)</u>	<u>172,386</u>	<u>(92)</u>	<u>-</u>	<u>3,435,136</u>

	January 1, 2020	Cash flows	Non-cash changes			December 31, 2020
			Acquisition	Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 3,601,379	(565,281)	-	-	-	3,036,098
Short-term borrowings	250,000	(50,000)	-	-	-	200,000
Lease liabilities	58,468	(27,701)	-	(44)	-	30,723
Total liabilities from financing activities	<u>\$ 3,909,847</u>	<u>(642,982)</u>	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>3,266,821</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Chun Pin Enterprise Co., Ltd.	An associate
Chin Yi Ho Hang, Ltd.	Same chairman with the Group
Yee Fong Chemical and Industrial Co., Ltd.	The director of this company is the president of the Group
Ocean Plastics Urban Land Redeveloping Council	The member of the council is the chairman of the Company

(b) Significant transactions with related parties

(i) Other transactions with related parties

Account	Relationship	2021	2020
Cost of goods sold	Associate	<u>23,939</u>	<u>28,521</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group commissioned its associate to operate oil storage tanks. The outstanding balances of management expenses on December 31, 2021 and 2020 were \$3,083 thousand and \$3,204 thousand, which are presented as “other payables to related parties”.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Leases

In January 2019, the Group leased an high-pressure spherical tank from its associate. A six year lease contract was entered into, and the rent was determined based on the rental rates in the vicinity. The total value of the contract was \$52,800 thousand, the Group entered into a lease agreement with the associate to continue leasing spherical tanks that amounted to \$148,102 thousand. For 2021 and 2020, the interest expenses were \$686 thousand and \$156 thousand. As of December 31, 2021 and 2020, the lease liabilities had amounted to \$85,179 thousand and \$4,388 thousand.

In May 2017, the Group leased from other related parties an office building as its headquarter on Juguang Road, Taipei City, and the land in Zhongli Dist., Taoyuan City. A five year lease contract was signed, and the rent was determined based on land rental rates in the vicinity. The total value of the contract was \$37,000 thousand. For 2021 and 2020, interest expenses were 271 thousand and 367 thousand. As of December 31, 2021 and 2020, lease liabilities had amounted 14,552 and 21,681 thousand.

(iii) Providing administrative services to related party

The Group had signed a contract concerning an urban land redeveloping project with the landlords, which was implemented by Chang Xin Co., Ltd. in November 2014. The Group provided administrative services to a related party for land development procedures and received an income of \$24,095 (recognized as Other income) for the years ended December 31, 2021. As of December 31, 2021, there is no outstanding balance.

(iv) Transaction of properties

1) Disposal of investment properties

In October 2021, the Group sold the land at Jiankang Segment, Zhonghe District, New Taipei City, to the Ocean Plastics Urban Lan Redeveloping Council and received cash compensation. The total land area is 874.92, with a total price of \$49,489 thousand. As of December 31, 2021, the transfer procedures had been completed, and there is no outstanding balance. Please refer to note 6 (j) for the investment property details.

(c) Key management personnel compensation

	2021	2020
Short-term employee benefits	\$ 5,847	6,602
Post-employment benefits	-	5
Other long-term benefits	-	1
Total	<u>\$ 5,847</u>	<u>6,608</u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, plant and equipment	Long-term and short-term loans	\$ 2,295,851	2,316,615
Investment property	Long-term and short-term loans	3,637,062	3,663,301
Other financial assets	Trust account	32,674	14,831
		\$ 5,965,587	5,994,747

(9) Commitments and contingencies:

(a) Significant Commitments and Contingencies were as follows:

(i) The Group's unrecognized contractual commitments are as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	\$ 66,266	48,847

(ii) The Group's outstanding standby letter of credit are as follows:

	December 31, 2021	December 31, 2020
Outstanding standby letter of credit	\$ 1,844	15,157

(iii) The joint construction contract signed by the company for the sale of the built real estate is as follows:

Joint construction method	Project name
Joint construction and allocation of housing units	Xinglong Section, Wenshan District; Jiankang Section, Zhonghe District

(iv) The amounts of endorsement and guarantee provided by the Group for the borrowings and business of subsidiaries were as follows:

	December 31, 2021	December 31, 2020
	\$ 1,240,150	668,553

(b) Major contingent liabilities: none.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2021			2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		299,081	89,671	388,752	304,270	91,892	396,162
Labor and health insurance		29,507	8,436	37,943	26,043	7,328	33,371
Pension		13,131	4,432	17,563	11,651	4,125	15,776
Director's remuneration		-	10,153	10,153	-	13,623	13,623
Others		19,988	5,924	25,912	16,831	5,825	22,656
Depreciation		187,122	19,446	206,568	190,107	17,381	207,488
Amortization		-	-	-	-	-	-

(b) Discontinued operation

The Group's Board of Directors resolved on November 7, 2019 to sell the equity in Hunan Kunyuan Plastic Chemical Co., Ltd. The statutory procedures for equity transfer was completed on March 16, 2020, and the proceeds from disposal was US\$11,500 thousand (approximately NT\$347,300 thousand).

Profit and loss, and cash flows from discontinued operations were summarized as follows:

	<u>2020</u>
Results from operating activities:	
Operating revenues	\$ -
Operating costs	<u>-</u>
Gross profit from operations	-
Operating expenses	-
Non-operating income and expenses	<u>-</u>
Profit before income tax	-
Income tax expenses	<u>-</u>
Net loss after tax of discontinued operation	-
Gain on sale of asset or disposal groups of discontinued operation	341,055
Income tax of discontinued operation	<u>-</u>
Net income (loss) of discontinued operation	<u><u>\$ 341,055</u></u>
Basic earnings per share (NT dollars)	<u><u>\$ 1.55</u></u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Diluted earnings per share (NT dollars)	<u><u>\$ 1.55</u></u>
Cash inflow (outflow) from discontinued operation:	
Net cash from operating activities	\$ -
Net cash from investing activities	347,300
Net cash from financing activities	-
Effect in exchange rates	<u>(4,488)</u>
Net cash inflow	<u><u>\$ 342,812</u></u>

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (note 4)	Ending balance (note 4)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd.	Other receivables and long-term receivables	Yes	99,539	91,378	91,378	-	1	20,649	Operation Capital	-		-	1,325,319	2,650,639

Note 1: The numbering is as follows:

- 1.“0” represents the parent company.
- 2.Subsidiaries are sequentially numbered from 1 by company.

Note 2: The method of filling out the capital loan and nature is as follows:

- 1.represents a trading counterparty.
- 2.indicates the necessity of short-term financing.

Note 3: The total loans to others shall not exceed 40% of the net value of the Company, and the loans to an individual party shall not exceed 20% of the net value of the Company. The net value is based on the amount disclosed the latest financial statements.

Note 4: The cumulative maximum balance of loans to others from the current year to the reporting month includes the amount transferred from overdue receivables.

Note 5: The highest amounts were approved by the board of directors.

Note 6: The above transactions was written off when preparing the consolidated financial report.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period (ote 4)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	atio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	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 (Note 2)										
0	The Company	UNIVERSE ENTERPRIS ES, LTD.	2	3,313,299	20,000	20,000	-	-	0.30%	5,301,278	Y	N	N
0	The Company	Chang Xin Co., Ltd.	2	3,313,299	1,220,150	1,220,150 (Note 5)	295,567	-	18.41%	5,301,278	Y	N	N
1	Fine Environment Technologies Co., Ltd.	Chang Xin Co., Ltd.	4	81,115	5,134	- (Note 5)	-	5,134	- %	202,787	N	N	N
2	Hong Da Investment Co., Ltd.	Chang Xin Co., Ltd.	2	7,228	2,999	- (Note 5)	-	2,999	- %	11,565	N	N	N

Note 1: The numbering is as follows:

- 1.“0” represents the parent company.
- 2.Subsidiaries are sequentially numbered from 1 by company.

Note 2: There are following 7 types of relationship between the guarantee and the guarantor are as follows:

- 1.Trading counterparty.
- 2.The Company holds more than 50% of the voting shares in the entity, directly and indirectly.
- 3.The entity holds more than 50% of voting shares in the Company, directly and indirectly.
- 4.The Company holds more than 90% of voting shares in the entity, directly and indirectly
- 5.An entity in the construction industry mutually guaranteed pursuant to a project contract.
- 6.The stockholders of the Company provide guarantees or endorsements for the entity in proportion to percentage of ownership for joint investment.
- 7.Performance guarantees for presale contracts for entities in the same industry pursuant to the Consumer Protection Act.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 3: The endorsement and guarantee, provided by the Company and Fine environment Technology Co., Ltd. for a single entity, shall not exceed 50% of the guarantor's net worth, and the total shall not exceed 80% of the net worth of the guarantor. The endorsement and guarantee, provided by Changxin Xinye Co., Ltd. for a single party, shall not exceed 80% of the guarantor's net worth, and the total shall not exceed 100% of the guarantor's net worth. The endorsement and guarantee, provided by Hongda Investment Co., Ltd. for a single entity, shall not exceed 20% of the guarantor's net worth, and the total amount shall not exceed 50% of the guarantor's net worth.

Note 4: The highest balance of the endorsement guarantee for others in the current year.

Note 5: The company and its 100% direct or indirect subsidiaries pledged their jointly held land as collateral.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Taiwan VCM Corporation	-	Equity instruments at fair value through other comprehensive income	37,062	1,016,326	12.46%	1,016,326	12.46%	
"	E'dale Technology Co., Ltd.	-	"	630	37,269	3.38%	37,269	3.38%	
"	PAN OCEAN INC.	-	"	152	6,890	15.07%	6,890	15.07%	
"	Ultra-Pak Industries Co., Ltd	-	"	2,567	31,421	7.00%	31,421	7.00%	
"	Microcell Composite Company	-	"	237	-	4.32%	-	4.32%	
"	Fuzetec Technology Co., Ltd.	-	Financial assets designated at fair value through profit or loss-current (stock)	2,945	206,422	7.87%	206,422	7.87%	
Chang Xin Co., Ltd.	Ultra-Pak Industries Co., Ltd	-	Equity instruments at fair value through other comprehensive income	1,487	18,203	4.06%	18,203	4.06%	
"	Cosmactive Broadband Networks Co., Ltd.	-	"	1	-	0.12%	-	0.12%	
Hong Investment Ltd.	Acer Incorporated Co.,	-	Financial assets designated at fair value through profit or loss-non current (stock)	119	3,615	- %	3,615	- %	
"	United Microelectronics Corporation	-	"	29	1,881	- %	1,881	- %	
"	Capital SZSE SME Price Index Exchange Traded Fund -TWD	-	"	200	3,830	- %	3,830	- %	
"	Ultra-Pak Industries Co., Ltd	-	Equity instruments at fair value through other comprehensive income	1,265	15,479	3.45%	15,479	3.45%	
"	E'dale Technology Co., Ltd.	-	"	580	34,317	3.11%	34,317	3.11%	
"	Fuzetec Technology Co., Ltd.	-	Financial assets designated at fair value through profit or loss-current (stock)	2,926	205,106	7.82%	205,106	7.82%	
Fine Environment Technologies Co., Ltd.	Minima Technology Co., Ltd.	-	Equity instruments at fair value through other comprehensive income	413	9,919	1.06%	9,919	1.06%	
"	Microcell Composite Company	-	"	237	-	4.32%	-	4.32%	

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
FERMAT ENTERPRISES, LTD.	AB FCP I-Global High Yield Portfolio Class AT USD	-	Financial assets at fair value through profit or loss-current (funds)	111	11,269	- %	11,269	- %	
"	AB FCP I-Global High Yield Portfolio Class EA USD	-	"	24	8,166	- %	8,166	- %	
OPC HOLDING LTD.	AB FCP I-Global High Yield Portfolio Class EA USD	-	Financial assets at fair value through profit or loss-current (funds)	8	2,596	- %	2,596	- %	
"	"	-	"	8	2,639	- %	2,639	- %	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Fine Environment Technologies Co., Ltd.	1	Trade receivables	410	Comparable to general company	-%
0	The Company	Fine Environment Technologies Co., Ltd.	1	Notes receivables	273	Comparable to general company	-%
0	The Company	Fine Environment Technologies Co., Ltd.	1	Operating revenue	3,559	Comparable to general company	0.06%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd.	1	Trade receivables	12,487	Comparable to general company	0.11%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd.	1	Other receivables	7,996	Not comparable to general companies	0.03%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd.	1	Long-term receivables	83,382	Not comparable to general companies	0.67%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd.	1	Operating revenue	20,649	Comparable to general company	0.31%
0	The Company	Ocean Plastics (Hui Zhou) Co.,Ltd.	1	Trade receivables	22,006	Comparable to general company	0.03%
0	The Company	Ocean Plastics (Hui Zhou) Co.,Ltd.	1	Operating revenue	96,441	Comparable to general company	0.99%
1	Universe Enterprise, Ltd.	Ocean Plastics (Hui Zhou) Co.,Ltd.	3	Trade receivables	765	Comparable to general company	0.23%
1	Universe Enterprise, Ltd.	Ocean Plastics (Hui Zhou) Co.,Ltd.	3	Operating revenue	91,929	Comparable to general company	1.84%

Note 1: The numbering is as follows:

- 1.“0” represents the parent company.
- 2.Subsidiaries are sequentially numbered from 1.

Note 2: The types of related-party transactions is as follows:

- 1.Represents the transactions from parent company to subsidiary.
- 2.Represents the transactions from subsidiaries to parent company.
- 3.Represents the transactions from between subsidiaries.

Note 3: Business relationships and significant intercompany transactions only disclosed the information of the Company's cost and accounts payable. Revenues and account receivable of counterparty would not be disclosed again.

Note 4: Transaction within the Group were eliminated in the consolidated financial statements.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	Chun Pin Enterprise Co., Ltd.	Taiwan	Warehousing industry	290,000	290,000	29,000	44.62%	417,247	44.62%	176,458	78,728	associate
The Company	Fine Environment Technologies Co., Ltd.	Taiwan	Wholesale of plastics product	44,792	44,792	1,003	60.76%	8,784	60.76%	194	117	Subsidiary
The Company	Chang Xin Co., Ltd.	Taiwan	General investing	2,900,860	2,900,860	290,086	100.00%	1,459,536	100.00%	5,280	(1,263)	Subsidiary
The Company	Hong Investment Co., Ltd.	Taiwan	General investing	190,000	190,000	19,000	100.00%	281,161	100.00%	81,241	81,241	Subsidiary
The Company	FERMAT ENTERPRISES, LTD.	British Virgin Islands	Investment holding	13,887	13,887	450	100.00%	21,943	100.00%	224	224	Subsidiary
The Company	UNIVERSE ENTERPRISES LTD.	British Virgin Islands	Investment holding	93,032	93,032	3,000	100.00%	63,612	100.00%	3,870	3,870	Subsidiary
The Company	OCEAN GROUP LTD.	Samoa	Investment holding	1,069,438	1,069,438	32,900	100.00%	458,536	100.00%	(11,145)	(11,145)	Subsidiary
Hong Investment Co., Ltd.	Fine Environment Technologies Co., Ltd.	Taiwan	Wholesale of plastics product	6,294	6,294	647	39.24%	6,413	39.24%	194	76	Subsidiary
Chang Xin Co., Ltd.	Shen Yang Development Co., Ltd.	Taiwan	Real estate development	535	535	1,000	100.00%	535	100.00%	-	-	Subsidiary
OCEAN GROUP LTD.	OPC HOLDINGS, LTD.	British Virgin Islands	Investment holding	27,850	27,850	450	100.00%	45,558	100.00%	(516)	(516)	Subsidiary
OCEAN GROUP LTD.	SAGE HOLDINGS LTD.	Samoa	Investment holding	800,217	800,217	25,000	100.00%	472,015	100.00%	(7,542)	(7,542)	Subsidiary
OCEAN GROUP LTD.	RISE FUTURE INTERNATIONAL LTD.	Seychelles	Investment holding	241,371	241,371	7,450	100.00%	(59,089)	100.00%	(3,086)	(3,086)	Subsidiary

Note 1: Transaction within the Group were eliminated in the consolidated financial statements except for Chunpin Industrial Co., Ltd..

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars/In Thousands of USD Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Ocean Plastics (Hui Zhou) Co.,Ltd	Production and sale of business general soft tape, foamed latex leather and rubber leather	812,643 (USD25,000)	(3)	812,643 (USD25,000)	-	-	812,643 (USD25,000)	(7,542)	100.00%	100.00%	(7,542)	472,015	-
Ocean Plastics (Dong Guan) Co., Ltd.	Production and sales of PU synthetic leather, foamed latex leather and rubber leather	242,168 (USD7,450)	(3)	242,168 (USD7,450)	-	-	242,168 (USD7,450)	(3,086)	100.00%	100.00%	(3,086)	(59,089)	-

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
1,069,438 (USD32,900 thousand)	1,069,438 (USD32,900 thousand)	3,975,958

Note 1: Indirect investment in Mainland China through entities registered in a third region.

Note 2: The investment income (loss) was based on the financial statements audited by the investee's external accountant.

Note 3: The amount of accumulated outflow of investment from Taiwan was translated into New Taiwan dollars at the reporting date.

Note 4: The upper limit on investment, calculated based on the amendments to the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China, is 60% of the net equity or consolidated net equity.

Note 5: All intragroup transactions have been written off in the consolidated financial statements.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yee Fong Chemical And Industrial Co.,Ltd.		12,425,769	5.46%

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group's reportable segments are located in Taiwan and China. They mainly engaged in manufacturing, selling, developing plastic clothes, plastic pipes, plastic leather, plastic powder, and plastic pellet. The real estate development segment engages in developing the Group's real estate business. Due to different technology and marketing strategies, the Group manages separately strategic operating units. The major operating decision maker shall review the internal management report of each strategic operating unit at least quarterly. There are other operating departments which have not reached quantifiable threshold and mainly engage in selling plastic products.

(b) The information should report that the department's profit and loss, assets, liabilities and their measurement and reconciliations

The Group takes department pretax income (excluding unusual income and exchange income) in the management report, which is reviewed by main operating decision-maker, as a basis of management resource distribution and performance evaluation. Since income tax, unusual income, and exchange income are managed by the Group, the Group does not allocate the tax expense (income), unusual income, and exchange income into reportable segments. Moreover, not all incomes in the reportable segments include significant non-cash item except depreciation and amortization. Reporting amounts should consist with the report used by operating decision-maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as other transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2021							
		Taiwan Business Division	China Business Departmen	Real Estate Development Department	Discontinue d operations	Other	Reconciliati on and elimination	Total
Revenue:								
Revenue from external customers	\$	5,624,081	866,252	-	-	-	-	6,490,333
Inter-segment revenue		120,649	-	-	-	91,929	(212,578)	-
Interest income		175	2,650	-	-	1,519	-	4,344
Total revenues	\$	5,744,905	868,902	-	-	93,448	(212,578)	6,494,677
Interest expense	\$	14,854	546	-	-	-	-	15,400
Depreciations and amortization		186,815	19,753	-	-	-	-	206,568
Share of profit (loss) of associates and joint ventures accounted for using equity method		151,848	-	-	-	-	(73,120)	78,728
Reportable segment porofit or loss	\$	426,999	(4,501)	5,280	-	4,093	(79,663)	352,200

Asset:

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investments accounted for using equity method	\$	2,716,490	-	535	-	-	(2,299,778)	417,247
Capital expenditure of non-current assets		100,762	2,436	180,716	-	-	-	283,914
Reportable segment assets	\$	10,121,588	761,196	6,014,124	-	85,999	(4,002,724)	12,980,183
Reportable segment liabilities	\$	3,074,424	302,660	3,103,375	-	444	(127,317)	6,353,586

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2020						
	Taiwan Business Division	China Business Departmen	Real Estate Development Department	Discontinue d operations	Other	Reconciliati on and elimination	Total
Revenue:							
Revenue from external customers	\$ 4,385,042	594,976	-	-	-	-	4,980,018
Inter-segment revenue	61,529	58,329	-	-	78,328	(198,186)	-
Interest income	504	2,803	-	-	1,168	-	4,475
Total revenues	<u>\$ 4,447,075</u>	<u>656,108</u>	<u>-</u>	<u>-</u>	<u>79,496</u>	<u>(198,186)</u>	<u>4,984,493</u>
Interest expense	\$ 19,569	239	-	-	-	-	19,808
Depreciations and amortization	190,145	17,343	-	-	-	-	207,488
Share of profit (loss) of associates and joint ventures accounted for using equity method	552,186	-	-	-	-	(475,049)	77,137
Reportable segment porofit or loss	<u>\$ 769,758</u>	<u>110,498</u>	<u>142</u>	<u>341,055</u>	<u>(3,636)</u>	<u>(816,104)</u>	<u>401,713</u>
Asset:							
Capital expenditures on non-current asset	\$ 2,631,474	-	535	-	-	(2,224,064)	407,945
Capital expenditure of non-current	88,494	26,095	74,616	-	-	-	189,205
Reportable segment assets	<u>\$ 9,528,070</u>	<u>664,184</u>	<u>5,848,097</u>	<u>-</u>	<u>81,812</u>	<u>(3,947,001)</u>	<u>12,175,162</u>
Reportable segment liabilities	<u>\$ 2,568,329</u>	<u>197,055</u>	<u>2,940,366</u>	<u>-</u>	<u>350</u>	<u>(135,075)</u>	<u>5,571,025</u>

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was \$212,578 thousand and \$198,186 thousand in 2021 and 2020, respectively.

(c) Product and service information

Revenue from the external customers of the Group was as follows:

Products	2021	2020
Plastic materials	\$ 3,596,453	2,683,721
Plastic products	2,883,705	2,261,286
Others	10,175	35,011
Total	<u>\$ 6,490,333</u>	<u>4,980,018</u>

(d) Geographical

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical Information	2021	2020
--------------------------	------	------

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Revenue from external customers:

Taiwan	\$	2,630,712	2,075,977
United States		950,792	660,478
India		1,962,638	1,299,490
China		239,605	294,789
Other countries		706,586	649,284
Total		<u>\$ 6,490,333</u>	<u>4,980,018</u>

Geographical information	December 31, 2021	December 31, 2020
Non-current assets:		
Taiwan	\$ 8,352,779	8,250,655
China	147,648	156,370
Total	<u>\$ 8,500,427</u>	<u>8,407,025</u>

Non-current assets include property, plant and equipment, investment property and other assets, not including financial instruments, deferred tax assets, assets of post-employment benefits, and non-current assets of rights arising from an insurance contract.

(e) Information on revenue from major customers

No individual clients constituting over 10% of total revenue in 2021 and 2020.

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

Ocean Plastics Co., Ltd.
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: 5、6F., No. 310, Juguang Rd., Wanhua Dist., Taipei City 108, Taiwan
(R.O.C.)

Telephone: (02)2308-2131

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~24
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	24~25
(6) Explanation of significant accounts	25~54
(7) Related-party transactions	55~57
(8) Pledged assets	58
(9) Commitments and contingencies	58
(10) Losses due to major disasters	58
(11) Subsequent Events	58
(12) Others	59
(13) Other disclosures	
(a) Information on significant transactions	60~62
(b) Information on investees	62
(c) Information on investment in mainland China	63
(d) Major shareholders	63
(14) Segment information	63
9. List of major account titles	64~74

Independent Auditors' Report

To the Board of Directors of Ocean Plastics Co., Ltd.:

Opinion

We have audited the financial statements of Ocean Plastics Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of Ocean Group Ltd., Fermat Enterprises Ltd., Universe Enterprises Ltd. and Chun Pin Enterprise Co., Ltd., which represented investment in another entity accounted for using the equity method. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Ocean Group Ltd., Fermat Enterprises Ltd., Universe Enterprises Ltd., and Chun Pin Enterprise Co., Ltd., is based solely on the reports of other auditors. The investment in Ocean Group Ltd., Fermat Enterprises Ltd. and Universe Enterprises Ltd. and Chun Pin Enterprise Co., Ltd. accounted for using the equity method constituting 10% of total assets at both December 31, 2021 and 2020, and the related share of profit of associates and joint ventures accounted for using the equity method constituting 21% and 70% of total profit before tax for the years then ended, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory valuation

Please refer to note 4(g) for the accounting policy on “Inventory” and note 6(e) for components of inventories and expenses.

Description of key audit matter:

The Company's inventories are mainly midstream and downstream products of petrochemicals (PVC) and related products. The measurement of the net realizable value and obsolescence of inventories is uncertain because of involvement of management's subjective judgement. Therefore, we have considered inventory valuation to be a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures in this area included, among others: understanding inventory valuation policies to ensure that the process of inventory valuation was in conformity with the accounting policies, which included sampling the sources of the market prices adopted in inventory valuation to ascertain the appropriateness, and sampling inventories to test the accuracy of the aging report, reviewing the estimate of allowance for inventory loss in prior periods, and comparing it with the method and assumption used in estimating allowance for inventory loss for the current period, so as to assess the reasonableness, inspecting the sales after the balance sheet date in order to ensure that inventory valuation was appropriate.

2. Revenue recognition

Please refer to note 4(n) for the accounting policy on “Revenue recognition” and note 6(s) for information about revenue recognition.

Description of key audit matter:

The Company engages in manufacturing and selling plastics materials and downstream plastic products (plastic construction tubing, plastic cloth, plasticized synthetic leather, etc.). Considering the high trade volume and decentral customers of the Company, the control of products transfers at different time points might impact the time of revenue recognition. Therefore, revenue recognition has been identified as a key matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures in this area included, among others: evaluating the reasonableness of revenue recognition, understanding and testing the internal control of sales and collection cycles to ascertain if the implement was operative, checking individual sales transactions, customer orders, shipping certificates, invoices and other documents, delving into the periods before and after the balance sheet date in order to evaluate if the period of revenue recognition tallied with the trade condition and shipping documents.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 23, 2022

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

Ocean Plastics Co., Ltd.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 145,788	2	174,196	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	206,422	2	122,404	1
1170	Notes and trade receivables, net (note 6(d)(s) and 7)	755,741	8	621,278	7
130X	Inventories (note 6(e))	714,678	7	368,484	4
1470	Other current assets (note 7)	<u>63,270</u>	<u>1</u>	<u>55,228</u>	<u>1</u>
		<u>1,885,899</u>	<u>20</u>	<u>1,341,590</u>	<u>15</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,091,906	11	1,189,009	13
1550	Investments accounted for using equity method (note 6(f))	2,710,818	28	2,625,733	29
1600	Property, plant and equipment (note 6(g) and 8)	3,304,874	34	3,367,983	37
1755	Right-of-use assets (note 6(h))	100,066	1	27,895	-
1760	Investments property, net (note 6(i) and 8)	458,209	5	488,512	5
1840	Deferred tax assets (note 6(p))	12,397	-	12,617	-
1900	Other non-current assets (note 8)	52,277	1	32,373	-
1942	Long-term accounts receivables due from related parties (note 7)	<u>83,382</u>	<u>1</u>	<u>84,972</u>	<u>1</u>
		<u>7,813,929</u>	<u>81</u>	<u>7,829,094</u>	<u>85</u>
Total assets		<u>\$ 9,699,828</u>	<u>100</u>	<u>9,170,684</u>	<u>100</u>
		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(k) and 8)	\$ 150,000	2	200,000	2
2171	Notes and trade payables	892,100	9	454,723	5
2200	Other payables	201,009	2	198,879	2
2300	Other current liabilities (note 6(j)(m) and 8)	36,852	-	31,970	-
2230	Current tax liabilities (note 6(p))	11,223	-	-	-
2320	Long-term liabilities, current portion (note 6(l) and 8)	<u>54,167</u>	<u>1</u>	<u>54,167</u>	<u>1</u>
		<u>1,345,351</u>	<u>14</u>	<u>939,739</u>	<u>10</u>
Non-Current liabilities:					

See accompanying notes to parent company only financial statements.

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

Ocean Plastics Co., Ltd.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

2540	Long-term borrowings (note 6(l) and 8)	1,080,417	11	1,064,583	12
2570	Deferred tax liabilities (note 6(p))	417,666	4	406,661	4
2640	Net defined benefit liability, non-current (note 6(o))	105,337	1	108,107	1
2670	Other non-current liabilities, others (note 6(m)(o))	<u>124,460</u>	<u>1</u>	<u>47,477</u>	<u>1</u>
		<u>1,727,880</u>	<u>17</u>	<u>1,626,828</u>	<u>18</u>
	Total liabilities	<u>3,073,231</u>	<u>31</u>	<u>2,566,567</u>	<u>28</u>
	Equity attributable to owners of parent (note 6(q)):				
3100	Capital stock	2,272,283	23	2,272,283	25
3200	Capital surplus	14,335	-	7,792	-
3300	Retained earnings	3,603,417	37	3,507,899	38
3400	Other equity	772,751	8	852,332	9
3500	Treasury shares	<u>(36,189)</u>	<u>-</u>	<u>(36,189)</u>	<u>-</u>
	Total equity	<u>6,626,597</u>	<u>68</u>	<u>6,604,117</u>	<u>72</u>
	Total liabilities and equity	<u>\$ 9,699,828</u>	<u>100</u>	<u>9,170,684</u>	<u>100</u>

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

Ocean Plastics Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4100	Operating revenues, net (note 6(s) and 7)	\$ 5,730,874	100	4,408,155	100
5000	Operating costs (note 6(e)(g)(o) and 7)	5,321,209	93	3,946,792	90
5900	Gross profit from operation	409,665	7	461,363	10
6000	Operating expenses (note 6(d)(g)(h)(n)(o) and 7):				
6100	Selling expenses	338,874	6	201,858	5
6200	Administrative expenses	90,578	2	95,679	2
6300	Research and development expenses	9,926	-	8,654	-
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	434	-	3,859	-
	Total operating expenses	439,812	8	310,050	7
6900	Net operating income (loss)	(30,147)	(1)	151,313	3
7000	Non-operating income and expenses:				
7100	Interest income (note 6(u))	79	-	399	-
7010	Other income (note 6(u))	155,138	3	54,042	1
7020	Other gains and losses, net (note 6(u))	83,170	1	(8,256)	-
7050	Finance costs	(14,854)	-	(19,569)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(f))	151,772	3	552,191	13
	Total non-operating income and expenses	375,305	7	578,807	14
	Profit from continuing operations before income tax	345,158	6	730,120	17
7950	Less: Income tax expenses (note 6(p))	25,790	-	14,968	-
	Profit and loss of discontinued operations:				
	Profit	319,368	6	715,152	17
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	3,378	-	(8,014)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(97,103)	(2)	564,192	13
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	14,970	-	604	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(78,755)	(2)	556,782	13
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	2,552	-	4,717	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		2,552	-	4,717	-
8300	Other comprehensive income	(76,203)	(2)	561,499	13
	Total comprehensive income	\$ 243,165	4	1,276,651	30
	Earnings per share (NT dollars) (note 6(r))				
9750	Basic earnings per share	\$ 1.45		3.24	
	Diluted earnings per share	\$ 1.45		3.24	

See accompanying notes to parent company only financial statements.

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

Ocean Plastics Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest				
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
Balance at January 1, 2020	\$ 2,272,283	7,792	-	2,978,245	(172,343)	2,805,902	(44,124)	321,802	277,678	(36,189)	5,327,466
Profit	-	-	-	-	715,152	715,152	-	-	-	-	715,152
Other comprehensive income	-	-	-	-	(8,014)	(8,014)	4,717	564,796	569,513	-	561,499
Total comprehensive income	-	-	-	-	707,138	707,138	4,717	564,796	569,513	-	1,276,651
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,141)	(5,141)	-	5,141	5,141	-	-
Balance at December 31, 2020	2,272,283	7,792	-	2,978,245	529,654	3,507,899	(39,407)	891,739	852,332	(36,189)	6,604,117
Profit	-	-	-	-	319,368	319,368	-	-	-	-	319,368
Other comprehensive income	-	-	-	-	3,378	3,378	2,552	(82,133)	(79,581)	-	(76,203)
Total comprehensive income	-	-	-	-	322,746	322,746	2,552	(82,133)	(79,581)	-	243,165
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	52,965	-	(52,965)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(227,228)	(227,228)	-	-	-	-	(227,228)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	6,543	-	-	-	-	-	-	-	-	6,543
Balance at December 31, 2021	\$ 2,272,283	14,335	52,965	2,978,245	572,207	3,603,417	(36,855)	809,606	772,751	(36,189)	6,626,597

See accompanying notes to parent company only financial statements.

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

Ocean Plastics Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 345,158	730,120
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	186,816	191,079
Expected credit loss	434	3,859
Net gain on financial assets or liabilities at fair value through profit or loss	(61,233)	(28,885)
Interest expense	14,854	19,568
Interest income	(79)	(399)
Dividend income	(91,832)	(24,381)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(151,772)	(552,191)
Loss on disposal of property, plant and equipment	-	3,351
Property, plant and equipment transferred to expenses	441	803
Gain on disposal of investment properties	(8,269)	-
Gain on disposal of investments	(1,385)	-
Total adjustments to reconcile loss	<u>(112,025)</u>	<u>(387,196)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and trade receivables	(134,897)	(74,866)
Inventories	(346,194)	22,612
Other current assets	(788)	(13,079)
Other financial assets	(17,843)	(14,831)
Other operating assets	(3,922)	-
Total changes in operating assets	<u>(503,644)</u>	<u>(80,164)</u>
Changes in operating liabilities:		
Contract liabilities	11,874	23,812
Notes and trade payables	437,376	(60,318)

See accompanying notes to parent company only financial statements.

Other payable	(4,008)	63,585
Provisions	1,081	1,057
Other current liabilities	99	(8,838)
Net defined benefit liability	<u>(2,924)</u>	<u>(1,789)</u>
Total changes in operating liabilities	<u>443,498</u>	<u>17,509</u>
Total changes in operating assets and liabilities	<u>(60,146)</u>	<u>(62,655)</u>
Total adjustments	<u>(172,171)</u>	<u>(449,851)</u>

See accompanying notes to parent company only financial statements.

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

Ocean Plastics Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash inflow generated from operations	172,987	280,269
Interest received	79	399
Dividends received	189,258	118,505
Interest paid	(14,697)	(19,579)
Income taxes refund	151	22,340
Net cash flows from operating activities	347,778	401,934
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(22,885)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,485	-
Proceeds from capital reduction of investments accounted for using equity method	-	325,057
Acquisition of property, plant and equipment	(93,553)	(88,494)
Proceeds from disposal of property, plant and equipment	-	7,970
Decrease in refundable deposits	1,862	1,722
Increase in other receivables due from related parties	(27)	(8,507)
Proceeds from disposal of investment properties	21,524	-
Net cash flows from (used in) investing activities	(91,594)	237,748
Cash flows from (used in) financing activities:		
Increase in short-term loans	(50,000)	(50,000)
Proceeds from long-term debt	1,490,000	600,000
Repayments of long-term debt	(1,474,167)	(1,224,167)
Payment of lease liabilities	(23,197)	(21,452)
Cash dividends paid	(227,228)	-
Net cash flows from (used in) financing activities	(284,592)	(695,619)
Net decrease in cash and cash equivalents	(28,408)	(55,937)
Cash and cash equivalents at beginning of period	174,196	230,133

See accompanying notes to parent company only financial statements.

Cash and cash equivalents at end of period

\$ 145,788 174,196

See accompanying notes to parent company only financial statements.

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

Ocean Plastics Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

OCEAN PLASTICS CO., LTD.(hereinafter referred to as the “Company”) was incorporated in June 1965, as a company limited by shares under the Company Act of the Republic of China (R.O.C.), and merged with Yee Fong Chemical & Industrial Co., Ltd.. The Company was registered in 5F & 6F., No. 310, Juguang Rd., Wanhua Dist., Taipei City. Please refer to note 14 for related information on the Group entities’ main business activities.

The major business activities of the Company are the manufacture and sale of plastics.

The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in January 1999.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

The Company 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 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 IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

This individual financial statement has been prepared accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary item denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'accounts receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company applied the exemptions at the first-time adoption of IFRSs, and increased its retained earnings by \$2,992,372 thousand, which resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment property being used as the cost on initial recognitions at the transition date.

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance of special earnings reserve were \$2,978,245 thousand.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investments in Subsidiaries

On preparing individual financial reports, the Company adopts the equity method to evaluate investees who are under control. In equity method, current incomes and other comprehensive incomes in individual financial report are same with the ones attribute to the parent company in consolidated financial reports. Also, the equity in individual financial report is same with the one attribute to the parent company in consolidated financial reports.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

If the Company has change on the ownership equity of the subsidiary that does not result in the loss of control, it can be as the equity transaction between them.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | |
|--------------|------------|
| 1) buildings | 5~50 years |
|--------------|------------|

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

- 2) machinery equipment 3~20 years
- 3) other facility 2~20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells plastic materials and products. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(r) Operating segments

Segment information was disclosed in consolidated financial statement; therefore, it was not disclosed in the parent company only financial statement.

(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 the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over a subsidiary; please refer to the consolidated financial statements for the year ended December 31, 2021.

(b) Judgment of whether the Company has substantive control over its investees

Holding 44.62% of the outstanding voting shares in Chun Pin Enterprise Co., Limited., the Company was not the largest shareholder. The Company obtained neither more than half of Chun Pin Enterprise's Board seats, nor more than half of the voting rights at a shareholders' meeting. Therefore, it was determined that the Company only had significant influence on Chun Pin Enterprise.

Information about assumptions and estimation uncertainties that has a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Inventory valuation

Inventories are measured at the lower of cost or net realizable value. The Company assesses value of inventories that are worn, obsolete, and unmarketable at the reporting date, and writes down the cost of inventories to their net realizable value. Inventory valuation is based on expected market demand in a period of foreseeable future which may fluctuate by rapid change in industry. For the estimation of inventory valuation, please refer to note 6(e) for details.

The Company's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

Please refer to Note 6(v) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Revolving funds and cash on hand	\$ 500	500
Demand deposits and check deposits	145,288	173,696
Cash and cash equivalents in the consolidated statement of cash flows	\$ 145,788	174,196

Please refer to note 6(v) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

- (b) Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Current financial assets designated at fair value through profit or loss:		
Listed domestic stock	\$ 206,422	122,404

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(c) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Unlisted domestic stock—Taiwan VCM Corporation	\$ 1,016,326	1,130,019
Unlisted domestic stock—Others	75,580	58,990
Total	<u>\$ 1,091,906</u>	<u>1,189,009</u>

(i) Fair value through other comprehensive income financial assets

The Company holds this equity investment as long-term strategic investment without any trade purpose, so it is assigned to use fair value through other comprehensive income to evaluate. Hence, the Company recognized dividend revenues 87,178 thousand and 20,496 thousand in 2021 and 2020.

The Company did not dispose strategic investment in 2021 and 2020. The accumulated income and loss in the period did not transfer in equity.

(ii) Credit risk and market risk information refers to note 6(w).

(iii) On December 31 of 2021 and 2020, the financial assets which held by the Company did not offer any pledge and assurance.

(d) Notes and trade receivables

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	\$ 57,640	45,959
Trade receivables	704,524	581,308
Less: Loss allowance	(6,423)	(5,989)
	<u>\$ 755,741</u>	<u>621,278</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 730,471	-	-
1 to 180 days past due	27,849	9%	2,579
More than 180 days past due	3,844	100%	3,844
	\$ 762,164		6,423

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 602,112	-	-
1 to 180 days past due	21,383	10%	2,217
More than 180 days past due	3,772	100%	3,772
	\$ 627,267		5,989

The movement in the allowance for notes and trade receivables were as follows:

	2021	2020
Balance at January 1	\$ 5,989	2,130
Impairment losses recognized	1,708	5,460
Impairment losses reversed	(1,274)	(1,601)
Balance at December 31	\$ 6,423	5,989

The aforementioned notes and trade receivables of the Company were not pledged as collateral as of December 31, 2021 and 2020.

(e) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 292,220	172,460
Work in progress	29,370	19,249
Finished goods	393,088	176,775
	\$ 714,678	368,484

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

The Company's relevant inventory details recognized in operating costs in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 5,215,283	3,837,546
Write-down of inventories(Reversal of write-downs)	1,234	(4,464)
Disposal of inventory	1,602	-
Idle capacity	101,289	110,214
Revenue from sale of scraps and others	1,801	3,496
	<u><u>\$ 5,321,209</u></u>	<u><u>3,946,792</u></u>

As of December 31, 2021 and 2020, the Company had not provided any inventories as collateral for its loans.

The impairment loss in inventory was reversed due to the increase in net realizable value which was caused by the scarcity of the inventory and the market price increased.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 2,293,571	2,217,788
Associates	417,247	407,945
	<u><u>\$ 2,710,818</u></u>	<u><u>2,625,733</u></u>

(i) Subsidiary

Please refer to consolidated financial report of 2021.

(ii) Associates

Associates which are material to the Company consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered country of the Company	Proportion of shareholding and voting rights	
			December 31, 2021	December 31, 2020
Chun Pin Enterprise Co., Ltd	Wholesale of chemical feedstock and products	Taiwan	44.62%	44.62%

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

The financial information of the Associate which has materiality on the Company is as follows. It already adjusted the amount in the Associate's IFRSs individual financial report to reflect the adjustments for fair values and for accounting policy difference:

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Chun Pin Enterprise Co., Ltd

	December 31, 2021	December 31, 2020
Current assets	\$ 862,322	794,810
Non-current assets	238,527	207,248
Current liabilities	(133,582)	(86,914)
Non-current liabilities	(32,059)	(784)
Net assets	<u>\$ 935,208</u>	<u>914,360</u>
	2021	2020
Operating revenue	\$ 436,102	420,247
Profit from continuing operations	176,458	172,894
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 176,458</u>	<u>172,894</u>
	2021	2020
Share of net assets of associates as of January 1	\$ 407,945	404,932
Comprehensive income attributable to the Group	78,728	77,137
Dividends received from associates	(69,426)	(74,124)
Share of net assets of associates as of December 31	<u>\$ 417,247</u>	<u>407,945</u>

(iii) Guarantee

As of December 31, 2021 and 2020, the Company had not provided any investment accounted for using equity method as collaterals for its loans.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	Lands	Buildings and constructions	Machinery and equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2021	\$ 1,483,366	1,236,587	2,021,215	1,460,922	39,728	6,241,818
Additions	-	-	-	-	99,414	99,414
Transfer from construction in progress and testing equip	-	3,560	27,859	20,981	(52,400)	-
Disposal	-	-	(29,924)	(18,260)	-	(48,184)
Transfer to expense	-	-	-	-	(441)	(441)
Balance on December 31, 2021	<u>\$ 1,483,366</u>	<u>1,240,147</u>	<u>2,019,150</u>	<u>1,463,643</u>	<u>86,301</u>	<u>6,292,607</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2020	\$ 1,483,366	1,227,362	2,016,155	1,424,223	21,461	6,172,567
Additions	-	-	-	-	90,078	90,078
Transfer from construction in progress and testing equip	-	9,225	20,183	41,600	(71,008)	-
Disposal	-	-	(15,123)	(4,901)	-	(20,024)
Transfer to expense	-	-	-	-	(803)	(803)
Balance on December 31, 2020	<u>\$ 1,483,366</u>	<u>1,236,587</u>	<u>2,021,215</u>	<u>1,460,922</u>	<u>39,728</u>	<u>6,241,818</u>
Depreciation and impairments losses:						
Balance on January 1, 2021	\$ -	310,105	1,491,920	1,071,810	-	2,873,835
Depreciation and impairment loss for the year	-	24,337	66,787	70,958	-	162,082
Disposal	-	-	(29,926)	(18,258)	-	(48,184)
Balance on December 31, 2021	<u>\$ -</u>	<u>334,442</u>	<u>1,528,781</u>	<u>1,124,510</u>	<u>-</u>	<u>2,987,733</u>
Balance on January 1, 2020	\$ -	286,303	1,420,630	1,007,316	-	2,714,249
Depreciation and impairment loss for the year	-	23,802	75,167	69,320	-	168,289
Disposal	-	-	(3,877)	(4,826)	-	(8,703)
Balance on December 31, 2020	<u>\$ -</u>	<u>310,105</u>	<u>1,491,920</u>	<u>1,071,810</u>	<u>-</u>	<u>2,873,835</u>
Carrying amount:						
Balance on December 31, 2021	<u>\$ 1,483,366</u>	<u>905,705</u>	<u>490,369</u>	<u>339,133</u>	<u>86,301</u>	<u>3,304,874</u>
Balance on January 1, 2020	<u>\$ 1,483,366</u>	<u>941,059</u>	<u>595,525</u>	<u>416,907</u>	<u>21,461</u>	<u>3,458,318</u>
Balance on December 31, 2020	<u>\$ 1,483,366</u>	<u>926,482</u>	<u>529,295</u>	<u>389,112</u>	<u>39,728</u>	<u>3,367,983</u>

Part of the lands subjected to urban land readjustment plan or were agricultural land, which were not allowed to be held by the Company were held temporarily by third party and registered as mortgage to the Company. As of December 31, 2021 and 2020, carrying amount of above mentioned lands (including investment property) were \$141,648 thousands and \$170,706 thousands, and the Company is applying for alternation of land use and will transfer their title to the Company once the process of urban land readjustment and alternation of land use complete.

On the other hand, title of the land located in Zhonghe District, New Taipei City, has been transferred to subsidiary for urban land readjustment by the Company and the subsidiary compensated the Company according to related regulation. As of December 31, 2021 and 2020, cumulative carrying amount of lands in such transactions were both \$1,346,304 thousands, which were deferred due to related-party transactions.

As of December 31, 2021 and 2020, the collateral details of long-term borrowings and credit agreements, please refer to note 8.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(h) Right-of-use-assets

The Company leases many assets including land and buildings and vehicles. Information about leases for which the Group as a lessee was presented below:

	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Other facilities</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 9,701	26,194	34,429	70,324
Additions	-	-	95,660	95,660
Decrease	-	-	(30,771)	(30,771)
Balance at December 31, 2021	<u>\$ 9,701</u>	<u>26,194</u>	<u>99,318</u>	<u>135,213</u>
Balance at January 1, 2020	\$ 9,701	26,194	34,429	70,324
Balance at December 31, 2020	<u>\$ 9,701</u>	<u>26,194</u>	<u>34,429</u>	<u>70,324</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 3,880	10,478	28,071	42,429
Depreciation for the year	1,940	5,239	16,310	23,489
Decrease	-	-	(30,771)	(30,771)
Balance at December 31, 2021	<u>\$ 5,820</u>	<u>15,717</u>	<u>13,610</u>	<u>35,147</u>
Balance at January 1, 2020	\$ 1,940	5,239	13,705	20,884
Depreciation for the year	1,940	5,239	14,366	21,545
Balance at December 31, 2020	<u>\$ 3,880</u>	<u>10,478</u>	<u>28,071</u>	<u>42,429</u>
Carrying amount:				
Balance at December 31, 2021	<u>\$ 3,881</u>	<u>10,477</u>	<u>85,708</u>	<u>100,066</u>
Balance at December 31, 2020	<u>\$ 5,821</u>	<u>15,716</u>	<u>6,358</u>	<u>27,895</u>
Balance at January 1, 2020	<u>\$ 7,761</u>	<u>20,955</u>	<u>20,724</u>	<u>49,440</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Balance at January 1, 2021	\$ 471,834	18,391	490,225
Disposal	(29,058)	-	(29,058)
Balance at December 31, 2021	<u>\$ 442,776</u>	<u>18,391</u>	<u>461,167</u>
Balance at January 1, 2020	\$ 477,621	18,391	496,012
Reclassification from construction in	(5,787)	-	(5,787)

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

progress			
Balance at December 31, 2020	\$	<u>471,834</u>	<u>18,391</u> <u>490,225</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2021	\$ -	1,713	1,713
Depreciation for the year	-	1,245	1,245
	-	2,958	2,958
Balance at December 31, 2021	<u>\$ -</u>	<u>5,916</u>	<u>5,916</u>
Balance at January 1, 2020	\$ -	1,245	1,245
Depreciation for the year	-	-	-
	-	1,713	1,713
Balance at December 31, 2020	<u>\$ -</u>	<u>2,958</u>	<u>2,958</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 442,776</u>	<u>12,475</u>	<u>455,251</u>
Balance at January 1, 2020	<u>\$ 477,621</u>	<u>17,146</u>	<u>494,767</u>
Balance at December 31, 2020	<u>\$ 471,834</u>	<u>15,433</u>	<u>487,267</u>
Fair value			
Balance at December 31, 2021		<u>\$ 1,934,136</u>	
Balance at January 1, 2021	<u>\$ 1,438,702</u>	<u>\$ -</u>	

Part of the lands were agricultural land, which's legal title were not allowed to be held by the Company were held temporarily by third party and registered as mortgage to the Company. The Company is applying for alternation of land use for above lands and their title will be transferred to the Company once the process of alternation of land use complete. Please refer to note 6(g) for further details.

The fair value stated above was according to the latest transaction data announced on the website of Department of Land Administration Ministry of the Interior.

Investment property comprises a number of lands that are leased to third parties. Each of the leases contains a 3 to 15 years non-cancellable period. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information, please refer to note 6(n).

As of December 31, 2021 and 2020, investment property of the Group had been pledged as collateral for long-term borrowings and credit lines, please refer to note 8.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(j) Other current liabilities

The other current liabilities of the Company were as follows:

	December 31, 2021	December 31, 2020
Lease liabilities-current	\$ 23,453	12,895
Other payables-related parties	3,083	3,204
Unearned Revenues	8,370	14,025
Others	1,946	1,846
	<u>\$ 36,852</u>	<u>31,970</u>

(k) Short-term borrowings

The short-term borrowings of the Company were summarized as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	<u>\$ 150,000</u>	<u>200,000</u>
Unused short-term credit line	<u>\$ 398,156</u>	<u>334,843</u>
Range of interest rates	<u>1.10%~1.11%</u>	<u>1.08%~1.16%</u>

For the collateral for short-term borrowings, please refer to note 8.

(l) Long-term borrowings

The long-term borrowing details and terms of the Company are as follows:

December 31, 2021				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	0.89%~1.18%	2024.03.26~2031.06.29	\$ 1,134,584
Less: current portion				(54,167)
Total				<u>\$ 1,080,417</u>
Unused long-term credit lines				<u>\$ 2,180,000</u>

December 31, 2020				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	0.95%~1.18%	2022.04.17~2031.06.29	\$ 1,118,750
Less: current portion				(54,167)
Total				<u>\$ 1,064,583</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Unused long-term credit lines	<u><u>\$ 2,391,250</u></u>
-------------------------------	----------------------------

For the collateral for short-term borrowings, please refer to note 8.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(m) Leases Liabilities

The lease liabilities of the Company's were as follows:

	December 31, 2021	December 31, 2020
Current	<u>\$ 23,453</u>	<u>12,895</u>
Non-current	<u>\$ 77,033</u>	<u>15,128</u>

For maturity analysis, please refer to note 6 (v).

The amounts recognized in profit or loss was as follows:

	2021	2020
Interest on lease liabilities	<u>\$ 974</u>	<u>559</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	2021	2020
Total cash outflow for leases	<u>\$ 24,171</u>	<u>23,756</u>

The Company leases land and buildings, and raw material storage tanks. The leases run for four to five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(n) Operating lease

(i) Leases as lessor

The Company leases out its investment property and other facilities. The Group has classified these leases as operating leases, and please refer to Note 6(i) for the relevant information.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 9,281	9,169
One and two years	9,444	9,281
Two and three years	9,560	9,444
Three and four years	9,727	9,560
Four and five years	9,846	9,727

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

More than five years	<u>79,554</u>	<u>89,401</u>
Total undiscounted lease payment	<u>\$ 127,412</u>	<u>136,582</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Rental income from investment properties was \$11,689 thousand and \$11,328 thousand in 2021 and 2020, respectively.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 381,586	396,840
Fair value of plan assets	(276,249)	(288,733)
Net defined benefit liabilities	<u>\$ 105,337</u>	<u>108,107</u>

The Company's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Long-term vacation liability	\$ 14,633	13,699
Cash-settled share-based payment liability	-	-
Total employee benefit liabilities	<u>\$ 14,633</u>	<u>13,699</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to 276,249 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2021	2020
Defined benefit obligation at January 1	\$ 396,840	415,756
Current service costs and interest cost (income)	3,810	5,622
Remeasurements loss(gain):		
— Experience adjustment	(1,241)	10,612
— Demographic assumptions	9,162	74
— Financial assumptions	(3,389)	7,555
Benefits paid	<u>(23,596)</u>	<u>(42,779)</u>
Defined benefit obligations at December 31	<u>\$ 381,586</u>	<u>396,840</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2021	2020
Fair value of plan assets at January 1	\$ (288,733)	(313,091)
Interest cost (income)	(1,052)	(1,872)
Remeasurements of defined benefit liabilities (assets):		
— Return on plan assets excluding interest income	(4,379)	(11,010)
Contribution paid by employer	(5,681)	(5,539)
Benefits paid	<u>23,596</u>	<u>42,779</u>
Fair value of plan assets at December 31	<u>\$ (276,249)</u>	<u>(288,733)</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2021	2020
Current service costs	\$ 2,363	3,125
Net interest of net liabilities for defined benefit obligations	<u>395</u>	<u>625</u>
	<u>\$ 2,758</u>	<u>3,750</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

	2021	2020
Operating cost	\$ 2,179	2,874
Selling expenses	23	138
Administration expenses	553	732
Research and development expenses	3	6
	<u>\$ 2,758</u>	<u>3,750</u>

- 5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

	2021	2020
Accumulated amount at January 1	\$ 126,105	118,091
Recognized during the period	(3,378)	8,014
Accumulated amount at December 31	<u>\$ 122,727</u>	<u>126,105</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2021	2020
Discount rate	0.500%	0.375%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$5,671 thousand.

The weighted average lifetime of the defined benefits plans is 7.2 years.

- 7) Sensitivity analysis

When calculating and determining the present value of defined benefit obligations, the Company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet date, including discount rates, employee turnover rates, and future salary adjustments. Any change in actuarial assumptions may materially affect the amounts of the Company's defined benefit obligations.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation in the years 2021 and 2020 shall be as follows:

	Impact on defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(6,792)	6,994
Future salary increasing rate	6,769	(6,609)
December 31, 2020		
Discount rate	(7,555)	7,788
Future salary increasing rate	7,527	(7,341)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$12,148 thousand and \$11,313 thousand for the years ended December 31, 2021 and 2020, respectively.

(p) Income tax

The components of income tax in the years 2021 and 2020 were as follows:

(i) Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	2021	2020
Current period	\$ 11,221	(1)
Deferred tax expense	14,569	14,969
Tax expense	\$ 25,790	14,968

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

	2021	2020
Profit excluding income tax	\$ 345,158	730,120
Income tax using the Company's domestic tax rate	69,033	146,024
Tax-exempt income	(56,250)	(33,676)
Non-deductible expenses	491	476
Recognition of previously unrecognized tax losses	-	(10,237)
Changes in unrecognized temporary differences	1,295	(87,618)
Change in provision in prior periods	-	(1)
Additional tax on undistributed earnings	11,221	-
Income tax expense	<u>\$ 25,790</u>	<u>14,968</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible Temporary Differences	\$ 406,621	405,328
The carryforward of unused tax losses	39,129	39,136
Total	<u>\$ 445,750</u>	<u>444,464</u>

The deductible temporary differences are mainly the share of overseas investment losses and deferred benefits recognized by the equity method.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is less than more likely that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2021, the deduction period of the subsidiaries in Mainland China unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2018 (Assessed amount)	\$ 66,897	2028
2019 (Assessed amount))	128,746	2029
Total	<u>\$ 195,643</u>	

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

2) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Unrealized loss on inventory write-downs	Others	Total
Balance at January 1, 2021	\$ 10,511	2,106	12,617
Recognized in profit or loss	247	(467)	(220)
Balance at December 31, 2021	<u>\$ 10,758</u>	<u>1,639</u>	<u>12,397</u>
Balance at January 1, 2020	\$ 11,404	675	12,079
Recognized in profit or loss	(893)	1,431	538
Balance at December 31, 2020	<u>\$ 10,511</u>	<u>2,106</u>	<u>12,617</u>

Deferred tax liabilities:

	Reserve for land value increment tax	Difference in the useful life of property, plant, and equipment	Total
Balance at January 1, 2021	\$ 328,553	78,108	406,661
Recognized in profit or loss	-	14,347	14,347
Cash compensation for land sale	(3,342)	-	(3,342)
Balance at December 31, 2021	<u>\$ 325,211</u>	<u>92,455</u>	<u>417,666</u>
Balance at January 1, 2020	\$ 328,553	62,601	391,154
Recognized in profit or loss	-	15,507	15,507
Balance at December 31, 2020	<u>\$ 328,553</u>	<u>78,108</u>	<u>406,661</u>

(iii) Assessment of tax:

The Company's tax returns for the years through 2019 were assessed by the Taipei National Tax Administration.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(q) Capital and other equity

As of December 31, 2021 and 2020, the number of authorized ordinary shares were 4,000,000 thousand shares with par value of \$10 per share, and 227,228 thousand ordinary shares were issued. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share premium	\$ 680	680
Treasury share transactions	7,112	7,112
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6,543	-
Total	<u>\$ 14,335</u>	<u>7,792</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, unless the amount of the legal reserve is already equal to or greater than the total paid-in capital. Additionally, the Company shall allocate special reserve taking into consideration the operating needs and statutory requirements. Any remaining profit, together with any prior-period undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In accordance with the Company's dividend policy, if there is profitability for the year, dividends can be distributed in three forms—cash dividend, common stock dividend, or capital surplus transferred to common stock. Distribution shall not be less than 20 percent of the income after deducting legal reserve and special reserve, and only when the Company has significant investment plan or intends to improve financial structure can common stock dividends or capital surplus transferred to common stock substitute for cash dividend. However, cash dividends shall account for at least 10 percent of dividend distribution.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied the exemptions at the first-time adoption of IFRSs, and increased its retained earnings by \$2,992,372 thousand, which resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment property being used as the cost on initial recognitions at the transition date.

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance of special earnings reserve were \$2,978,245 thousand.

3) Earnings distribution

Earnings distribution for 2020 was decided by the resolution adopted, at the general meeting of shareholders held on July 27 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2020	
	<u>Amount per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ 1.00	<u><u>227,228</u></u>

The appropriations of earnings for 2019 had been approved during the shareholders' meeting on June 22, 2020, respectively. The operating result showed net loss after tax; consequently, no surplus distribution is planned.

(iii) Treasury shares

As of December 31, 2021, the company's treasury stock balance is \$36,189 thousand.

Before the amendment to the R.O.C. Company Act on November 2001, the Company's subsidiaries, Chang Xin Co., Ltd. and Hong Da Investment Co., Ltd., acquired \$2,939 thousand and \$3,604 thousand of the Company's shares, respectively.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

In accordance with the requirements of the Securities and Exchange Act, treasury shares held by the Company shall not be pledged, and no shareholder rights are granted before their transfer.

(r) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share of the Company as follows:

	<u>2021</u>	<u>2020</u>
Basic earnings per share		
Profit of the Company for the year	<u>\$ 319,368</u>	<u>715,152</u>
Weighted average number of ordinary shares (thousand share)	<u>220,686</u>	<u>220,686</u>
Basic earnings per share (NT dollars)	<u>\$ 1.45</u>	<u>3.24</u>
Diluted earnings per share		
Profit of the Company for the year	<u>\$ 319,368</u>	<u>715,152</u>
Weighted average number of ordinary shares (thousand share)	220,686	220,686
Effects of dilutive potential ordinary shares	<u>235</u>	<u>235</u>
Weighted average number of ordinary shares (diluted) (thousand share)	<u>220,921</u>	<u>220,921</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.45</u>	<u>3.24</u>

(s) Revenue from contracts with customers

(i) Details of revenue

	<u>2021</u>	<u>2020</u>
Main market area		
Taiwan	\$ 2,600,066	1,924,142
India	1,962,638	1,299,490
USA	313,942	376,551
China	169,740	110,891
Other country	<u>684,488</u>	<u>697,081</u>
	<u>\$ 5,730,874</u>	<u>4,408,155</u>
Main product/service line		
Plastic material	\$ 3,596,453	2,683,720

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Plastic product	<u>2,134,421</u>	<u>1,724,435</u>
	<u>\$ 5,730,874</u>	<u>4,408,155</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2021	December 31, 2020
Notes and trade receivables	\$ 762,164	552,401
Less: allowance for impairment	<u>(6,423)</u>	<u>(2,130)</u>
Total	<u>\$ 755,741</u>	<u>550,271</u>
Contract liabilities	<u>\$ 40,490</u>	<u>4,805</u>

For details on trade receivables and allowance for impairment, please refer to note 6(d).

Contract liabilities mainly arose from advance receipt of loans from customers and payments for real estate. The Company will record revenue when the product is delivered to the customer or when the property is completed and the ownership is transferred.

The amount of revenue recognized for the years ended December 31 2021 and 2020 that was included in the contract liability balance at the beginning of the period were 11,539 thousand and 2,342 thousand, respectively.

(t) Employee compensation and directors' and supervisors' remuneration

Pursuant to the Company's the Articles of Incorporation, it shall contribute no less than 1% of the profit as employee compensation and more than 2% as compensation to directors and supervisors when there is profit for the year. However, if the Company has accumulated deficits, the profit shall be reserved to offset the deficit. The persons who are entitled to receive cash or shares as employee stipulated in the preceding paragraph include the employees of the Company's affiliates who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to 6,108 thousand and 9,545 thousand, and directors' and supervisors' remuneration amounting to 4,671 thousand and 7,299 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors in 2021, if any, shall be accounted for as changes in accounting estimates and recognized in 2022. The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2020.

(u) Non-operating income and expenses

(i) Interest income

For the years ended December 31, 2021 and 2020, the details of other income were as follows:

<u>2021</u>	<u>2020</u>
-------------	-------------

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Interest income from bank deposits	<u>\$ 79</u> <u>399</u>
------------------------------------	-------------------------

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(ii) Other income

For the years ended December 31, 2021 and 2020, the details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Rent income	\$ 11,689	11,328
Dividend income	91,832	24,381
Other income, Others	51,617	18,333
	<u>\$ 155,138</u>	<u>54,042</u>

(iii) Other gains and losses

For the years ended December 31, 2021 and 2020, the details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Loss on disposal of property, plant and equipment	\$ -	(3,352)
Gain on disposal of investment properties	8,269	-
Gain on disposal of investments	1,385	-
Foreign exchange gains (losses)	12,283	(33,688)
Gains on financial assets at fair value through profit or loss	61,233	28,885
Miscellaneous disbursements	-	(101)
	<u>\$ 83,170</u>	<u>(8,256)</u>

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets except for cash and cash equivalents, represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk were 962,163 thousand and 758,513 thousand, respectively.

2) Concentration of credit risk

The sales of the Company are not significantly concentrated within a few customers. As of December 31, 2021 and 2020, the balance of accounts receivable due from the 10 largest customers were 35% and 40%.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 1,134,584	1,207,396	32,842	32,937	65,779	804,789	271,049
Unsecured bank loans	150,000	150,284	150,284	-	-	-	-
Notes and trade payables (including related parties)	892,100	892,100	892,100	-	-	-	-
Other payables (including related parties)	131,373	131,373	131,373	-	-	-	-
Lease liabilities	100,486	103,335	12,538	11,959	23,918	54,920	-
	<u>\$ 2,408,543</u>	<u>2,484,488</u>	<u>1,219,137</u>	<u>44,896</u>	<u>89,697</u>	<u>859,709</u>	<u>271,049</u>

December 31, 2020

Non-derivative financial liabilities							
Secured bank loans	\$ 1,118,750	1,199,571	33,075	33,174	215,242	583,279	334,801
Unsecured bank loans	200,000	200,266	200,266	-	-	-	-
Notes and trade payables (including related parties)	454,723	454,723	454,723	-	-	-	-
Other payables (including related parties)	115,418	115,418	115,418	-	-	-	-
Lease liabilities	28,023	28,575	8,805	4,391	7,979	7,400	-
	<u>\$ 1,916,914</u>	<u>1,998,553</u>	<u>812,287</u>	<u>37,565</u>	<u>223,221</u>	<u>590,679</u>	<u>334,801</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Local currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Local currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets:</u>						
<u>Monetary items</u>						
USD	\$ 25,673	27.69	710,757	21,297	28.10	598,446
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	15,833	27.69	438,337	10,434	28.10	293,195

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

A strengthening (weakening) of 1% of the TWD against the JPY and USD as of December 31, 2021 and 2020, would have increased (decreased) the net profit after tax by \$2,179 thousand and \$2,442 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 12,283 thousand and (33,688) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Company's net income would have increased / decreased by \$2,269 thousand and \$2,237 thousand for the year ended December 31, 2021 and 2020 with all other variable factors remaining constant, respectively.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at the reporting date				
Increasing 1%	<u>\$ 10,919</u>	<u>2,064</u>	<u>11,890</u>	<u>1,224</u>
Decreasing 1%	<u>\$ (10,919)</u>	<u>(2,064)</u>	<u>(11,890)</u>	<u>(1,224)</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(vi) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, 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:

December 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss—current	\$ 206,422	206,422	-	-	206,422
Financial assets at fair value through other comprehensive income					
Fair value through other comprehensive income equity instrument	1,091,906	-	-	1,091,906	1,091,906
Total	\$ 1,298,328	206,422	-	1,091,906	1,298,328

December 31, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss—current	\$ 122,404	122,404	-	-	122,404
Financial assets at fair value through other comprehensive income					
Domestic unlisted stock	1,189,009	-	-	1,189,009	1,189,009
Total	\$ 1,311,413	122,404	-	1,189,009	1,311,413

2) Valuation techniques for financial instruments measured at fair value

If quoted prices of financial instruments are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and the prices represent actual and regularly occurring market transactions on an arm's length basis, then the financial instrument is regarded as quoted in an active market.

If the condition above is not met, the market is inactive. If the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

If the financial instruments held by the Company are in active market, its fair value hierarchy and nature are as follows:

- The stock of listed companies and domestic open end funds are financial instruments in active market, and the fair value thereof is decided by the market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Company are in no active market, its fair value category and nature are as follows:

- Unquoted equity instruments: except acquiring the latest transaction price as fair value, others adopt market approach of comparable business. This method mainly assumes price-book of investees, enterprise value, income after tax, and the stock price of comparable listed company to calculate price-book ratio, enterprise value ratio, and earnings per share as a measure basis. This estimated fair value is already adjusted for the lack of liquidity.

3) Transfer between level 1 and level 3

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2021 and 2020.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Unquoted equity instruments	Total
Opening balance, January 1, 2021	\$ 1,189,009	1,189,009
Total gains and losses recognized:		
In other comprehensive income	(97,103)	(97,103)
Ending Balance, December 31, 2021	<u>\$ 1,091,906</u>	<u>1,091,906</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

	Fair value through other comprehensive income	
	Unquoted equity instruments	Total
Opening balance, January 1, 2020	\$ 624,817	624,817
Total gains and losses recognized		
In other comprehensive income	564,192	564,192
Ending Balance, December 31, 2020	<u>\$ 1,189,009</u>	<u>1,189,009</u>

For the years ended December 31, 2021 and 2020, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	2021	2020
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(97,103)	564,192

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

Most of the fair value of the Company classified as level 3 is an equity instrument in no active market which has multiple significant unobservable inputs. Because the inputs are mutual independent, there is no relevance.

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable company analysis	· P/E ratio (7.94~15.91 and 10.21~15.22 on December 31, 2021 and 2020, respectively) · Lack-of-Marketability Discount (23.10%~25.04% and 22.79%~27.56% on December 31, 2021 and 2020, respectively) · P/B ratio (1.44~2.78 and 1.56~2.35 on December 31, 2021 and 2020, respectively)	The estimated fair value would increase (decrease) if: · The P/E ratio and control premium were higher (lower); · Lack-of-Marketability Discount were lower (higher); · The P/B ratio and control premium were higher (lower).

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

- 6) Fair value measurements in Level 3-sensitivity analysis of reasonably possible alternative assumptions.

The method to derive at the fair value of financial instruments is reasonable but could yield different outcomes when using different multipliers. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possibilities of alternative assumptions would have the following effects:

			Profit or loss		Other comprehensive income	
	Inputs	Variation	Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	1%	-	-	13,496	(13,496)
	Discount rate	1%	-	-	3,672	(3,672)
	P/B ratio	1%	-	-	8,205	(8,205)
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	1%	-	-	16,121	(16,121)
	Discount rate	1%	-	-	3,873	(3,873)
	P/B ratio	1%	-	-	7,212	(7,212)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

This note expresses the risk exposure information of the above-mentioned risk of the Company, and the Company's objectives, policies and processes for measuring and managing the risks. For more disclosures about the quantitative effects, please refer to the respective notes in the

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

The Company's credit risk exposure is mainly affected by individual customer's conditions. However, management also takes into consideration the statistical data of the Company's customer, including the default risk of the customer's industry and country, as these factors may affect credit risk.

The accounting Department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a prepayment basis or by providing collateral.

The company has set up allowances for bad debt accounts to reflect estimates of losses incurred in accounts receivable, other receivables and investments. The main components of the allowance account include specific loss components related to individual major risk insurance and combined loss components established for similar asset groups that have occurred but have not been identified. The combined loss allowance account is determined based on historical payment statistics of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

3) Endorsements and guarantees

The Company's policy states that providing financial guarantees is only between parent company and subsidiaries. As of December 31, 2021 and 2020, endorsement guarantee provided by the Company were 1,240,150 thousand and 660,420 thousand, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Generally, the Company ensures that it has sufficient cash to support expected operating expenditure in a short term, including financial liabilities, but excludes potential impact which can not be predicted reasonably such as nature disasters. Moreover, as of December 31, 2021 and 2020, the Company's unused credit line respectively were 2,578,156 thousand and 2,726,093 thousand.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. The functional currency of group is mainly TWD, and the currencies used in these transactions are the TWD, USD and JPY.

2) Interest rate risk

The Company's interest risk arose from short term and long term borrowings. Since the short term borrowings are at floating rate, the fluctuation in interest rates will lead to movements in future cash flows.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in stocks listed on domestic markets, and fund investment on domestic and foreign markets. The equity investment is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company manages the risk by holding different investment portfolios. The Company assigned a specific team to supervise the equity price risk, so as to avoid or minimize the risk from the hedging position.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(x) Capital management

The Board of Directors aims to keep a stable capital base to maintain the confidence of investors, creditors and the market, so as to support the development of future operations. Capital includes the share capital, capital reserve, retained earnings and non controlling interests of the Group. The Board of Directors controls the return on capital and at the same time controls the level of ordinary stock dividends.

As of December 31, 2021 and 2020, the Company's debt-to-equity ratio at the end of the reporting period, were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 3,073,231	2,566,567
Less: cash and cash equivalents	(145,788)	(174,196)
Net debt	<u>\$ 2,927,443</u>	<u>2,392,371</u>
Total equity	<u>\$ 6,626,597</u>	<u>6,604,117</u>
Debt-to-equity ratio at 31 December	<u>44.18%</u>	<u>36.23%</u>

Management believes that there were no changes in the Company's approach to capital management for the years ended December 31, 2021 and 2020. As of December 31, 2021, the increase in the debt ratio was mainly attributable to the increase in net liabilities due to new long-term borrowings for the year.

(y) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

- (i) For right-of-use asset under lease, please refer to notes 6(h).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Acquisition	Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 1,118,750	15,834	-	-	-	1,134,584
Short-term borrowings	200,000	(50,000)	-	-	-	150,000
Lease liabilities	28,023	(23,197)	95,660	-	-	100,486
Total liabilities from financing activities	<u>\$ 1,346,773</u>	<u>(57,363)</u>	<u>95,660</u>	<u>-</u>	<u>-</u>	<u>1,385,070</u>

	January 1, 2020	Cash flows	Non-cash changes			December 31, 2020
			Acquisition	Foreign exchange movement	Fair value changes	

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

Long-term borrowings	\$	1,742,917	(624,167)	-	-	-	1,118,750
Short-term borrowings		250,000	(50,000)	-	-	-	200,000
Lease liabilities		<u>49,473</u>	<u>(21,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,023</u>
Total liabilities from financing activities	\$	<u>2,042,390</u>	<u>(695,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,346,773</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Company
Fine Environment Technologies Co., Ltd	The Company's subsidiar
Chang Xin Co., Ltd	The Company's subsidiar
Hong Da Investment Co., Ltd.	The Company's subsidiar
Fermat Enterprises Ltd.	The Company's subsidiar
UNIVERSE ENTERPRISES, LTD.	The Company's subsidiar
Ocean Group Ltd.	The Company's subsidiar
Sage Holdings Ltd.	The Company's subsidiar
OPC Holdings Ltd.	The Company's subsidiar
Rise Future International Ltd.	The Company's subsidiar
Shen Yang Development Co., Ltd.	The Company's subsidiar
Ocean Plastics (Hui Zhou) Co., Ltd.	The Company's subsidiar
HUNAN OCEAN WIDE PLASTICS LTD.	The Company's subsidiar
Ocean Plastics (Dong Guan) Co., Ltd	The Company's subsidiar
Chun Pin Enterprise Co., Ltd.	An associate
Chin Yi Ho Hang, Ltd.	Same chairman with the Group
Yee Fong Chemical & Industrial Co., Ltd.	The director of this company is the president of the Group
Ocean Plastics Urban Land Redeveloping Council	The member of the council is the chairman of the Company

(b) Significant transactions with related parties

(i) Operating revenues

	2021	2020
Subsidiaries	<u>\$ 120,649</u>	<u>61,529</u>

Except for sales to the parent company, the prices charged approximated the market price. The

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

credit terms ranged from 60 to 180 days. Amounts receivable from related parties was uncollateralized, and no expected credit loss were required after the assessment by the management.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(ii) Purchase

	2021	2020
Subsidiaries	\$ -	<u>58,329</u>

(iii) Receivables from related parties

Account	Relationship	December 31, 2021	December 31, 2020
Accounts payables	Subsidiaries	\$ 34,903	23,198
Notes payables	Subsidiaries	<u>273</u>	<u>325</u>
		<u>\$ 35,176</u>	<u>23,523</u>

The trade receivables from related parties over the credit terms should be recorded under other receivable to related parties and long-term accounts receivables due from related parties.

(iv) Other transactions with related parties

Account	Relationship	2021	2020
Cost of goods sold	Associates	<u>\$ 23,939</u>	<u>28,521</u>

The Company commissioned its associate to operate oil storage tanks. The outstanding balances of management expenses on December 31, 2021 and 2020, were \$3,083 thousand and \$3,204 thousand, which are presented as “other payables to related parties”.

(v) Loans to related parties

	December 31, 2021	December 31, 2020
Ocean Plastics (Dong Guan) Co., Ltd.	<u>\$ 91,378</u>	<u>91,352</u>

The Company loans to Ocean Plastics (Dong Guan) Co., Ltd., because the trade receivable s from related parties are overdue, that it should be regarded as loans, and the amount was recorded under other receivable to related parties.

(vi) Guarantees

As of December 31, 2021 and 2020, the Company had provided a guarantee for loans taken out by subsidiaries, the credit limit of the guarantee was \$1,240,150 thousand and \$660,420 thousand.

At December 31, 2021 and 2020, the Company and some of subsidiaries collectively provided lands as collaterals for its long-term and short-term loans, the credit limit of the guarantee was \$5,750,000 thousand and \$5,350,000 thousand, respectively.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(vii) Leases

In January 2019, the Company leased an high-pressure spherical tank from its associate. A six year lease contract was entered into, and the rent was determined based on the rental rates in the vicinity. The total value of the contract was \$52,800 thousand, the Company entered into a lease agreement with the associate to continue leasing spherical tanks that amounted to \$148,102 thousand. For 2021 and 2020, the interest expenses were \$686 thousand and \$156 thousand. As of December 31, 2021 and 2020, the lease liabilities had amounted to \$85,179 thousand and \$4,388 thousand.

In May 2017, the Company leased from other related parties an office building as its headquarter on Juguang Road, Taipei City, and the land in Zhongli Dist., Taoyuan City. A five year lease contract was signed, and the rent was determined based on land rental rates in the vicinity. The total value of the contract was \$37,000 thousand. For 2021 and 2020, interest expenses were 271 thousand and 367 thousand. As of December 31, 2021 and 2020, lease liabilities had amounted 14,552 and 21,681 thousand.

(viii) Providing administrative services to related party

The Company had signed a contract concerning an urban land redeveloping project with the landlords, which was implemented by Chang Xin Co., Ltd. in November 2014. The Company provided administrative services to a related party for land development procedures and received an income of \$24,095 (recognized as Other income) for the years ended December 31, 2021. As of December 31, 2021, there is no outstanding balance.

(ix) Transaction of properties

1) Disposal of investment properties

In October 2021, the Company sold the land at Jiankang Segment, Zhonghe District, New Taipei City, to the Ocean Plastics Urban Lan Redeveloping Council and received cash compensation. The total land area is 515.91, with a total price of \$27,312 thousand. As of December 31, 2021, the transfer procedures had been completed, and there is no outstanding balance. Please refer to note 6 (i) for the investment property details.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 5,847	6,602
Post-employment benefits	-	5
Other long-term benefits	-	1
Total	<u>\$ 5,847</u>	<u>6,608</u>

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, plant and equipment	Long-term and short-term loans	\$ 2,295,851	2,316,615
Investment property	Long-term and short-term loans	425,046	439,529
Other financial assets	Trust account	32,674	14,831
Total		<u><u>\$ 2,753,571</u></u>	<u><u>2,770,975</u></u>

(9) Commitments and contingencies:

(a) Significant Commitments and Contingencies were as follows:

(i) The Company's unrecognized contractual commitments are as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	<u><u>\$ 66,266</u></u>	<u><u>48,847</u></u>

(ii) The Company's outstanding standby letter of credit are as follows:

	December 31, 2021	December 31, 2020
Outstanding standby letter of credit	<u><u>\$ 1,844</u></u>	<u><u>15,157</u></u>

(iii) The joint construction contract signed by the Company for the sale of the built real estate is as follows:

Joint construction method	Project name
Joint construction and allocation of housing units	Xinglong Section, Wenshan District

(iv) The amounts of endorsement and guarantee provided by the Company for the borrowings and business of subsidiaries, please refer to note 7.

(b) Major contingent liabilities: None.

(10) Losses due to major disasters: None.

(11) Subsequent Events: None.

Ocean Plastics Co., Ltd.
Notes to the Financial Statements

(12) Others:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2021			2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		266,206	71,527	337,733	273,443	75,765	349,208
Labor and health insurance		27,644	7,597	35,241	25,013	6,804	31,817
Pension		11,195	3,711	14,906	11,192	3,870	15,062
Director's remuneration		-	10,153	10,153	-	13,623	13,623
Others		16,064	4,260	20,324	14,815	4,003	18,818
Depreciation		177,320	9,496	186,816	181,539	9,539	191,078
Amortization		-	-	-	-	-	-

For the years ended December 31, 2021 and 2020, additional information of number of employee and employee benefit were as follows:

	2021	2020
Number of employees	<u>457</u>	<u>463</u>
Number of directors who were not employees	<u>8</u>	<u>8</u>
The average employee benefit	<u>\$ 909</u>	<u>912</u>
The average salaries and wages	<u>\$ 752</u>	<u>767</u>
Rate of change of the average salaries and wages	<u>(1.96)%</u>	<u>13.13%</u>
Salaries of supervisor	<u>\$ -</u>	<u>-</u>

The Company's compensation policy (including directors, managers, and employees) is as follows:

Directors' compensation include compensation, salaries and fees. The compensation policy in in Articles of Incorporation was determined based on operating condition. It was reported to the Compensation Committee, being approved in Board of Directors and being notified to shareholders. The fares for directors were determined in Board of Directors and should be paid regardless of its profit. The ones for the directors who double as employees would be determined in Board of Directors based on the peer industry standards.

In the compensation policy for the Company's managers and employees, besides their education and experience, it should also consider the operating profit and prospects. The distribution standards depend on production achievement rate, yield rate and net operating profit of the month. Year- end bonus is based on the year profit and varies on each department which means the compensation system is related to the performance of the Company.

OCEAN PLASTICS CO., LTD.

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 5)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	OCEAN PLASTICS (DONG GUAN) CO., LTD.	Other Receivables and long-term Receivables	Yes	99,539	91,378	91,378	-	1	20,649	Operation Capital	-		-	1,325,319	2,650,639

Note 1: The numbering is as follows:

1. “0” represents the parent company.
2. Subsidiaries are sequentially numbered from 1.

Note 2: Financing purposes:

- 1 represents a trading counterparty.
- 2 indicates the necessity of short-term financing.

Note 3: The total loans to others shall not exceed 40% of the net value of the Company, and the loans to an individual party shall not exceed 20% of the net value of the Company. The net value is based on the amount disclosed the latest financial statements.

Note 4: The cumulative maximum balance of loans to others from the current year to the reporting month includes the amount transferred from overdue receivables.

Note 5: The highest amounts were approved by the Board of Directors.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date	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 (Note 3)	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 (Note 2)										
0	The Company	UNIVERSE ENTERPRISES, LTD.	2	3,313,299	20,000	20,000	-	-	0.30%	5,310,278	Y	N	N
0	The Company	Chang Xin Co., Ltd.	2	3,313,299	1,220,150	1,220,150 (Note 5)	295,567	-	18.41%	5,310,278	Y	N	N
1	FINE ENVIRONMENTAL TECHNOLOGIES CO., LTD.	CHANG XIN CO., LTD.	4	7,228	2,999	- (Note 5)	-	2,999	- %	11,565	N	N	N
2	HONG DA INVESTMENT CO., LTD.	CHANG XIN CO., LTD.	4	81,115	5,134	- (Note 5)	-	5,134	- %	202,787	N	N	N

Note 1: The numbering is as follows:

1. “0” represents the parent company.
2. Subsidiaries are sequentially numbered from 1.

Note 2: There are the following 7 types of relationship between the guarantee and the guarantor:

1. Trading counterparty.
2. The Company holds more than 50% of the voting shares in the entity, directly and indirectly.
3. The entity holds more than 50% of voting shares in the Company, directly and indirectly.
4. The Company holds more than 90% of voting shares in the entity, directly and indirectly.
5. An entity in the construction industry mutually guaranteed pursuant to a project contract.
6. The stockholders of the Company provide guarantees or endorsements for the entity in proportion to percentage of ownership for joint investment.
7. Performance guarantees for presale contracts for entities in the same industry pursuant to the Consumer Protection Act.

Note 3: The endorsement and guarantee, provided by the Company and Fine environment Technology Co., Ltd. for a single entity, shall not exceed 50% of the guarantor’s net worth, and the total shall not exceed 80% of the net worth of the guarantor. The endorsement and guarantee, provided by Changxin Xinye Co., Ltd. for a single party, shall not exceed 80% of the guarantor’s net worth, and the total shall not exceed 100% of the guarantor’s net worth. The endorsement and guarantee, provided by Hongda Investment Co., Ltd. for a single entity, shall not exceed 20% of the guarantor’s net worth, and the total amount shall not exceed 50% of the guarantor’s net worth.

Note 4: The highest balance of the endorsement guarantee for others in the current year.

Note 5: The company and its 100% direct or indirect subsidiaries pledged their jointly held land as collateral.

OCEAN PLASTICS CO., LTD.

Notes to the Financial Statements

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

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 Company	Taiwan VCM Corporation	-	Fair value through other comprehensive income equity instrument	37,062	1,016,326	12.46%	1,016,326	
"	E'DALE TECHNOLOGY CO., LTD.	-	"	630	37,269	3.38%	37,269	
"	PAN OCEAN INC.	-	"	152	6,890	15.07%	6,890	
"	ULTRA-PAK INDUSTRIES CO., LTD.	-	"	2,567	31,421	7.00%	31,421	
"	MICROCELL COMPOSITE COMPANY	-	"	237	-	4.32%	-	
"	FUZETEC TECHNOLOGY CO., LTD.	-	Designated at fair value through profit or loss- current (stock)	2,945	206,422	7.87%	206,422	
CHANG XIN CO., LTD.	ULTRA-PAK INDUSTRIES CO., LTD.	-	Fair value through other comprehensive income equity instrument	1,487	18,203	4.06%	18,203	
"	COSMACTIVE BROADBAND NETWORKS CO., LTD.	-	"	1	-	0.12%	-	
HONG DA INVESTMENT CO., LTD.	ACER INCORPORATED	-	Designated at fair value through profit or loss- non-current (stock)	119	3,615	- %	3,615	
"	UNITED MICROELECTRONICS CORP.	-	"	29	1,881	- %	1,881	
"	Capital SZSE SME Price Index Exchange Traded Fund -TWD	-	"	200	3,830	- %	3,830	
"	ULTRA-PAK INDUSTRIES CO., LTD.	-	Fair value through other comprehensive income equity instrument	1,265	15,479	3.45%	15,479	
"	E'DALE TECHNOLOGY CO., LTD.	-	"	580	34,317	3.11%	34,317	
"	FUZETEC TECHNOLOGY CO., LTD.	-	Designated at fair value through profit or loss- current (stock)	2,926	205,106	7.82%	205,106	
FINE ENVIRONMENT TECHNOLOGIES CO., LTD.	MINIMA TECHNOLOGY CO., LTD.	-	Fair value through other comprehensive income equity instrument	413	9,919	1.06%	9,919	
"	MICROCELL COMPOSITE COMPANY	-	"	237	-	4.32%	-	
FERMAT ENTERPRISES, LTD.	FCP I-Global High Yield Portfolio Class AT USD.	-	Designated at fair value through profit or loss- non-current (fund)	111	11,269	- %	11,269	
"	AB FCP I-Global High Yield Portfolio Class EA USD.	-	"	24	8,166	- %	8,166	
OPC HOLDING LTD.	AB FCP I-Global High Yield Portfolio Class EA USD.		Designated at fair value through profit or loss- non-current (fund)	8	2,596	- %	2,596	
"	AB FCP I-Global High Yield Portfolio Class EA USD.		"	8	2,639	- %	2,639	

OCEAN PLASTICS CO., LTD.

Notes to the Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	CHUN PIN ENTERPRISE CO., LTD.	Taiwan	Storage business	290,000	290,000	29,000	44.62%	417,247	176,458	78,728	Associate
The Company	FINE ENVIRONMENT TECHNOLOGIES CO., LTD.	Taiwan	Plastic product trade	44,792	44,792	1,003	60.76%	8,784	194	117	Subsidiary
The Company	CHANG XIN CO., LTD.	Taiwan	Land development	2,900,860	2,900,860	290,086	100.00%	1,459,536	5,280	(1,263)	Subsidiary
The Company	HONG DA INVESTMENT CO., LTD.	Taiwan	Normal investments	190,000	190,000	19,000	100.00%	281,161	81,241	81,241	Subsidiary
The Company	FERMAT ENTERPRISES, LTD.	British Virgin Islands	Normal investments	13,887	13,887	450	100.00%	21,943	224	224	Subsidiary
The Company	UNIVERSE ENTERPRISES LTD.	British Virgin Islands	Normal investments	93,032	93,032	3,000	100.00%	63,612	3,870	3,870	Subsidiary
The Company	OCEAN GROUP LTD.	Samoa	Normal investments	1,069,438	1,069,438	32,900	100.00%	458,536	(11,145)	(11,145)	Subsidiary
HONG DA INVESTMENT CO., LTD.	FINE ENVIRONMENT TECHNOLOGIES CO., LTD.	Taiwan	Plastic product trade	6,294	6,294	647	39.24%	6,413	194	76	Subsidiary
CHANG XIN CO., LTD.	SHEN YANG DEVELOPMENT CO., LTD.	Taiwan	Land development	535	535	1,000	100.00%	535	-	-	Subsidiary
OCEAN GROUP LTD.	OPC HOLDINGS, LTD.	British Virgin Islands	Normal investments	27,850	27,850	450	100.00%	45,558	(516)	(516)	Subsidiary
OCEAN GROUP LTD.	SAGE HOLDINGS LTD.	Samoa	Normal investments	800,217	800,217	25,000	100.00%	472,015	(7,542)	(7,542)	Subsidiary
OCEAN GROUP LTD.	RISE FUTURE INTERNATIONAL LTD.	Seychelles	Normal investments	241,371	241,371	7,450	100.00%	(59,089)	(3,086)	(3,086)	Subsidiary

OCEAN PLASTICS CO., LTD.

Notes to the Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars/In Thousands of USD Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Ocean Plastics (Hui Zhou) Co., Ltd	Production and sale of business general soft tape, foamed latex leather and rubber leather	800,217 (USD25,000)	(3)	800,217 (USD25,000)	-	-	800,217 (USD25,000)	(7,542)	100.00%	(7,542)	472,015	-
Ocean Plastics (Dong Guan) Co., Ltd.	Production and sales of PU synthetic leather, foamed latex leather and rubber leather	241,371 (USD7,450)	(3)	241,371 (USD7,450)	-	-	241,371 (USD7,450)	(3,086)	100.00%	(3,086)	(59,089)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
1,069,438 (USD32,900 thousand)	1,069,438 (USD32,900 thousand)	3,975,958

Note 1: Indirect investment in Mainland China through entities registered in a third region.

Note 2: The investment income (loss) was based on the financial statements audited by the investee's external accountant.

Note 3: The amount of accumulated outflow of investment from Taiwan was translated into New Taiwan dollars at the reporting date.

Note 4: The upper limit on investment, calculated based on the amendments to the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China, is 60% of the net equity or consolidated net equity.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yee Fong Chemical & Industrial Co., Ltd.		12,425,769	5.46%

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

Ocean Plastics Co., Ltd.
Statement of cash and cash equivalents
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash		\$ 500
Cash in bank	Check deposits	13,626
	Demand deposits	60,022
	Foreign demand deposits (USD\$2,588 thousand)	71,640
	Subtotal	145,288
		\$ 145,788

Statement of notes and trade receivables

Client name	Description	Amount
Non-related-parties		
Company A	Sales	\$ 91,520
Company B	"	42,163
Company C	"	37,288
Others (individual amounts with less than 5% of the total amount)	"	556,017
Less: Allowance for doubtful accounts		(6,423)
Subtotal		720,565
Related-party transactions		
Ocean Plastics (Huizhou) Co., Ltd.	"	22,006
Ocean Plastics (Dong Guan) Co., Ltd	"	12,487
Fine Environment Technologies Co., Ltd	"	683
Less: Allowance for doubtful accounts		-
Subtotal		35,176
Total		\$ 755,741

Ocean Plastics Co., Ltd.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 310,331	292,220
Work in progress	45,171	29,370
Finished goods	412,966	393,088
Subtotal	768,468	<u>714,678</u>
Less: Allowance for inventory valuation and obsolescence losses	(53,790)	
Total	<u>\$ 714,678</u>	

Statement of other current assets

Item	Description	Amount
Business tax refund receivable	Business tax refund	\$ 5,000
Other receivables-related parties	Loans to related parties	7,996
Excess business tax paid	Overpaid sales tax	31,384
Prepayment for purchases	Prepayment of raw materials	3,225
Prepaid expense	Prepayment of building sales agency expenses	13,996
Others (individual amounts with less than 5% of the total amount)		1,669
		<u>\$ 63,270</u>

Ocean Plastics Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Increase		Decrease		Investment income/(loss) recognized under equity method, net	Exchange difference on translation	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive.	Ending Balance			Market Value or Net Assets Value		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Percentage	Amount	Unit Price	Total amount	Collateral
Chun Pin Enterprises Co., Ltd.	29,000	\$ 407,945	-	-	-	69,426	78,728	-	-	29,000	44.62%	417,247	14.00	417,247	None
						(Note2)									
Fine Environment Technologies Co., Ltd	1,003	9,099	-	-	-	209	118	-	(224)	1,003	60.76%	8,784	9.91	8,784	"
						(Note3)									
Chang Xin Co., Ltd	290,086	1,451,176	-	2,841	-	-	5,280	-	236	290,086	100%	1,459,533	10.01	1,459,533	"
				(Note3)											
Hong Da Investment Co., Ltd.	19,000	208,921	-	4,042	-	28,000	81,241	-	14,958	19,000	100%	281,162	17.92	281,162	"
				(Note3)		(Note2)									
Fermat Enterprises Ltd	450	21,720	-	-	-	-	224	-	-	450	100%	21,944	49.15	21,944	"
Universe Enterprises Ltd	3,000	59,742	-	-	-	-	3,870	-	-	3,000	100%	63,612	20.51	63,612	"
Ocean Group Ltd	32,900	467,130	-	-	-	-	(11,146)	2,552	-	32,900	100%	458,536	13.61	458,536	"
Total		<u>\$ 2,625,733</u>		<u>6,883</u>		<u>97,635</u>	<u>158,315</u>	<u>2,552</u>	<u>14,970</u>			<u>2,710,818</u>		<u>2,710,818</u>	

Note1: There is no open market price for these investees, so expressed in net value per share.

Note2: Distribute cash dividends 97,426 thousand.

Note3: The realized gain from disposal of land is total 6,674 thousand.

Ocean Plastics Co., Ltd.

**Statement of financial assets measured at fair value through other
comprehensive income - non-current**

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Client name	Beginning Balance		Increase		Decrease		Gain or loss on valuation	Ending Balance			Collateral	Accumulated impairment
	Shares or units	Fair Value	Shares or units	Amount	Shares or units	Amount		Shares or units	Percentage	Fair Value		
Taiwan VCM Corporation	34,317	\$ 1,130,019	2,745	-	-	-	(113,693)	37,062	12.46%	1,016,326	None	N/A
E'dale Technology Co., Ltd.	630	21,087	-	-	-	-	16,182	630	3.38%	37,269	None	N/A
PAN OCEAN, INC	152	6,890	-	-	-	-	-	152	15.07%	6,890	None	N/A
Ultra Pak Industries Co., Ltd.	3,008	31,013	-	-	(441)	-	408	2,567	7.00%	31,421	None	N/A
Microcell Composite Company	237	-	-	-	-	-	-	237	4.32%	-	None	N/A
		<u>\$ 1,189,009</u>		<u>-</u>		<u>-</u>	<u>(97,103)</u>			<u>1,091,906</u>		

Ocean Plastics Co., Ltd.

Statement of other non-current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable deposits	The refundable deposits of natural gas pipeline engineering	\$ 15,680
Other financial assets	Trust account of presold house and real estate development	32,674
Prepayments for equipment	Prepayments of machinery and equipment	3,923
		<u>\$ 52,277</u>

Statement of other current liabilities

Item	Description	Amount
Lease liabilities-current	Lease obligations payable	\$ 23,453
Unearned sales revenue	Unearned sales revenue from clients	8,370
Other payables to related parties	Oil groove operating expenses to related parties	3,083
Others(individual amounts with less than 5% of the total amount)		1,946
		<u>\$ 36,852</u>

Ocean Plastics Co., Ltd.

Statement of short-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

		End						
Creditor	Type of loan	balance	Contract Period	Percentage	Loan	Collateral	Note	
First Commercial Bank	Credit Loans	\$ 50,000	2021.12.10~2022.1.07	1.10%	100,000	None		
Chang Commercial Ltd.	Hwa Credit Loans Bank,	100,000	2021.12.30~2022.3.31	1.11%	150,000	"		
Total		<u>\$ 150,000</u>			<u>250,000</u>			

Statement of trade payables

Client name	Description	Amount
Notes payable		
Non-related-parties- operating activities		
Company D	Purchases	\$ 195,172
Others (individual amounts with less than 5% of the total amount)	"	<u>13,174</u>
Subtotal		<u>208,346</u>
Accounts payable		
Non-related-parties		
Company E	Purchases	432,713
Company F	"	129,180
Others (individual amounts with less than 5% of the total amount)	"	<u>121,861</u>
Subtotal		<u>683,754</u>
Total		<u>\$ 892,100</u>

Ocean Plastics Co., Ltd.
Statement of other payables
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Non-related-parties		
Salaries payable	The employee benefits, year-end bonus and pension	\$ 61,940
Accrued import and export selling expenses	Cost of shipping for sales of goods	100,784
Accrued repair and maintenance expense.	Equipment maintenance expense	15,468
Others(individual amounts with less than 5% of the total amount)	(Packing expense, insurance expense and professional service fees)	12,519
Othe payable		<u>10,298</u>
Total		<u>\$ 201,009</u>

Statement of long-term borrowings

Creditor	Description	Borrowings amount	Contract Period	Collateral	Note
Hua Nan Commercial Bank, Ltd.	collateral borrowing	\$ 514,583	2016.06.29~2031.06.29, Monthly installments of interest and semiannually repayments of principal for a term of 24-month.	Land	
Yuanta Commercial Bank Co., Ltd.	collateral borrowing	600,000	2019.04.17~2022.04.17, Monthly installments of interest and repayment of principal at maturity.	Land	
KGI Commercial Bank Co., Ltd.	collateral borrowing	20,000	2018.02.27~2023.02.27, Monthly installments of interest and repayment of principal at maturity.	Land	
	Subtotal	<u>1,134,583</u>			
	Less: current portion	<u>(54,166)</u>			
Total		<u>\$ 1,080,417</u>			

Ocean Plastics Co., Ltd.

Statement of other non-current liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Lease liabilities-non-current	Lease obligations payable	\$ 77,033
Advance real estate receipts	Receipts of presold land	32,121
Provisions for employee benefits- non-current	Long-term compensated absences liabilities	12,002
Guarantee deposits received	Deposit for commissioned for goods production and deposit for land lease	3,304
		<u>\$ 124,460</u>

Ocean Plastics Co., Ltd.
Statement of operating revenue
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Plastic raw materials	87,514tona	\$ 3,605,810
Plastic products	34,054tona/1,008thousand yard	<u>2,137,293</u>
Less: Sales return and sales allowance		<u>(12,229)</u>
Net sales revenue		<u>\$ 5,730,874</u>

Ocean Plastics Co., Ltd.
Statement of operating costs
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Raw materials at the beginning of the year	\$ 192,082	
Add: Net purchases	4,574,752	
Others	144,966	
Less: Raw materials at the end of the year	(310,331)	
Cost of material sold and others	<u>(324,228)</u>	
Raw materials used		4,277,241
Direct labor		87,753
Manufacturing expenses		<u>765,809</u>
Total Manufacturing costs		5,130,803
Add: Work-in-process at the beginning of the year		34,164
Less: Work-in-process at the end of the year		(45,171)
Transferred to expenses and others		<u>(3,333)</u>
Cost of finished goods		5,116,463
Add: Finished goods at the beginning of the year		193,662
Less: Finished goods at the end of the year		(412,253)
Transferred to expenses and others		<u>(5,771)</u>
Cost of finished goods sold		4,892,101
Merchandise at the beginning of the year	1,132	
Net purchases	145,839	
Less: Merchandise at the end of the year	(713)	
Transferred to manufacturing expenses	<u>(2)</u>	
Cost of merchandise sold		146,256
Add: Cost of material sold	176,926	
Adjustment:(idle capacity)	101,289	
Others	1,801	
Gain from price recovery of inventory	1,234	
Disposal of inventory	<u>1,602</u>	
Added of cost of goods sold		<u>282,852</u>
Cost of goods sold		<u><u>\$ 5,321,209</u></u>

Ocean Plastics Co., Ltd.

Statement of administrative expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Export charges	\$ 256,251	-	-	256,251
Salaries expense	27,134	53,751	6,277	87,162
Freight expense	30,172	8	-	30,180
Miscellaneous expenses	1,848	4,758	335	6,941
Insurance expense for employee	2,522	4,406	669	7,597
Professional service fees	42	5,126	22	5,190
Depreciation	1,743	7,327	425	9,495
Taxes	-	5,149	-	5,149
Repairs and maintenance expense	1	605	473	1,079
Others (individual amounts with less than 5% of the total amount)	19,161	9,448	1,725	30,334
Total	<u>\$ 338,874</u>	<u>90,578</u>	<u>9,926</u>	<u>439,378</u>

Statement of Changes in Property, Plant, and Equipment: Note (6(g))

Statement of Changes in Right-of-use-assets: Note (6(h))

Statement of Changes in Investment property : Note (6(i))

Chairman: TAN, KIN-MEN

Ocean Plastics Co., Ltd.