

Ocean Plastics Co., Ltd and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

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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.

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Representation Letter

The entities that are required to be included in the combined financial statements of 2022 as of and for the year ended December 31, 2022 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, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. 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 14, 2023



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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, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of certain subsidiaries and Investments accounted for using equity method of the Group. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the Group, the financial statements of these subsidiaries reflect the total assets constituting 7% of the consolidated total assets at December 31, 2022 and 2021, and the total revenues constituting 14% and 13% of the consolidated total revenues for the years ended December 31, 2022 and 2021, respectively. The recognized investment in investee, using the equity method, constituted 4% and 3% of the total consolidated assets, respectively, as of December 31, 2022 and 2021, and the recognized share of profit or loss of associates and joint ventures accounted for using equity method constituted (1,232)% and 22% of profit before tax, respectively, for the years ended December 31, 2022 and 2021.

Ocean Plastics Co., Ltd has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with an Other Matter paragraph.

Key Audit Matters

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause 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 Sheng-Ho Yu and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

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

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	471,820	4	414,256	3	2100	Short-term borrowings (notes 6(m) and 8)	\$	250,000	2	150,000	1
1110	Current financial assets at fair value through profit or loss (note 6(b))		289,833	2	436,198	3	2170	Notes and trade payables		499,968	4	963,972	7
1170	Notes and trade receivables, net (note 6(e))		623,846	5	751,866	6	2200	Other payables		230,005	2	251,360	2
1180	Accounts receivable due from related parties, net (notes 6(e) and 7)		1,867	-	-	-	2220	Other payables to related parties (note 7)		3,098	-	3,083	-
130X	Inventories (note 6(f))		532,006	5	968,087	7	2300	Other current liabilities (notes 6(l), (o), (u) and 7)		54,012	1	51,460	-
1470	Other current assets (note 6(k))		64,780	1	86,494	1	2320	Long-term liabilities, current portion (notes 6(n) and 8)		43,056	-	54,167	-
			1,984,152	17	2,656,901	20				1,080,139	9	1,474,042	10
Non-current assets:						Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (note 6(b))		11,827	-	9,326	-	2540	Long-term borrowings (notes 6(n) and 8)		3,421,481	29	3,145,798	24
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))		637,472	5	1,169,824	9	2570	Deferred tax liabilities (note 6(r))		1,101,198	9	1,439,652	12
1535	Non-current financial assets at amortised cost, net (note 6(d))		44,110	-	21,715	-	2640	Net defined benefit liability, non-current (note 6(q))		92,261	1	105,337	1
1550	Investments accounted for using equity method (note 6(g))		448,493	4	417,247	3	2670	Other non-current liabilities, others (notes 6(o) and 7)		161,023	2	188,757	1
1600	Property, plant and equipment (note 6(h))		3,378,266	29	3,450,776	28				4,775,963	41	4,879,544	38
1755	Right-of-use assets (notes 6(i) and 7)		161,564	1	192,346	1		Total liabilities		5,856,102	50	6,353,586	48
1760	Investments property, net (notes 6(j) and 8)		5,037,904	43	4,995,629	38		Equity attributable to owners of parent (note 6(s)):					
1900	Other non-current assets (notes 6(k) and 8)		66,174	1	66,419	1	3100	Capital stock		2,272,283	19	2,272,283	18
			9,785,810	83	10,323,282	80	3200	Capital surplus		18,915	-	14,335	-
							3300	Retained earnings		3,412,027	29	3,603,417	28
							3400	Other equity		246,824	2	772,751	6
							3500	Treasury shares		(36,189)	-	(36,189)	-
								Total equity		5,913,860	50	6,626,597	52
Total assets		\$	11,769,962	100	12,980,183	100	Total liabilities and equity		\$	11,769,962	100	12,980,183	100

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 Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4100	Operating revenues, net (note 6(u))	\$ 6,506,136	100	6,490,333	100
5000	Operating costs (notes 6(f) and 7)	<u>6,135,998</u>	<u>94</u>	<u>6,005,716</u>	<u>93</u>
5900	Gross profit from operation	<u>370,138</u>	<u>6</u>	<u>484,617</u>	<u>7</u>
6000	Operating expenses (notes 6(e), (h), (i), (j), (q), (v) and 7):				
6100	Selling expenses	395,760	6	371,412	6
6200	Administrative expenses	148,889	2	133,676	2
6300	Research and development expenses	15,451	-	11,496	-
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	<u>1,288</u>	<u>-</u>	<u>434</u>	<u>-</u>
6000	Total operating expenses	<u>561,388</u>	<u>8</u>	<u>517,018</u>	<u>8</u>
6900	Net operating loss	<u>(191,250)</u>	<u>(2)</u>	<u>(32,401)</u>	<u>(1)</u>
7000	Non-operating income and expenses :				
7100	Interest income (note 6(w))	7,901	-	4,344	-
7010	Other income (note 6(w))	185,321	3	165,860	3
7020	Other gains and losses, net (note 6(w))	(87,664)	(1)	151,077	2
7050	Finance costs (note 6(w))	(18,148)	-	(15,400)	-
7060	Share of profit of associates accounted for using equity method (note 6(g))	<u>96,043</u>	<u>1</u>	<u>78,728</u>	<u>1</u>
	Total non-operating income and expenses	<u>183,453</u>	<u>3</u>	<u>384,609</u>	<u>6</u>
	Profit (loss) before income tax	<u>(7,797)</u>	<u>1</u>	<u>352,208</u>	<u>5</u>
7950	Less: Income tax expenses (note 6(r))	<u>34,860</u>	<u>1</u>	<u>32,840</u>	<u>1</u>
	Profit (loss)	<u>(42,657)</u>	<u>-</u>	<u>319,368</u>	<u>4</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	10,326	-	3,378	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(532,352)	(8)	(82,133)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(522,026)</u>	<u>(8)</u>	<u>(78,755)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	6,425	-	2,552	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>6,425</u>	<u>-</u>	<u>2,552</u>	<u>-</u>
8300	Other comprehensive income	<u>(515,601)</u>	<u>(8)</u>	<u>(76,203)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ (558,258)</u>	<u>(8)</u>	<u>243,165</u>	<u>3</u>
	Earnings per share (NT dollars) (note 6(t))				
9750	Basic (loss) earnings per share	<u>\$ (0.19)</u>		<u>1.45</u>	
9850	Diluted (loss) earnings per share	<u>\$ (0.19)</u>		<u>1.45</u>	

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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	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, 2021	\$ 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
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	32,275	-	(32,275)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(159,059)	(159,059)	-	-	-	-	(159,059)
	-	-	32,275	-	(191,334)	(159,059)	-	-	-	-	(159,059)
Profit (loss)	-	-	-	-	(42,657)	(42,657)	-	-	-	-	(42,657)
Other comprehensive income	-	-	-	-	10,326	10,326	6,425	(532,352)	(525,927)	-	(515,601)
Total comprehensive income	-	-	-	-	(32,331)	(32,331)	6,425	(532,352)	(525,927)	-	(558,258)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	4,580	-	-	-	-	-	-	-	-	4,580
Balance at December 31, 2022	\$ 2,272,283	18,915	85,240	2,978,245	348,542	3,412,027	(30,430)	277,254	246,824	(36,189)	5,913,860

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (7,797)	352,208
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	213,596	206,568
Expected credit loss	1,288	434
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	154,553	(121,883)
Interest expense	54,102	42,828
Interest income	(7,901)	(4,344)
Dividend income	(140,420)	(97,957)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(96,043)	(78,728)
Loss (gain) on disposal of property, plan and equipment	(1,120)	-
Property, plan and equipment transferred to expenses	335	441
Loss (gain) on disposal of investment properties	-	(18,689)
Loss (gain) on disposal of investments	-	(1,385)
Profit from lease modification	(1,348)	-
Total adjustments to reconcile profit (loss)	<u>177,042</u>	<u>(72,715)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	19,477	(11,570)
Accounts receivable	105,363	(77,565)
Inventories	436,156	(457,870)
Other current assets	17,458	33,586
Operating assets	<u>1,174</u>	<u>(19,914)</u>
Total changes in operating assets	<u>579,628</u>	<u>(533,333)</u>
Changes in operating liabilities:		
Contract liabilities	4,107	19,613
Notes payable	(99,418)	169,110
Accounts payable	(364,586)	304,731
Other payable	(30,030)	13,185
Other payable to related parties	15	(121)
Provisions	847	1,081
Other current liabilities	(141)	94
Net defined benefit liability	<u>(3,176)</u>	<u>(2,924)</u>
Total changes in operating liabilities	<u>(492,382)</u>	<u>504,769</u>
Total changes in operating assets and liabilities	<u>87,246</u>	<u>(28,564)</u>
Total adjustments	<u>264,288</u>	<u>(101,279)</u>

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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
Cash inflow generated from operations	256,491	250,929
Interest received	7,901	4,344
Dividends received	211,267	167,383
Interest paid	(53,510)	(42,575)
Income taxes paid	(365,811)	(9,220)
Net cash flows from operating activities	56,338	370,861
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at amortised cost	(22,395)	33,563
Acquisition of financial assets at fair value through profit or loss	(10,689)	(51,247)
Proceeds from disposal of financial assets at fair value through profit or loss	-	9,955
Acquisition of investments accounted for using equity method	(6,050)	-
Acquisition of property, plant and equipment	(105,118)	(96,523)
Proceeds from disposal of property, plant and equipment	2,164	462
Acquisition of investment properties	(43,594)	(187,391)
Proceeds from disposal of investment properties	-	56,162
Net cash flows used in investing activities	(185,682)	(235,019)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	100,000	(50,000)
Proceeds from long-term debt	433,183	1,688,033
Repayments of long-term debt	(168,611)	(1,524,166)
Increase in deposits received	400	-
Payment of lease liabilities	(30,010)	(30,537)
Cash dividends paid	(154,479)	(220,685)
Net cash flows from (used in) financing activities	180,483	(137,355)
Effect of exchange rate changes on cash and cash equivalents	6,425	2,552
Net increase in cash and cash equivalents	57,564	1,039
Cash and cash equivalents at beginning of period	414,256	413,217
Cash and cash equivalents at end of period	\$ 471,820	414,256

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, 2022 and 2021

(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, 2022 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 14, 2023.

(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, 2022:

- 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”

- (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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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- (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”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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”

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

- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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, 2022	December 31, 2021	
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 %	(Note 2)
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..

Note 2: Universe enterprises Ltd. was liquidated on April 1, 2022, the liquidation base day and the liquidation has been completed. The Group has ceased to recognize investment profit since the date of liquidation and has recovered the share payment after liquidation without generating significant gain or loss on liquidation.

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

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

(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:

- 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.

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

(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.

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.

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

(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.

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.

(Continued)

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

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.

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.

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

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.

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.

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

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.

(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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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.

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.

(Continued)

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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.

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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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.

(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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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

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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(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.

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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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.

(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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(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 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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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.

(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:

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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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The Group holds 40% of preferred stock and 50% of common stock of Foremost-Oceans NueTeq, Limited. and is not the single largest shareholder of the investee. The Group cannot obtain more than half of the total number of Foremost-Oceans NueTeq, Ltd.'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 Foremost-Oceans NueTeq, Limited.

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:

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).

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

The Group'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.

- (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.

(6) Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Revolving funds and cash in hand	\$ 850	788
Demand deposits and check deposits	440,250	413,468
Time deposits	30,720	-
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 471,820</u></u>	<u><u>414,256</u></u>

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

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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The cash and cash equivalents on December 31, 2022 and 2021, including deposits held by subsidiaries in China, were \$263,220 thousand, and \$142,833 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.

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

	December 31, 2022	December 31, 2021
Current financial assets designated at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 262,709	411,528
Fund investment	<u>27,124</u>	<u>24,670</u>
Subtotal	<u>289,833</u>	<u>436,198</u>
Non-current financial assets designated at fair value through profit or loss		
Stocks listed on domestic markets	6,894	9,326
Fund investment	<u>4,933</u>	<u>-</u>
Subtotal	<u>11,827</u>	<u>9,326</u>
Total	<u>\$ 301,660</u>	<u>445,524</u>

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Stock unlisted on domestic markets—Taiwan VCM Corporation	\$ 547,480	1,016,326
Stock unlisted on domestic markets—Others	83,102	146,608
Stock unlisted on foreign markets	<u>6,890</u>	<u>6,890</u>
Total	<u>\$ 637,472</u>	<u>1,169,824</u>

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

(ii) The financial assets at fair value through other comprehensive income of the Group were not pledged as collateral as of December 31, 2022 and 2021.

(d) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Domestic and foreign time deposit-non-current	<u>\$ 44,110</u>	<u>21,715</u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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, 2022 and 2021, the Group held domestic and foreign time deposits, with the weighted average interest rates of 3.00% and 3.30%, which mature from September to November 2025 and on November 2022, respectively.
 - (ii) The discount instruments were not pledged as collateral as of December 31, 2022 and 2021.
- (e) Note Receivables and trade receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	\$ 39,870	59,347
Trade receivables (including related parties)	595,139	700,502
Less: Loss allowance	<u>(9,296)</u>	<u>(7,983)</u>
	<u>\$ 625,713</u>	<u>751,866</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, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 556,074	-	-
1 to 180 days past due	75,740	5%~10%	6,101
More than 180 days past due	<u>3,195</u>	100%	<u>3,195</u>
	<u>\$ 635,009</u>		<u>9,296</u>

December 31, 2021			
	Gross carrying amount	Weighted- average 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>

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

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

	2022	2021
Balance at January 1	\$ 7,983	7,540
Impairment losses recognized	2,184	1,708
Impairment losses reversed	(896)	(1,274)
Foreign exchange gains/(losses)	25	9
Balance at December 31	<u><u>\$ 9,296</u></u>	<u><u>7,983</u></u>

The aforementioned notes and trade receivables of the Group were not pledged as collateral as of December 31, 2022 and 2021.

(f) Inventories

	December 31, 2022	December 31, 2021
Manufacturing:		
Raw materials	\$ 252,767	425,987
Work in progress	27,180	36,662
Finished goods	<u>251,984</u>	<u>505,438</u>
	<u>531,931</u>	<u>968,087</u>
Construction industry:		
Construction in progress	<u>75</u>	<u>-</u>
Total	<u><u>\$ 532,006</u></u>	<u><u>968,087</u></u>

The Group's relevant inventory details recognized in operating costs in 2022 and 2021 are as follows:

	2022	2021
Inventory that has been sold	\$ 6,046,631	5,890,176
Write-down of inventories	12,824	1,234
Disposal of inventory	-	1,602
Idle capacity	122,875	111,542
Revenue from sale of scraps and others	<u>(46,332)</u>	<u>1,162</u>
	<u><u>\$ 6,135,998</u></u>	<u><u>6,005,716</u></u>

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(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, 2022	December 31, 2021
Associates	\$ 448,493	417,247

(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, 2022	December 31, 2021
Chun Pin Enterprise Co., Limited.	Wholesale of chemical feedstock and products	Taiwan	44.62 %	44.62 %
Foremost-Oceans NueTeq, Ltd.	Wholesale of petrochemical materials manufacturing	Taiwan	40.07% 、 50.00%	- %

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

1) Chun Pin Enterprise Co., Limited.

	December 31, 2022	December 31, 2021
Current assets	\$ 826,441	862,322
Non-current assets	271,851	238,527
Current liabilities	(88,420)	(133,582)
Non-current liabilities	(18,113)	(32,059)
Net assets	\$ 991,759	935,208
	2022	2021
Operating revenue	\$ 467,562	436,102
Profit from continuing operations	215,346	176,458
Other comprehensive income	-	-
Total comprehensive income	\$ 215,346	176,458

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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	2022	2021
Share of net assets of associates as of January 1	\$ 417,247	407,945
Comprehensive income attributable to the Group	96,077	78,728
Dividends received from associates	(70,847)	(69,426)
Share of net assets of associates as of December 31	\$ 442,477	417,247

2) Foremost-Oceans NueTeq, Ltd.

	December 31, 2022	December 31, 2021
Current assets	\$ 3,878	-
Non current assets	13,010	-
Current liabilities	(1,873)	-
Net assets	\$ 15,015	-

	2022	2021
Operating revenue	\$ -	-
Loss from continuing operations	(87)	-
Other comprehensive income	-	-
Total comprehensive income	\$ (87)	-

	2022	2021
Share of net assets of associates as of January 1	\$ -	-
Increase in current period	6,050	-
Comprehensive income attributable to the Group	(34)	-
Share of net assets of associates as of December 31	\$ 6,016	-

(ii) Guarantee

As of December 31, 2022 and 2021, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

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(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, 2022 and 2021, were as follows:

		Lands	Buildings and constructions	Machinery and equipments	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2022	\$	1,483,366	1,415,155	2,458,481	1,517,499	86,652	6,961,153
Additions		-	-	-	1,099	103,644	104,743
Transfer from construction in progress and testing equip		-	5,761	65,062	81,137	(151,960)	-
Disposal		-	(1,140)	(129,740)	(24,587)	-	(155,467)
Transfer to expense		-	-	-	-	(335)	(335)
Effect of movement in exchange rates		-	3,876	7,407	913	(24)	12,172
Balance on December 31, 2022	\$	<u>1,483,366</u>	<u>1,423,652</u>	<u>2,401,210</u>	<u>1,576,061</u>	<u>37,977</u>	<u>6,922,266</u>
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>
Depreciation and impairments losses:							
Balance on January 1, 2022	\$	-	438,818	1,895,355	1,176,204	-	3,510,377
Depreciation and impairment loss for the year		-	32,999	72,298	74,567	-	179,864
Disposal		-	(817)	(129,049)	(24,557)	-	(154,423)
Effect of movement in exchange rates		-	1,629	5,746	807	-	8,182
Balance on December 31, 2022	\$	<u>-</u>	<u>472,629</u>	<u>1,844,350</u>	<u>1,227,021</u>	<u>-</u>	<u>3,544,000</u>
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>
Carrying amount:							
Balance on December 31, 2022	\$	<u>1,483,366</u>	<u>951,023</u>	<u>556,860</u>	<u>349,040</u>	<u>37,977</u>	<u>3,378,266</u>
Balance on January 1, 2021	\$	<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>
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>

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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, 2022 and 2021, the book value (including investment real estate) were both \$84,803 thousand and \$106,823 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, 2022 and 2021, 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.

(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:

	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Other facilities</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 32,064	117,996	99,319	249,379
Additions	-	-	257	257
Decrease	-	(15,433)	(3,658)	(19,091)
Effect of movement in exchange rates	350	1,437	-	1,787
Balance at December 31, 2022	<u>\$ 32,414</u>	<u>104,000</u>	<u>95,918</u>	<u>232,332</u>
Balance at January 1, 2021	\$ 31,702	41,298	34,429	107,429
Additions	-	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	<u>\$ 32,064</u>	<u>117,996</u>	<u>160,859</u>	<u>310,919</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 7,663	35,758	13,612	57,033
Depreciation for the year	2,564	13,204	16,720	32,488
Decrease	-	(15,433)	(3,658)	(19,091)
Effect of movement in exchange rates	29	309	-	338
Balance at December 31, 2022	<u>\$ 10,256</u>	<u>33,838</u>	<u>26,674</u>	<u>70,768</u>
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	<u>\$ 7,663</u>	<u>35,758</u>	<u>75,152</u>	<u>118,573</u>

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Notes to the Consolidated Financial Statements

	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Other facilities</u>	<u>Total</u>
Carrying amount:				
Balance at December 31, 2022	\$ <u>22,158</u>	<u>70,162</u>	<u>69,244</u>	<u>161,564</u>
Balance at January 1, 2021	\$ <u>26,829</u>	<u>18,327</u>	<u>6,357</u>	<u>51,513</u>
Balance at December 31, 2021	\$ <u>24,401</u>	<u>82,238</u>	<u>85,707</u>	<u>192,346</u>

(j) Investment property

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Blance at January 1, 2022	\$ 4,980,195	18,390	4,998,585
Purchases	43,594	-	43,594
Reclassification to inventory	(75)	-	(75)
Blance at December 31, 2022	\$ <u>5,023,714</u>	<u>18,390</u>	<u>5,042,104</u>
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>
Accumulated depreciation and impairment losses:			
Blance at January 1, 2022	\$ -	2,956	2,956
Depreciation for the year	-	1,244	1,244
Blance at December 31, 2022	\$ <u>-</u>	<u>4,200</u>	<u>4,200</u>
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>
Carrying amount:			
Blance at December 31, 2022	\$ <u>5,023,714</u>	<u>14,190</u>	<u>5,037,904</u>
Blance at January 1, 2021	\$ <u>4,833,619</u>	<u>16,679</u>	<u>4,850,298</u>
Blance at December 31, 2021	\$ <u>4,980,195</u>	<u>15,434</u>	<u>4,995,629</u>
Fair value			
Blance at December 31, 2022			\$ <u>18,313,096</u>
Blance at December 31, 2021			\$ <u>18,456,508</u>

Part of the land held by the Group is agricultural land, which cannot be transferred in the name of the Group and is temporarily registered in the name of other. The Group also sets a mortgage on the Group, moreover, The Group has also set a mortgage on the Group, and the Group is actively applying to the relevant authorities for the change of the land title, and will transfer the account to the Group after the land title change is completed. Please refer to Note 6 (h) for the detailed amount.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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As of December 31, 2022 and 2021, the fair value of the Group's investment property was evaluated based on the appraisal report of the property from external and the recent market price recorded in the Actual Price Registration of Real Estate Transaction.

As of December 31, 2022 and 2021, the capitalized borrowing costs related to the acquisition of investment real estate were \$35,954 and \$27,428 thousand, and the capitalization interest rates were 1.66% and 1.41%.

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Other current assets		
Other receivables	\$ 8,559	15,005
Current tax assets	223	197
Prepayments	52,623	68,874
Others	3,375	2,418
	<u>\$ 64,780</u>	<u>86,494</u>
Other non-current assets		
Other receivables	\$ 4,129	3,922
Deferred tax assets	13,326	12,397
Other non-current financial assets	34,414	32,674
Others	14,305	17,426
	<u>\$ 66,174</u>	<u>66,419</u>

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Lease liabilities-current	\$ 31,394	31,148
Unearned sales revenue	20,469	18,022
Others	2,149	2,290
	<u>\$ 54,012</u>	<u>51,460</u>

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

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(m) Short-term borrowings

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

	December 31, 2022	December 31, 2021
Unsecured bank loans	\$ -	150,000
Secured bank loans	250,000	-
Total	<u>\$ 250,000</u>	<u>150,000</u>
Unused short-term credit line	<u>\$ 946,781</u>	<u>398,156</u>
Range of interest rates	<u>1.45%~1.58%</u>	<u>1.10%~1.11%</u>

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

(n) Long-term borrowings

December 31, 2022				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	1.50%~2.06%	113.03~120.06	\$ 3,464,537
Less: current portion				(43,056)
Total				<u>\$ 3,421,481</u>
Unused long-term credit lines				<u>\$ 1,993,937</u>

December 31, 2021				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	0.89%~1.41%	110.03~120.06	\$ 3,199,965
Less: current portion				(54,167)
Total				<u>\$ 3,145,798</u>
Unused long-term credit lines				<u>\$ 2,864,099</u>

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, 2022	December 31, 2021
Current	<u>\$ 31,394</u>	<u>31,148</u>
Non-current	<u>\$ 111,117</u>	<u>141,332</u>

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

The amounts recognized in profit or loss was as follows:

	2022	2021
Interest on lease liabilities	<u>\$ 1,701</u>	<u>1,521</u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group was as follows:

	2022	2021
Total cash outflow for leases	\$ <u>31,711</u>	<u>32,058</u>

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, 2022	December 31, 2021
Less than one year	\$ 9,444	9,281
One and two years	9,560	9,444
Two and three years	9,727	9,560
Three and four years	9,846	9,727
Four and five years	10,076	9,846
More than five years	<u>69,478</u>	<u>79,554</u>
Total undiscounted lease payment	<u>\$ 118,131</u>	<u>127,412</u>

Rental income from investment properties was \$11,473 thousand and \$11,689 thousand in 2022 and 2021, 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, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 362,358	381,586
Fair value of plan assets	<u>(270,097)</u>	<u>(276,249)</u>
Net defined benefit liabilities	<u>\$ 92,261</u>	<u>105,337</u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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The Group's employee benefit liabilities were as follows:

	December 31, 2022	December 31, 2021
Long-term vacation liability	\$ 14,453	14,633
Cash-settled share-based payment liability	-	-
Total employee benefit liabilities	<u><u>\$ 14,453</u></u>	<u><u>14,633</u></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 \$270,097 thousand as of December 31, 2022. 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 Group were as follows:

	2022	2021
Defined benefit obligation at January 1	\$ 381,586	396,840
Current service costs and interest cost (income)	3,975	3,810
Remeasurements loss(gain):		
— Experience adjustment	25,003	(1,241)
— Demographic assumptions	-	9,162
— Financial assumptions	(12,656)	(3,389)
Benefits paid	(35,550)	(23,596)
Defined benefit obligations at December 31	<u><u>\$ 362,358</u></u>	<u><u>381,586</u></u>

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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:

	2022	2021
Fair value of plan assets at January 1	\$ (276,249)	(288,733)
Interest cost (income)	(1,367)	(1,052)
Remeasurements of defined benefit liabilities (assets):		
— Return on plan assets excluding interest income	(22,247)	(4,379)
Contribution paid by employer	(5,784)	(5,681)
Benefits paid	35,550	23,596
Fair value of plan assets at December 31	<u><u>\$ (270,097)</u></u>	<u><u>(276,249)</u></u>

4) Expenses recognized in profit or loss

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

	2022	2021
Current service costs	\$ 2,095	2,363
Net interest of net liabilities for defined benefit obligations	513	395
	<u><u>\$ 2,608</u></u>	<u><u>2,758</u></u>

	2022	2021
Operating cost	\$ 1,957	2,179
Selling expenses	31	23
Administration expenses	615	553
Research and development expenses	5	3
	<u><u>\$ 2,608</u></u>	<u><u>2,758</u></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, 2022 and 2021, was as follows:

	2022	2021
Accumulated amount at January 1	\$ 122,725	126,105
Recognized during the period	(10,326)	(3,378)
Accumulated amount at December 31	<u><u>\$ 112,399</u></u>	<u><u>122,727</u></u>

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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>2022</u>	<u>2021</u>
Discount rate	1.250 %	0.500 %
Future salary increase rate	2.25 %	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 \$5,789 thousand.

The weighted average lifetime of the defined benefits plans is 6.7 years.

7) Sensitivity analysis

When calculating and determining the present value of welfare obligations, the Group 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 amount of the company's determined welfare obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation in the years 2022 and 2021 shall be as follows:

	Impact on defined benefit obligation	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2022		
Discount rate	(5,977)	6,145
Future salary increasing rate	5,975	(5,841)
December 31, 2021		
Discount rate	(6,792)	6,994
Future salary increasing rate	6,769	(6,609)

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 2022 and 2021.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(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 \$15,715 thousand and \$14,805 thousand for the years ended December 31, 2022 and 2021, respectively.

(r) Income tax

The components of income tax in the years 2022 and 2021 were as follows:

(i) Income tax expense

The components of income tax in the years 2022 and 2021 were as follows:

	2022	2021
Current tax expense		
Current period	\$ 373,603	17,725
Adjustments for prior periods	<u>640</u>	<u>548</u>
Subtotal	<u>374,243</u>	<u>18,273</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(339,383)</u>	<u>14,567</u>
Subtotal	<u>(339,383)</u>	<u>14,567</u>
Tax expense	<u><u>\$ 34,860</u></u>	<u><u>32,840</u></u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows:

	2022	2021
Profit excluding income tax	\$ (7,797)	352,208
Income tax using the Company's domestic tax rate	(130)	85,460
Tax-exempt income	(1,211)	(82,220)
Non-deductible expenses	72	(27)
Recognition of previously unrecognized tax losses	(5,707)	(5)
Current-year losses for which no deferred tax asset was recognized	51,899	9,913
Changes in unrecognized temporary differences	(14,298)	1,293
Change in provision in prior periods	640	6,869
Additional tax on undistributed earning tax	9,789	11,557
Others	(6,194)	-
Income tax expense	<u><u>\$ 34,860</u></u>	<u><u>32,840</u></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, 2022	December 31, 2021
Tax effect of deductible Temporary Differences	\$ 392,912	407,210
The carryforward of unused tax losses	47,220	51,709
Total	<u><u>\$ 440,132</u></u>	<u><u>458,919</u></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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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As of December 31, 2022, the company and domestic subsidiaries unused tax losses for have not recognized deferred tax assets. The deduction deadline are as follows:

Consolidated entities	Year of loss	Unused tax loss	Expiry date
Fine 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)	52,882	2028
Ocean Plastics Co., Ltd.	2019 (Assessment amount)	99,314	2029
Fine Environment Technologies Co., Ltd.	2019 (Assessment amount)	41	2029
Fine Environment Technologies Co., Ltd.	2020 (Assessment amount)	16	2030
Fine Environment Technologies Co., Ltd.	2021 (Reported amount)	28	2031
Fine Environment Technologies Co., Ltd.	2022 (Estimated amount)	21	2032
Ocean Plastics Co., Ltd.	2022 (Estimated amount)	33,408	2032
Total		<u>\$ 188,145</u>	

As of December 31, 2022, 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	\$ 15,056	2023
2019	5,524	2024
2020	4,653	2025
2021	4,040	2026
2022	9,092	2027
Total	<u>\$ 38,365</u>	

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

2) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Unrealized loss on valuation of inventories	Other	Total
Balance at January 1, 2022	\$ 10,758	1,639	12,397
Recognized in profit or loss	2,565	(1,636)	929
Balance at December 31, 2022	\$ 13,323	3	13,326
Balance at January 1, 2021	\$ 10,511	2,106	12,617
Recognized in profit or loss	247	(467)	(220)
Balance at December 31, 2021	\$ 10,758	1,639	12,397

Deferred tax liabilities:

	Reserve for land revaluation increment tax	Difference of property plant and equipment in depreciation life	Total
Balance at January 1, 2022	\$ 1,347,196	92,456	1,439,652
Recognized in profit or loss	(352,434)	13,980	(338,454)
Balance at December 31, 2022	\$ 994,762	106,436	1,101,198
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	\$ 1,347,196	92,456	1,439,652

The tax returns for the company and domestic subsidiaries were assessed by the Taipei National Tax Administration for the years through 2020.

The tax returns for the subsidiaries in China were declared to local tax authority for the years through 2021.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(s) Capital and other equity

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Share premium	\$ 680	680
Treasury share transactions	7,112	7,112
Adjustment of capital surplus for Company's cash dividends received by subsidiaries	11,123	6,543
Total	\$ 18,915	14,335

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 article of incorporation stipulate that Company's annual net profit should first pay taxes, offset the prior years' deficits, and then allocate 10% thereof as legal reserve. However where such legal reserve amounts reach to the total authorized capital, this provision shall not apply. In consideration of the operation needs and laws and regulations, the Company shall allocate special reserve. If there are remaining profits, the profits shall be add with any accumulated unappropriated earnings from priors years, and the Board of Directors shall propose earning distribution plan for the resolution of the general meeting of stockholders.

The company's dividend policy depends on the current year's profit and the amount of dividends that can be paid is distributed in three ways: cash dividends, surplus capital increase and capital surplus capital increase. The distributable surplus for the current year is deducted from the statutory surplus reserve and special surplus reserve. The distribution shall not be less than 20%. However, if the company has a major investment plan or the need to improve its financial structure, the cash dividends may be changed to capital increase from surplus or capital reserve to increase capital. However, the minimum cash distribution ratio shall not be less than 10% of the total dividends allotted.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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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 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, 2022 and 2021, the balance of special earnings reserve were \$2,978,245 thousand.

3) Earnings distribution

Earnings distribution for 2021 and 2020 was decided by the resolution adopted, at the general meeting of shareholders held on June 21 2022 and July 27 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	<u>Amount per share</u>	<u>Amount</u>	<u>Amount per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.70	<u>159,059</u>	1.00	<u>227,228</u>

(iii) Treasury shares

As of December 31, 2022, and 2021, the company's treasury stock balance is \$36,189 thousand.

Before the amendment of the company law 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.

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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(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>2022</u>	<u>2021</u>
Basic earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(42,657)</u>	<u>319,368</u>
Weighted average number of ordinary shares (thousand share)	<u>220,686</u>	<u>220,686</u>
Basic earnings per share (NT dollars)	\$ <u>(0.19)</u>	<u>1.45</u>
Diluted earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(42,657)</u>	<u>319,368</u>
Weighted average number of ordinary shares (thousand share)	220,686	220,686
Effects of dilutive potential ordinary shares (in thousands of shares)	<u>40</u>	<u>235</u>
Weighted average number of ordinary shares (diluted) (thousand share)	<u>220,726</u>	<u>220,921</u>
Diluted earnings per share (NT dollars)	\$ <u>(0.19)</u>	<u>1.45</u>

(u) Revenue from contracts with customers

(i) Details of revenue

	<u>2022</u>		
	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Primary geographical markets:			
Taiwan	\$ 2,177,497	33,519	2,211,016
India	1,685,671	-	1,685,671
Japan	732,028	-	732,028
United States	478,942	609,570	1,088,512
China	37,886	230,852	268,738
Other	<u>480,421</u>	<u>39,750</u>	<u>520,171</u>
	<u>\$ 5,592,445</u>	<u>913,691</u>	<u>6,506,136</u>
Major products:			
Plastic materials	\$ 3,442,249	-	3,442,249
Plastic products	2,149,976	913,691	3,063,667
Other	<u>220</u>	<u>-</u>	<u>220</u>
	<u>\$ 5,592,445</u>	<u>913,691</u>	<u>6,506,136</u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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	2021		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 2,610,363	20,349	2,630,712
India	1,962,638	-	1,962,638
Japan	375,623	-	375,623
United States	313,942	636,850	950,792
China	52,650	186,955	239,605
Other	308,865	22,098	330,963
	\$ 5,624,081	866,252	6,490,333
Major products/services lines:			
Plastic materials	\$ 3,596,453	-	3,596,453
Plastic products	2,017,453	866,252	2,883,705
Other	10,175	-	10,175
	\$ 5,624,081	866,252	6,490,333

(ii) Contract balances

	December 31, 2022	December 31, 2021
Notes and trade receivables	\$ 635,009	759,849
Less: allowance for impairment	(9,296)	(7,983)
Total	\$ 625,713	751,866
Contract liabilities	\$ 54,249	50,142

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

Contract liabilities are mainly due to advance receipt of loans from customers and advance receipt of payments for real estate. The Group will report revenue when the product is delivered to the customer or the house is completed and delivered.

The amount of revenue recognized for the years ended December 31 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$17,091 thousand and \$12,604 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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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The estimated amount of compensation for employees of the Group in 2021 is \$6,108 thousand, and the estimated amount of compensation for directors and supervisors is \$4,671 thousand. The estimation is based on the pre-tax net profit of the company for each period before deducting the remuneration of employees, directors and supervisors multiplied by the amount of staff remuneration and the distribution of directors and supervisors as stipulated in the company's articles of association. It is also reported as operating costs or operating expenses for 2021. Because the company had accumulated deficits in 2022, there was no need to estimate the remuneration of employees, directors and supervisors. The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2021.

(w) Non-operating income and expenses

(i) Interest income

For the years ended December 31, 2022 and 2021, the details of other income were as follows:

	2022	2021
Interest income from bank deposits	\$ <u><u>7,901</u></u>	<u><u>4,344</u></u>

(ii) Other income

For the years ended December 31, 2022 and 2021, the details of other income were as follows:

	2022	2021
Rent income	\$ 11,473	11,689
Dividend income	140,420	97,957
Other income, Others	<u>33,428</u>	<u>56,214</u>
	\$ <u><u>185,321</u></u>	<u><u>165,860</u></u>

(iii) Other gains and losses

For the years ended December 31, 2022 and 2021, the details of other gains and losses were as follows:

	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$ 1,120	-
Gains on disposal of investment property	-	18,689
Gains (losses) on disposal of investments	-	1,385
Foreign exchange gains	66,046	9,637
Gains on financial assets at fair value through profit or loss	(154,553)	121,883
Other	<u>(277)</u>	<u>(517)</u>
	\$ <u><u>(87,664)</u></u>	<u><u>151,077</u></u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(iv) Financial costs

For the years ended December 31, 2022 and 2021, the details of finance costs were as follows:

	<u>2022</u>	<u>2021</u>
Interest expense	\$ 54,102	42,828
Less : Interest capitalization	<u>(35,954)</u>	<u>(27,428)</u>
	<u><u>\$ 18,148</u></u>	<u><u>15,400</u></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, 2022 and 2021, the maximum amount exposed to credit risk were \$925,506 thousand and \$1,197,390 thousand, respectively.

The sales target of the Group is not significantly concentrated in a few customers, as of December 31, 2022 and 2021, the balance of accounts receivable resulted from the top ten customers were 39% and 35%.

(ii) Liquidity risk

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

	<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, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,714,537	3,922,151	306,775	57,359	798,945	2,625,077	133,995
Notes payables	108,932	108,932	108,932	-	-	-	-
Trade payables	391,036	391,036	391,036	-	-	-	-
Other payables (including related parties)	149,305	149,305	149,305	-	-	-	-
Lease liabilities	<u>142,511</u>	<u>148,071</u>	<u>16,237</u>	<u>16,237</u>	<u>41,920</u>	<u>59,684</u>	<u>13,993</u>
	<u><u>\$ 4,506,321</u></u>	<u><u>4,719,495</u></u>	<u><u>972,285</u></u>	<u><u>73,596</u></u>	<u><u>840,865</u></u>	<u><u>2,684,761</u></u>	<u><u>147,988</u></u>

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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	<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	\$ 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	<u>172,480</u>	<u>179,677</u>	<u>16,707</u>	<u>16,128</u>	<u>40,984</u>	<u>82,356</u>	<u>23,502</u>
	<u>\$ 4,648,650</u>	<u>4,828,526</u>	<u>1,340,427</u>	<u>63,693</u>	<u>135,780</u>	<u>2,994,075</u>	<u>294,551</u>

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:

	<u>December 31, 2022</u>			<u>December 31, 2021</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	\$ 21,360	30.72	656,179	25,134	27.69	695,835
HKD	503	3.94	1,982	430	3.55	1,526
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	10,198	30.72	313,275	20,913	27.69	578,989

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 and other receivables, financial assets at fair value through other comprehensive income, 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, 2022 and 2021, would have increased (decreased) the net profit after tax by \$2,759 thousand and \$947 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 2022 and 2021.

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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 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$66,046 thousand and \$9,637 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 \$6,929 thousand and \$6,400 thousand for the year ended December 31, 2022 and 2021 with all other variable factors remaining constant, respectively.

(v) Other market price risk

For the years ended December 31, 2022 and 2021, 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:

	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at the reporting date				
Increasing 1%	\$ <u>6,375</u>	<u>3,017</u>	<u>11,698</u>	<u>4,455</u>
Decreasing 1%	\$ <u>(6,375)</u>	<u>(3,017)</u>	<u>(11,698)</u>	<u>(4,455)</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:

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December 31, 2022					
	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	\$ 289,833	289,833	-	-	289,833
Designated at fair value through profit or loss-non current	11,827	11,827	-	-	11,827
Subtotal	<u>301,660</u>	<u>301,660</u>	<u>-</u>	<u>-</u>	<u>301,660</u>
Financial assets at fair value through other comprehensive income					
Stock in domestic unlisted company	637,472	-	-	637,472	637,472
Total	<u><u>\$ 939,132</u></u>	<u><u>301,660</u></u>	<u><u>-</u></u>	<u><u>637,472</u></u>	<u><u>939,132</u></u>

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	<u>445,524</u>	<u>445,524</u>	<u>-</u>	<u>-</u>	<u>445,524</u>
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><u>\$ 1,615,348</u></u>	<u><u>445,524</u></u>	<u><u>-</u></u>	<u><u>1,169,824</u></u>	<u><u>1,615,348</u></u>

2) Valuation techniques for financial instruments not measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument 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. Determining whether a market is active involves judgment.

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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.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income <u>Unquoted equity instruments</u>
Opening balance, January 1, 2022	\$ 1,169,824
Total gains and losses recognized:	
In other comprehensive income	<u>(532,352)</u>
Ending Balance, December 31, 2022	<u>637,472</u>
Opening balance, January 1, 2021	1,251,957
Total gains and losses recognized:	
In other comprehensive income	<u>(82,133)</u>
Ending Balance, December 31, 2021	<u>1,169,824</u>

For the years ended December 31, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
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”	(532,352)	(82,133)

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.

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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable company analysis	· P/E ratio (7.67~9.06 and 7.94~15.91 on December 31, 2022 and 2021, respectively) · Lack-of-Marketability Discount (13.55%~22.63% and 17.69%~25.04% on December 31, 2022 and 2021, respectively) · P/B ratio (1.13~2.02 and 1.42~2.78 on December 31, 2022 and 2021, 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	Favourable	Unfarourable
December 31, 2022						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	1%	-	-	448	(448)
	Discount rate	1%	-	-	1,009	(1,009)
	P/B ratio	1%	-	-	6,603	(6,603)
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)

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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.

(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.

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OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

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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.

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, 2022 and 2021, endorsement guarantee provided by the Group were both \$1,200,000 and \$1,240,150 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, 2022 and 2021, the Group's unused credit line were amounted to \$2,940,718 thousand and \$3,262,255 thousand, respectively.

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(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.

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. This 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 manage 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, 2022 and 2021, the Group's debt-to-equity ratio at the end of the reporting period, were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 5,856,102	6,353,586
Less: cash and cash equivalents	(471,820)	(414,256)
Net debt	<u>\$ 5,384,282</u>	<u>5,939,330</u>
Total equity	<u>\$ 5,913,860</u>	<u>6,626,597</u>
Debt-to-equity ratio at 31 December	<u>91.05 %</u>	<u>89.63 %</u>

The method of capital management of the consolidated company on December 31, 2022 and 2021 has not changed.

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(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, 2022 and 2021, were as follows:

- (i) For right-of-use asset under lease, please refer to notes 6(j).
(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Acquisition	Foreign exchange movement	Change in lease payments	
Long-term borrowings	\$ 3,199,965	264,572	-	-	-	3,464,537
Short-term borrowings	150,000	100,000	-	-	-	250,000
Lease liabilities	172,480	(30,010)	257	1,132	(1,348)	142,511
Total liabilities from financing activities	<u>\$ 3,522,445</u>	<u>334,562</u>	<u>257</u>	<u>1,132</u>	<u>(1,348)</u>	<u>3,857,048</u>

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Acquisition	Foreign exchange movement	Change in lease payments	
Long-term borrowings	\$ 3,036,098	163,867	-	-	-	3,199,965
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>83,330</u>	<u>172,386</u>	<u>(92)</u>	<u>-</u>	<u>3,522,445</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
Foremost-Oceans NueTeq, 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

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(b) Significant transactions with related parties

(i) Operating revenues

Relationship	2022	2021
Associate	\$ <u><u>1,778</u></u>	<u><u>-</u></u>

There were no significant difference in the collection periods between the related parties and other customers. The credit terms ranged from 30 to 180 days. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Account receivable with related parties

Account	Relationship	December 31, 2022	December 31, 2021
Account Receivable	Associate	\$ <u><u>1,867</u></u>	<u><u>-</u></u>

(iii) Other transactions with related parties

Account	Relationship	2022	2021
Cost of goods sold	Associate	<u><u>21,693</u></u>	<u><u>23,939</u></u>

The Group commissioned its associate to operate oil storage tanks. The outstanding balances of management expenses on December 31, 2022 and 2021 were \$3,098 thousand and \$3,083 thousand, which are presented as “other payables to related parties”

(iv) 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 the years ended December 31, 2022 and 2021, the Group recognized the amount of \$866 thousand and \$686 thousand as interest expense. As of December 31, 2022 and 2021, the lease liabilities had amounted to \$69,589 thousand and \$85,179 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 the years ended December 31, 2022 and 2021, the Group recognized the amount of \$173 thousand and \$271 thousand as interest expense. As of December 31, 2022 and 2021, the lease liabilities had amounted to \$7,325 thousand and \$14,552 thousand.

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(v) 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 thousand (recognized as Other income) for the years ended December 31, 2021. As of December 31, 2021, there is no outstanding balance.

(vi) Transaction of properties

In October 2021, the Group sold the land at Jiankang Segment, Zhonghe District, New Taipei City, to the Ocean Plastics Urban Land 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

	2022	2021
Short-term employee benefits	\$ <u><u>5,845</u></u>	<u><u>5,847</u></u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Property, plant and equipment	Long-term and short-term loans	\$ 2,277,075	2,295,851
Investment property	Long-term and short-term loans	3,588,115	3,637,062
Other financial assets	Trust account	<u>34,414</u>	<u>32,674</u>
		\$ <u><u>5,899,604</u></u>	<u><u>5,965,587</u></u>

(9) Commitments and contingencies

(a) Significant Commitments and Contingencies were as follows:

(i) The Group's unrecognized contractual commitments are as follows:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	\$ <u><u>32,669</u></u>	<u><u>66,266</u></u>

(ii) The Group's outstanding standby letter of credit are as follows:

	December 31, 2022	December 31, 2021
Outstanding standby letter of credit	\$ <u><u>3,219</u></u>	<u><u>1,844</u></u>

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- (iii) The joint construction contract signed by the company for the sale of the built real estate is as follows:

<u>Joint construction method</u>	<u>Project name</u>
Co-built sub-housing	Wenshan District Xinglong Section, Zhonghe District Health Section

- (iv) Due to borrowing and business needs, the endorsement guarantee amount that the Group provided for the subsidiary were follows:

<u>December 31, 2022</u>	<u>December 31, 2021</u>
\$ <u>1,200,000</u>	<u>1,240,150</u>

- (b) Major contingent liabilities: none.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		290,852	99,607	390,459	299,081	89,671	388,752
Labor and health insurance		29,596	10,582	40,178	29,507	8,436	37,943
Pension		13,591	4,732	18,323	13,131	4,432	17,563
Director's remuneration		-	5,561	5,561	-	10,153	10,153
Others		18,066	5,827	23,893	19,988	5,924	25,912
Depreciation		193,336	20,260	213,596	187,122	19,446	206,568
Amortization		-	-	-	-	-	-

(Continued)

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	104,998	92,567	92,567	-	1	46,650	Operation Capital	-		-	1,182,772	2,365,544

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:

■ Fill in 1 if you have business contacts.

■ Fill in 2 if necessary for short-term financing.

Note 3: The total amount of funds and loans of the company must not exceed 40% of the net value of the Company, and the amount of funds and loans for a individual target shall not exceed 20% of the net value of the Company. and the limit of funds loaned to a single object is not more than 20% of the company's net value. The net value is based on the latest financial statements.

Note 4: The cumulative maximum balance of funds loaned to others from the current year to the reporting month includes the amount transferred from the accounts receivable beyond the normal credit period.

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 (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	Chang Xin Co., Ltd.	2	2,956,930	1,220,150	1,200,000 (Note 5)	382,510	-	20.29 %	4,731,088	Y	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.Transactions between the companies.

2.The Company directly or indirectly holds more than 50% voting right.

3.When other companies directly or indirectly hold more than 50% voting rights of the Company.

4.The Company directly or indirectly holds more than 90% voting right.

5.A company that is mutually protected under contractual requirements based on the needs of the contractor.

6.A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.

7.Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3: The company and Fine environment Technology Co., Ltd. shall not exceed 50% of the net worth of the endorsement guarantee company for a single enterprise; the total shall not exceed 80% of the net worth of the endorsement guarantee company; Changxin Xinye Co., Ltd. shall not exceed 80% of the net worth of the endorsement guarantee company for a single enterprise; the total shall not exceed 100% of the net worth of the endorsement guarantee company; Hongda Investment Co., Ltd. limits a single company's endorsement guarantee limit not to exceed 20% of the endorsement guarantee company's net worth; The total amount shall not exceed 50% of the company's net worth under the endorsement guarantee. The total amount of guarantee for external endorsement shall not exceed 200% of the net value of the company.

The guarantee amount for a single enterprise endorsement shall not exceed 100% of the current net value of the company.

Note 4: The highest balance of the endorsement guarantee for others in the current year.

Note 5: The company and its 100% directly or indirectly holding subsidiaries provide jointly held land pledges as guarantees.

(Continued)

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2022 (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	547,480	12.46 %	547,480	12.46 %	
"	E'dale Technology Co., Ltd.	-	"	630	23,777	3.38 %	23,777	3.38 %	
"	PAN OCEAN INC.	-	"	152	6,890	15.07 %	6,890	15.07 %	
"	Ultra-Pak Industries Co., Ltd	-	"	2,567	13,865	7.00 %	13,865	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	131,774	7.87 %	131,774	7.87 %	
Chang Xin Co., Ltd.	Ultra-Pak Industries Co., Ltd	-	Equity instruments at fair value through other comprehensive income	1,487	8,032	4.06 %	8,032	4.06 %	
"	Cosmactive Broadband Networks Co., Ltd.	-	"	1	-	0.12 %	-	0.12 %	
Hong Da Investment Co., Ltd.	Acer Incorporated	-	Financial assets designated at fair value through profit or loss-non current (stock)	119	2,796	- %	2,796	- %	
"	United Microelectronics Corporation	-	"	29	1,178	- %	1,178	- %	
"	Capital SZSE SME Price Index Exchange Traded Fund -TWD	-	"	200	2,920	- %	2,920	- %	
"	Cathy US Premium Bond Fund A	-	Financial assets designated at fair value through profit or loss-non current (fund)	500	4,933	- %	4,933	- %	
"	Ultra-Pak Industries Co., Ltd	-	Equity instruments at fair value through other comprehensive income	1,265	6,830	3.45 %	6,830	3.45 %	
"	E'dale Technology Co., Ltd.	-	"	580	21,894	3.11 %	21,894	3.11 %	
"	Fuzetec Technology Co., Ltd.	-	Financial assets designated at fair value through profit or loss-current (stock)	2,926	130,935	7.82 %	130,935	7.82 %	
Fine Environment Technologies Co., Ltd.	Minima Technology Co., Ltd.	-	Equity instruments at fair value through other comprehensive income	413	8,704	1.05 %	8,704	1.06 %	
"	Microcell Composite Company	-	"	237	-	4.32 %	-	4.32 %	
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	10,189	- %	10,189	- %	
"	AB FCP I-Global High Yield Portfolio Class EA USD	-	"	24	7,178	- %	7,178	- %	

(Continued)

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		
OPC HOLDING LTD.	AB FCP I-Global High Yield Portfolio Class EA USD	-	Financial assets at fair value through profit or loss-current (funds)	24	7,072	- %	7,072	- %	
"	AB FCP I-Global High Yield Portfolio Class EA USD	-	"	11	2,685	- %	2,685	- %	

- (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	Foremost-Oceans NueTeq, Ltd.	1	Trade receivables	1,867	Comparable to general company	0.02%
0	The Company	Foremost-Oceans NueTeq, Ltd.	1	Operating revenue	1,778	Comparable to general company	0.03%
0	The Company	Chang Xin Co., Ltd.	1	Investment Property	20,150	Sold to the company at cost	0.17%
0	The Company	Fine Environment Technologies Co., Ltd.	1	Trade receivables	108	Comparable to general company	-%
0	The Company	Fine Environment Technologies Co., Ltd.	1	Operating revenue	2,840	Comparable to general company	0.04%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd.	1	Trade receivables	30,863	Comparable to general company	0.26%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd	1	Other receivables	16,871	Consider the collection situation and accept the payment	0.14%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd	1	Long-term receivables	75,696	Consider the collection situation and accept the payment	0.64%
0	The Company	Ocean Plastics (Dong Guan) Co., Ltd	1	Operating revenue	46,650	Comparable to general company	0.72%
0	The Company	Ocean Plastics (Hui Zhou)Co.,Ltd.	1	Operating revenue	11,098	Comparable to general company	0.17%

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (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, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Chun Pin Enterprise Co., Ltd.	Taiwan	Warehousing industry	290,000	290,000	29,000	44.62 %	442,477	44.62 %	215,346	96,077	associate
The Company	Fine Environment Technologies Co., Ltd.	Taiwan	Wholesale of plastics product	44,792	44,792	1,003	60.76 %	8,033	60.76 %	(21)	(13)	Subsidiary
The Company	Chang Xin Co., Ltd.	Taiwan	General investing	2,900,860	2,900,860	290,086	100.00 %	1,433,794	100.00 %	(15,569)	(17,627)	Subsidiary
The Company	Hong Da Investment Co., Ltd.	Taiwan	General investing	190,000	190,000	19,000	100.00 %	195,450	100.00 %	(64,163)	(66,685)	Subsidiary

(Continued)

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	FERMAT ENTERPRISES, LTD.	British Virgin Islands	Investment holding	13,887	13,887	450	100.00 %	20,876	100.00 %	(1,067)	(1,067)	Subsidiary
The Company	UNIVERSE ENTERPRISES, LTD.	British Virgin Islands	Investment holding	-	93,032	-	- %	-	100.00 %	58	58	Subsidiary
The Company	OCEAN GROUP LTD.	Samoa	Investment holding	1,069,438	1,069,438	32,900	100.00 %	535,035	100.00 %	70,074	70,074	Subsidiary
The Company	Foremost-Oceans NueTeq, Ltd.	Taiwan	Wholesale of plastics product	6,050	-	605	40.07 %	6,016	40.07 %	(87)	(34)	Associate
Hong Da Investment Co., Ltd.	Fine Environment Technologies Co., Ltd.	Taiwan	Wholesale of plastics product	6,294	6,294	647	39.24 %	5,188	39.24 %	(21)	(8)	Subsidiary
Chang Xin Co., Ltd.	Shen Yang Development Co., Ltd.	Taiwan	Real estate development	535	535	1,000	100.00 %	536	100.00 %	1	1	Subsidiary
OCEAN GROUP LTD.	OPC HOLDINGS, LTD.	British Virgin Islands	Investment holding	27,850	27,850	450	100.00 %	49,592	100.00 %	4,035	4,035	Subsidiary
OCEAN GROUP LTD.	SAGE HOLDINGS LTD.	Samoa	Investment holding	800,217	800,217	25,000	100.00 %	554,490	100.00 %	75,130	75,130	Subsidiary
OCEAN GROUP LTD.	RISE FUTURE INTERNATIONAL LTD.	Seychelles	Investment holding	241,371	241,371	7,450	100.00 %	(69,106)	100.00 %	(9,098)	(9,098)	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, 2021 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (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	Operating general soft tape, foamed latex leather and rubber leather production and sales business	812,643 (USD25,000)	(3)	812,643 (USD25,000)	-	-	812,643 (USD25,000)	75,130	100.00%	100.00%	75,130	554,487	-
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)	(9,098)	100.00%	100.00%	(9,098)	(69,108)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
1,069,438 (USD32,900)	1,069,438 (USD32,900)	3,548,316

Note 1: Re-investment company in mainland China established through investments of a third district.

Note 2: The investment income (loss) were based on financial statements audited by the auditor of the Company.

Note 3: The amount of accumulated outflow of investment from Taiwan were translated into New Taiwan dollars at the reporting date.

Note 4: The upper limit on Envestment was calculated in accordance with regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

Note 5: In the first quarter of 2020, the Group sold the equity of Hunan Kunyuan Plastic Chemical Co., Ltd., OPC Holding Inc. and Ocean Group Ltd., and reduced the capital to return the share price of RMB 296,500 thousand.

Note 6: Transactions within the Group were eliminated 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 %

(Continued)

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

(14) Segment information

(a) General information

The Group's reportable departments are the Taiwan region and the mainland region. They are mainly engaged in the manufacturing, sales and research and development of related products such as plastic cloth, plastic pipe, plastic leather, and plastic powder and pellets; The real estate development department is engaged in the Group's real estate development business. The Group's strategic business units are managed separately due to different technologies and marketing strategies required. The Group's main operating decision makers review the internal management reports of each strategic operating unit at least quarterly. The group has other operating departments that have not reached the quantitative threshold, mainly engaged in the sales of plastic products and other businesses.

(b) The information should report that the department's profit and loss, assets, liabilities and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief 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.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's operating segment information and reconciliation are as follows:

2022						
	Taiwan Business Division	China Business Departmen	Real Estate Development Department	Other	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 5,592,445	913,691	-	-	-	6,506,136
Inter-segment revenue	60,588	-	-	-	(60,588)	-
Interest income	674	5,762	-	1,465	-	7,901
Total revenues	\$ 5,653,707	919,453	-	1,465	(60,588)	6,514,037
Interest expense	\$ 17,493	655	-	-	-	18,148
Depreciations and amortization	192,204	21,392	-	-	-	213,596
Share of profit (loss) of associates and joint ventures accounted for using equity method	80,776	-	-	-	15,267	96,043
Reportable segment porofit or loss	\$ (89,414)	87,508	(15,569)	(1,068)	10,746	(7,797)
Asset:						
Investments accounted for using equity method	\$ 2,646,868	-	536	-	(2,198,911)	448,493
Capital expenditure of non-current assets	120,093	-	28,619	-	-	148,712
Reportable segment assets	\$ 8,765,335	806,360	6,061,433	21,170	(3,884,336)	11,769,962
Reportable segment liabilities	\$ 2,525,425	271,325	3,182,596	294	(123,538)	5,856,102
2021						
	Taiwan Business Division	China Business Departmen	Real Estate Development Department	Other	Reconciliation 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)	352,208
Asset:						
Capital expenditures on non-current asset	\$ 2,716,490	-	535	-	(2,299,778)	417,247
Capital expenditure of non-current	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

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was \$60,588 thousand and \$212,578 thousand in 2022 and 2021, respectively.

OCEAN PLASTICS CO., LTD AND SUBSIDIARIES
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(c) Product and service information

Revenue from the external customers of the Group was as follows:

Products	2022	2021
Plastic materials	\$ 3,442,249	3,596,453
Plastic products	3,063,667	2,883,705
Others	220	10,175
Total	<u><u>\$ 6,506,136</u></u>	<u><u>6,490,333</u></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	2022	2021
Revenue from external customers:		
Taiwan	\$ 2,211,016	2,630,712
United States	1,088,512	950,792
India	1,685,671	1,962,638
China	268,738	239,605
Japan	732,028	375,623
Other countries	520,171	330,963
Total	<u><u>\$ 6,506,136</u></u>	<u><u>6,490,333</u></u>

Geographical information	December 31, 2022	December 31, 2021
Non-current assets:		
Taiwan	\$ 8,330,101	8,352,779
China	138,917	147,648
Total	<u><u>\$ 8,469,018</u></u>	<u><u>8,500,427</u></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 2022 and 2021.