



M.J. International Co., Ltd.

2021 Annual Report

Website

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

The Company's website: <http://www.mjig.com>

Printed on May 15, 2022

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THIS IS A TRANSLATION OF 2021 ANNUAL REPORT OF M. J. INTERNATIONAL CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

I. Names, job titles, contact Nos. and emails of the Spokesperson and deputy Spokesperson:

Spokesperson: Liu Chiao-Lu Telephone: (886)2-2268-4666
Title: Special assistance from the chairman Email: IR@mjig.com

Deputy Spokesperson: Tony Chen Telephone: (886)2-2268-4666
Title: Vice General Manager Email: IR@mjig.com

II. Addresses and Tel. Nos. of Head Office, branches, and factories:

- (I) The Company
Name: M.J.International Co., Ltd. Telephone: (886)2-2268-4666
Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.
Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies
Website: www.mjig.com (same as the following subsidiaries' website)
- (II) Subsidiary in Taiwan
Name: M.J.International Flooring and Interior Telephone: (886)2-2268-4666
Products Inc
Address: No. 126, Da Nuan Rd., Tucheng District, New Taipei City
- (III) Subsidiary in Hong Kong
Name: Prolong International Co., Limited Telephone: (886)2-2268-4666
Address: 31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong
Name: Opulent International Group Limited Telephone: (886)2-2268-4666
Address: 31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong
- (IV) Taiwan Branch of Hong Kong Subsidiary
Name: Opulent International Group Limited Telephone: (886)2-2268-4666
Taiwan Branch
Address: No. 126, Da Nuan Rd., Tucheng District, New Taipei City
- (V) The subsidiary in Samoa : Fullhouse Investments Limited.
Address: Portcullis Chambers,P.O.Box 1225,Apia,Samoa Telephone:(886)2-2268-4666
- (VI) The subsidiary in China
Name: Chongqing M.J. Architecture & Telephone: (86)023-6361-1600
Decoration Material Co. Ltd.
Address: Building 1902, Building B, Longtian Shidai Street, Longhu, Daping,
Yuzhong District, Chongqing
Name: Beijing M.J. Architecture & Decoration Telephone: (86)010-8736-4856
Materials Co. Ltd.
Address: Suite 2705, Jun An International Building No. 2, Hua Nan Rd., Beijing
Economic-Technological Development Area, Beijing City
Name: Shanghai M.J. Architecture & Decoration Telephone: (86)021-64828022
Material Co. Ltd.
Address: 7F, No. 36, Alley 1088, Shen Hong Rd., Ming Xin Dist., Shanghai City
Name: Guangzhou PROMAX Architecture & Telephone: (86)020-3724-3136
Decoration Material Co. Ltd.
Address: No. 411, Main Office Building, No.512, Guangzhou Avenue North, Tianhe Dist.,
Guangzhou City
Name: Wuhan M.J. Architecture & Decoration Telephone: (86)027-8784-9788
Material Co. Ltd.
Address: No. 1, 36F, Bldg. No. 6 of Bldg. Nos. 6~7 of Wuhan 1818 Center, No. 109,
Zhongzhen Rd., Wuchang Dist. Wuhan City (2nd Phase)
Name: Xian M.J. Architecture & Decoration
Material Co. Ltd. Telephone: (86) 13279352318

Address: Suite 10901, 9F, Unit 1, Bldg. No. 6, Wang Xiang Hui, No. 21, Gaoxin 6th Rd.,
Gaoxin Dist., Xian City

Name: Shenyang M.J. Architecture & Decoration
Material Co. Ltd.

Telephone: (86) 024-25102977

Address: No. 116-1-4, Hong Run Rd., Yuhong Dist., Shenyang City

Name: Changchun MH Arts Co., Ltd.

Telephone: (86) 0431-

80540546

Address: Plant No. 3, Xinglong Comprehensive Bonded Zone, 7299 Airport Road,
Changchun Economic Development Zone

(VII) The subsidiary in Canada : Green Touch Floors Inc. Telephone: 647-728-1346

Address: 25 Esna Park Dr. Unit 2 MARKHAM, ONTARIO CANADA L3R 1C9

(VIII) Factory

Name: Dongguan Prolong Plastic Products Co., Ltd. Telephone: (86) 769-8663-2083

Address: 3rd Industrial Zone, Jizhou, Shijie Township, Dongguan City, Guangdong Province

Name: Dongguan Mei Jer Plastic Products Co., Ltd. Telephone: (86) 769-8983-1234

Address: 3rd Industrial Zone, Huang Yong, Zhongtang Township, Dongguan City, Guangdong
Province

III. Name, address, website and Tel. No. of the shareholders' service agent:

Name: CTBC Bank Co., Ltd.

Telephone: (886) 2-2311-1838

Address: 3F., No. 83, Sec. 1, Chongqing S. Rd.,
Zhongzheng District, Taipei City

Website: <http://www.ctbcbank.com>

IV. Name, firm name, address, website and Tel. No. of CPA certifying the financial statements of the most recent year:

Firm name: Deloitte Taiwan

Telephone: (886) 2-2725-9988

CPAs: Chiang-Shiun Chen, CPA & Chang Keng-Hsi, CPA

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City Website: www.deloitte.com.tw

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A.

VI. Company website: <http://www.mjig.com>

VII. Roster of Directors (the nationality and main work experience of independent directors domiciled in Taiwan, if any, to be specified):

Job title	Nationality or Place of Registration	Name	Main Work Experience
Chairman of Board	Samoa	Black Dragon Assets Limited	-
	Taiwan R.O.C.	Representative: Chen Pen-Yuan	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J.
Director	Samoa	CROWN HARVEST COMPANY LIMITED	-
	Taiwan R.O.C.	Representative: Chen Chien-Ming	Graduated from China University of Technology Vice President of Investment Department of Crown Harvest Company Limited.
Director	British Virgin Islands	Chairman Management Corp.	-
	Taiwan R.O.C.	Representative: Kao Chen-Sheng	Master, Long Island University Chairman of Board of WELLMEET International Co., Ltd.
Director	British Virgin	Yuanta Bank as Trustee of Luckmore	-

	Islands	Investments Limited Investment Account	
	Taiwan R.O.C.	Ho Ping-Hsien	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group
Director	Taiwan R.O.C.	Lin An-Hsiu	Graduated from elementary school
Director	Taiwan R.O.C.	Hsieh Ming-Feng	Department of Chemical Engineering, Lee-Ming Institute of Technology
Independent Director	Taiwan R.O.C.	Lin Chiang-Liang	Doctor, Department of Accounting, National Chengchi University Dean of General Affairs of Office of General Affairs, Chung Yuan Christian University Chair of Department of Accounting, Chung Yuan Christian University
Independent Director	Taiwan R.O.C.	Chiou Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University
Independent Director	Taiwan R.O.C.	Jong Wen-Ren,	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU.

VIII. Name, job title, contact No. and email of the designated domestic agent:

Designated domestic agent: Chen Pen-Yuan
Job Title: Chairman of Board

Telephone: (886)2-2268-4666
Email: IR@mjig.com

Table of Contents

One. Letter to Shareholders	7
Two. Company profile	10
I. Date of incorporation and company profile	10
II. Company organization	10
III. Company history	11
IV. Risk.....	13
Three. Corporate Governance Report	13
I. Organization.....	13
II. Information about the directors, supervisors, President and CEO, vice presidents, assistant vice presidents and heads of departments and branches.....	15
III. Remuneration to Directors, Supervisors, President and Vice Presidents	28
IV. Status of corporate governance	35
V. Information about Independent Auditor Fees:	73
VI. Information about replacement of CPA.....	73
VII. Name of the CPA firm or its affiliates at which the Company’s Chairman, President, or managers responsible for financial or accounting matters was an employee over the past year.	73
VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent in the most recent year and until the date of publication of the annual report	73
IX. Information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, in terms of shareholdings:	75
X. The shareholdings of the Company, the Company’s directors, supervisors, managers, and the business entity directly or indirectly controlled by the Company on the same invested company and also, the consolidated comprehensive shareholding ratio.	77
Four. Financing Status.....	78
I. Capital and Stock	78
(I) Total shares	78
(II) Shareholders’ structure	78
(III) Status of equity dispersion:.....	79
(IV) Name list of major shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.....	79
(V) Market price, net value, earnings and dividends per share for the most recent two years, and related information	80
(VI) Dividend policy and implementation thereof	80
(VII) The effects of issuance of bonus shares proposed at this shareholders’ meeting on the Company’s business performance and EPS.....	81
(VIII) Remuneration to employees, directors and supervisors.....	81
II. Status of corporate bonds	82
III. Status of preferred stock.....	83
IV. Status of overseas depository receipts.....	83
V. Status of employee stock options.....	83

VI. Status of new restricted stock awards	83
VII. Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.....	83
VIII. Implementation of capital utilization plan	84
Five. Overview of Operations	85
I. Operations	85
II. Overview of Industry	85
III. Technologies or products successfully developed.....	95
IV Information about environmental protection expenditure.....	108
V Labor relations	108
VI.Important contracts.....	110
Six. Financial Position	112
I. Condensed financial information for the most recent five years	112
II. Financial analysis	115
III. Audit Committee’s Audit Report	118
IV. Consolidated financial statements and auditing report for the most recent year	119
V. Entity financial statement and auditing report for the most recent year.	199
Seven. Discussion and Analysis of Financial Position and Financial Performance,and Risks	200
I. Financial position	200
II. Financial performance	201
III. Cash flow	201
IV. Material capital expenditures in the most recent year and impact on business/finance:	202
V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year .	203
VI. Analysis and assessment of risk factors for the most recent year until the date of publication of the annual report	204
VII. Other important notes.....	207
Eight. Special notes	208
I. Consolidated business reports of affiliated enterprises	208
II. Any private placement of securities in the recent years up to the publication of the annual report.....	213
III. Holding or disposition of the Company’s stock by subsidiaries in the most recent year and up to the publication date of the annual report.	213
IV. Other required supplementary notes.	213
V. Significant matters which might affect shareholders’ equity or stock price pursuant to the subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act during the most recent year and until the date of publication of the annual report	213

One. Letter to Shareholders

Dear Shareholders:

Looking back at the past year, the world was still ravaged by the COVID-19. Countries adopted strict measures to prevent and control the epidemic, which affected economic activities and led to severe inflation. Port congestion at major international ports and soaring freight rates, sharp rise in raw material prices and depreciation of the US dollar have caused heavy pressure on the company's operations. Although the revenue hit a record high, the profit was the lowest since its listing. The new factory in Tainan has now been completed and will be start to produce in the second quarter. In the future, it will be able to inject revenue into the company and realize the strategic plan of diversifying production capacity and the market. But MJ is still cautiously optimistic, and will continue to strengthen the company's physique, expand technological differences, and expand markets and customers. The following is a report on the business results for 2021 and the summary of the business plan for 2022:

I. 2021 Business Report

(I) Overview

The Company's annual consolidated revenue was NT\$3.611 billion in 2021, a increase of 25.26% from 2020. The increase is caused by the orders and shipments grew steadily and the selling price adjustment was increasing efficiency.

(II) The business plan implementation results compared with that in 2020:

The revenue referred in the 2021 consolidated financial statements was NT\$3,610,670 thousand, cost of goods sold NT\$2,986,204 thousand, gross profit NT\$624,466 thousand, gross profit margin 17.3%, net income after tax NT\$68,578 thousand, and net income margin 1.90%, comparison with 2020 as follows:

Unit: NTD Thousand

Item	2021	2020	Amount of increase (decrease)	Increase (decrease)
Revenue	3,610,670	2,882,490	728,180	25.26%
Cost of goods sold	2,986,204	2,096,842	889,362	42.41%
Gross profit	624,466	785,648	(161,182)	-20.52%
Net income after tax	68,578	278,985	(210,407)	-75.42%

From the perspective of sales area performance, MJ still accounts for 66.80% of sales in Europe, approximately 14.29% in North American market, approximately 5.81% in Taiwan market, and approximately 7.69% in other regions. Chinese market was affected by the epidemic and the situation of resumption of work in various regions was different, leads to slightly decline to 5.41% in 2021 sales.

As for gross profit margin, due to the sharp increase in raw material prices, labor, and manufacturing costs, although MJ gradually increased the sales price, it still failed to fully reflect the increase in costs. Therefore, the gross profit margin for the whole year of 2021 decreased to 17.3% compared with 27.3% in 2020.

(III) Analysis on profitability

From the second quarter to the third quarter of 2021, due to delays in shipping transportation, shipments and revenue recognition were delayed, which also affected the company's normal operations and profitability. For the non-operating income, the depreciation of the US dollar exchange rate was reduced, which reduced the exchange loss, and the overall after-tax net profit decreased to 68,578 thousand, with a net profit rate of 0.33%.

(IV) Status of Research & Development

In order to build a better R&D environment and strengthen its R&D capabilities, MJ will be counseled by the Plastic Industry Development Center (PIDC) and established R&D center in Taiwan. MJ enhance R&D quality from the direction of R&D function, employee quality, R&D capability, product patents, R&D management system and other directions. At present, the R & D center, master's and doctoral staff has accounted for 70%, and has chemical, materials and chemistry-related majors.

In terms of new product research and development, we are currently combining the concepts of corporate social responsibility and circular economy in the direction of new materials, lightweight, environmental protection and antibacterial products. Besides, the R&D center also combines external resources to innovate and develop process technology and automated production. In the future, MJ will focus on research and development in terms of resource reuse and carbon footprint, and hope that MJ can fulfill its social responsibility in environmental protection and carbon reduction.

II. Outlook

Looking forward to 2022, although the uncertainties of the general environment such as the epidemic and political and economic changes are still serious, MJ still holds a cautious and optimistic view, in addition to continuing to deepen commercial market sales through LVT, and is actively using SPC products to expand into the household market. Sales of SPC products in the household market have remained good. Orders from major customers in Europe remain at a good level with high order visibility. As the negative impact of the general environment subsides, global business activities will recover steadily, which will help create a good environment for the Group's overall business growth.

The new SPC factory in Tainan has been completed and has obtained a license. Production will begin in the second quarter of 2022. The new plant in Tainan adopts the industry's most advanced automated production equipment, and the main product specifications are simplified, which effectively improves production efficiency and expands the scale of production capacity. SPC's main global market is in North America, with an annual output value of nearly 4 billion US dollars. Benefiting from the China–United States trade war, MJ has targeted the top ten material brands and distributors in the United States as target customers. The order volume is sufficient in the future, which has become the momentum for the substantial growth of MJ's future operations and has driven the doubling of performance. It will help MJ achieve its strategic goals of dispersing production capacity and market diversification.

Since 2021, MJ has been investing in the research and development of innovative recycling materials, combining with agricultural waste recycling applications. Launch of the industry's first " husk plastic composite " in 2022. Awarded the Red Dot Design Award and iF Design Award. The innovative development of such products is not only reached with MJ's' determination to fulfill its environmental and social responsibility, but also achieved its strategic goal of product differentiation.

The company continues to improve its team organization and enhance the long-term competitiveness of MJ. We have established a professional managers team, and strengthen raw material sourcing strategies to reduce the impact of cost fluctuations. Achieving hedging and maintaining profitability. MJ continues to improve the company's leading position in core competitiveness, and is expected to be optimistic about the performance and profit growth in 2022 with the joint efforts of all colleagues.

The Company's business overview and outlook are stated as above. The Company will continue to uphold the management philosophy focusing on honesty, diligence, simplicity, prudence and quality as the first priority, upgrade the Company's entire core competitiveness, grow as driven by the customers' interests and satisfaction, adhere to the principle for pursuing innovation and improvement, keep improving its production process, innovating its design and striving for perfect quality, and continue to use its best efforts to run the enterprise to achieve steady growth, repay all shareholders, and enable the Company to become the most reliable partner of customers. Meanwhile, the Company will practice corporate governance and fulfill corporate social responsibility and sustainability. Wish all of you.

Health and happiness!

M. J. International Co., Ltd.

Chairman of Board: Chen Pen-Yuan

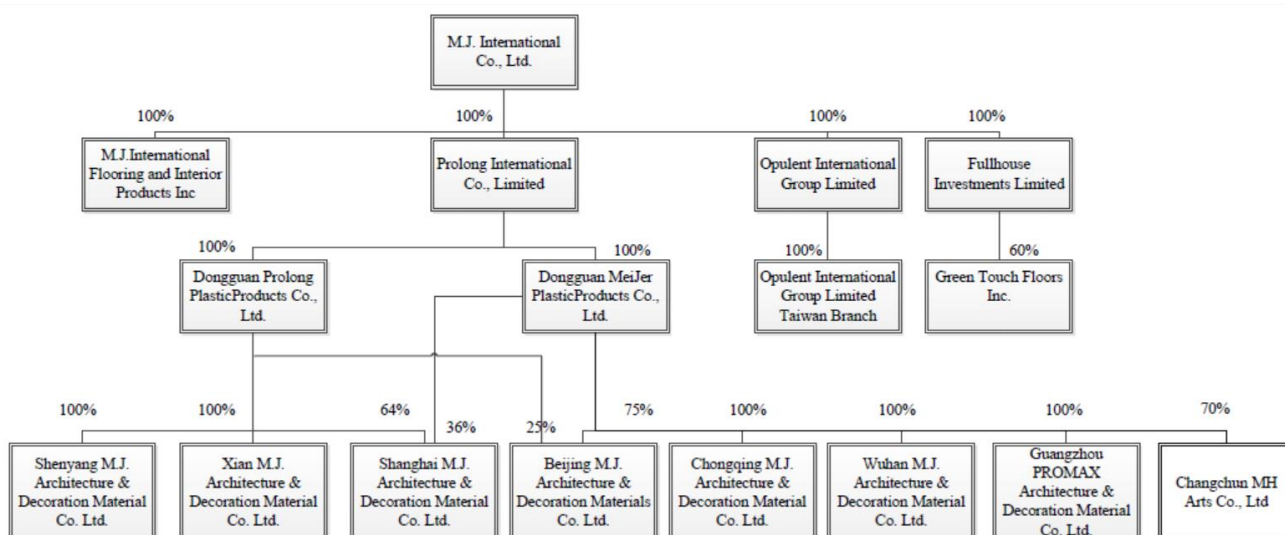
Two. Company profile

I. Date of incorporation and company profile

M. J. International Co., Ltd. (hereinafter referred to as the Company or M.J.International Co.,Ltd(CAYMAN)) is a holding company incorporated in British Cayman Islands on October 8, 2010. All of the Company's subsidiaries are wholly owned by the Company, directly or indirectly, except for Green Touch Floors Inc.and Changchun MH Arts Co., Ltd.. The Company is engaged in development, production and sale of Luxury Vinyl Tile as its main business lines. The jurisdictions/countries of registration and main functions of the Company's subsidiaries are introduced as following:

Company name	Place of registration	Main functions
M.J.International Flooring and Interior Products Inc.(hereinafter referred to as Taiwan MeiJer)	Taiwan R.O.C.	Domestic sales and business location in Taiwan
Prolong International Co., Limited. (hereinafter referred to as Prolong International)	Hong Kong	Investment holding
Opulent International Group Limited. (hereinafter referred to as Opulent International)	Hong Kong	Procurement of raw materials
Opulent International Group Limited Taiwan Branch (hereinafter referred to as Opulent Taiwan)	Taiwan R.O.C.	Business location dedicated to accepting orders for export
Fullhouse Investments Limited	Samoa	Investment holdings
Green Touch Floors Inc	Canada	Sales and operation sites at Canada
Dongguan Prolong PlasticProducts Co., Ltd. (hereinafter referred to as Dongguan Prolong)	China	Investment holding, and production of luxury vinyl tile
Dongguan MeiJer PlasticProducts Co., Ltd. (hereinafter referred to as Dongguan MeiJer)	China	Investment holding, and production of luxury vinyl tile
Chongqing M.J. Architecture & Decoration Material Co. Ltd. (hereinafter referred to as Chongqing MeiJer)	China	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd. (hereinafter referred to as Beijing MeiJer)	China	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd. (hereinafter referred to as Shanghai MeiJer)	China	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd. (hereinafter referred to as Guangzhou PROMAX)	China	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd. (hereinafter referred to as Wuhan MeiJer)	China	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd. (hereinafter referred to as Xian MeiJer)	China	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture & Decoration Material Co. Ltd. (hereinafter referred to as Shenyang MeiJer)	China	Sales and business location in the territories of the mainland China
Changchun MH Arts Co., Ltd. (hereinafter referred to as Changchun MH)	China	Production of luxury vinyl tile

II. Company organization



III. Company history

Year	Milestones
1982	<ul style="list-style-type: none"> M.J.International Flooring and Interior Products Inc was founded in Shulin District, New Taipei City, Taiwan in June .
1986	<ul style="list-style-type: none"> M.J.International Flooring and Interior Products Inc was relocated to Tucheng District, New Taipei City, Taiwan in May.
1990	<ul style="list-style-type: none"> M.J.International Flooring and Interior Products Inc expanded its production capacity in October.
1993	<ul style="list-style-type: none"> Dongguan Prolong PlasticProducts Co., Ltd.constructed its factory in ShiJie Township, Dongguan City in June.
1997	<ul style="list-style-type: none"> Build the Prolong brand for tiles sold in Taiwan and the mainland China.
2001	<ul style="list-style-type: none"> Dongguan Prolong factory passed ISO 9001 certification.
2002	<ul style="list-style-type: none"> Dongguan Prolong factory passed CSTB certification.
2005	<ul style="list-style-type: none"> Construction of Dongguan Prolong factory was completed, and the factory passed ISO 14001 certification.
2006	<ul style="list-style-type: none"> Dongguan MeiJer PlasticProducts Co., Ltd. constructed its factory in Zhong Tang Township in August.
2008	<ul style="list-style-type: none"> Dongguan Prolong factory expansion was completed and the factory started the mass production in April.
2010	<ul style="list-style-type: none"> Dongguan MeiJer factory expansion (MeiJer Factory No. 2) was completed and equipped with fully-automatic production lines.
2010	<ul style="list-style-type: none"> The first-listed entity, M. J. International Co., Ltd., was founded in Cayman Islands in October.M. J. International Co., Ltd. also established Prolong International Co., Limited in Hong Kong and proceeded with the reorganization.
2011	<ul style="list-style-type: none"> Created the PROMAX brand for sale in the territories of Taiwan and the mainland China.
2012	<ul style="list-style-type: none"> Founded Chongqing M.J. Architecture & Decoration Material Co. Ltd. in November to engage in the sale business in the mainland China. Founded Opulent International Group Limited in Hong Kong and its Taiwan Branch in November to engage in the international sale business. Acquired the utility model and invention patents in the mainland China, utility model patent in Taiwan and utility model patent in Japan with respect to PVC non-slip tiles. Passed SA8000 certification and BRE green environmental protection certification.
2013	<ul style="list-style-type: none"> Passed Floor Score US indoor air health emission standard certification.

	<ul style="list-style-type: none"> • Founded Beijing M.J. Architecture & Decoration Materials Co. Ltd. 、Shanghai M.J. Architecture & Decoration Material Co. Ltd. and Guangzhou PROMAX Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China. • Released the KAAPFLOR brand to expand the markets in the mainland China and South East Asia.
2014	<ul style="list-style-type: none"> • Received the Outstanding Taiwanese Businessman Award-Export Excellence Award of 2nd Term from Management Institute in Taipei. • Acquired the utility model patent in Taiwan, utility model patent in the mainland China, utility model patent in Japan and invention patent in the USA with respect to PVC non-slip tiles. • Acquired the utility model patent in Taiwan and invention patent in the USA with respect to novel environmental protection tiles.
2015	<ul style="list-style-type: none"> • Expansion of Dongguan MeiJer Factory No. 3 was completed. • Expansion of hot press production lines of Dongguan MeiJer Factory was completed.
2016	<ul style="list-style-type: none"> • Founded Wuhan M.J. Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China. • Listed on TWSE. • Acquired the Green Tag Certificate from Ministry of Interior of Taiwan R.O.C..
2017	<ul style="list-style-type: none"> • Created the Xian M.J. Architecture & Decoration Material Co. Ltd. for sale in the territories of the mainland China.
2018	<ul style="list-style-type: none"> • Shanghai Business Center was established. • Founded Wuhan M.J. Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China.
2019	<ul style="list-style-type: none"> • Founded Shenyang M.J. Architecture & Decoration Material Co. Ltd.
2020	<ul style="list-style-type: none"> • To distribute production capabilities and markets, the Company has officially started the construction of new factory in Tainan Technology Industrial Park in the investment plan.
2021	<ul style="list-style-type: none"> • Founded Changchun MH Arts Co., Ltd. and mainly produced VSPC.

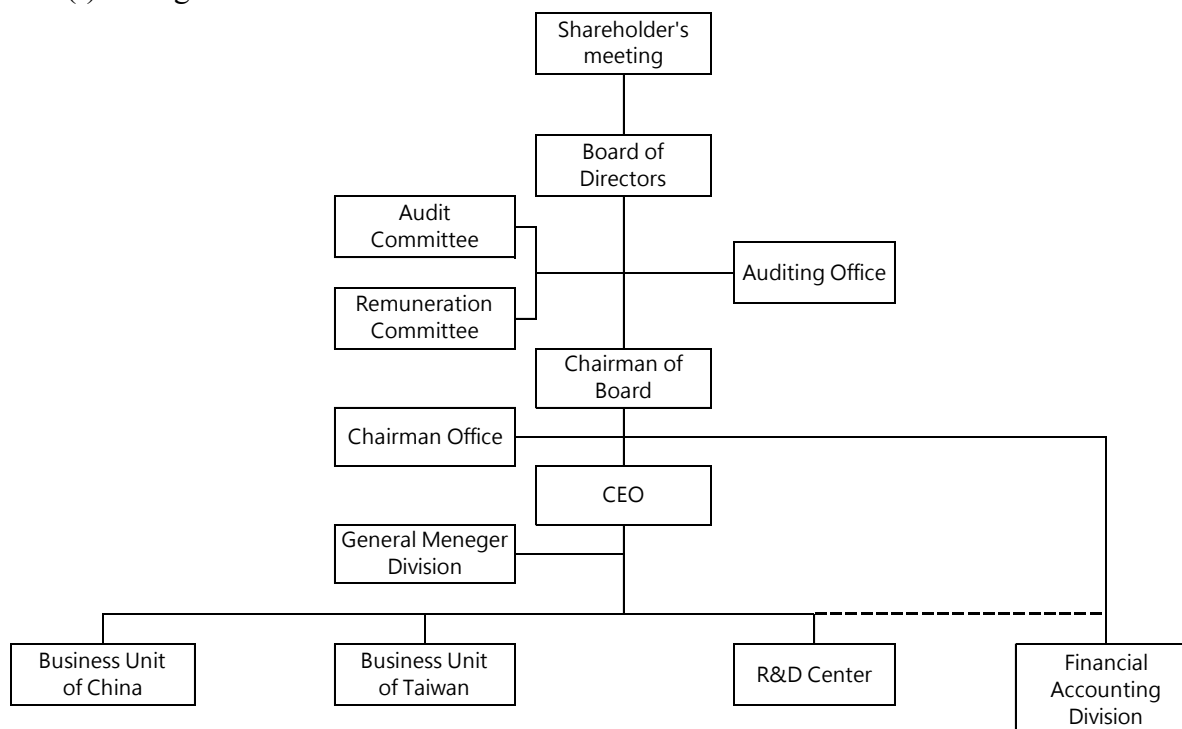
IV. Risks

Please see Chapter Seven. Discussion and Analysis of Financial Position and Financial Performance, and Risks referred to herein.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Operations by department

Department	Operations & functions
Board of Directors	Make policy-based decisions and set the objectives and policies with respect to the Company's business administration.
Audit Committee	Supervise the Company's business overview and financial position, adequate expression of financial statements, and effective implementation of internal controls.
Remuneration Committee	Establish and periodically assess the performance appraisal on directors and managers, as well as policies, systems, standards and structures of remuneration, and establish and periodically assess the remuneration to directors and managers.
Auditing Office	Conduct the operational audit on the internal regulations, procedures and authorization by the competent authority and the Company, and execution thereof, and provide suggestions about improvement.
Chairman Office	Plan the business strategies, set business objectives, assess and promote investment projects, and plan and execute the affairs related to directors' meetings and shareholders' meetings.

Department	Operations & functions
General Manage Division	<p>Set the objectives about management of human resource, general affairs, procurement and SHE of the Group's subsidiaries.</p> <p>Integrate the application of the Company's information resources and management of information security, including procurement and maintenance of computer software and hardware, installation, planning, management and maintenance of network, development and maintenance of application softwares, and implementation of various office systems.</p> <p>Plan and manage the legal affairs, ISO, document management and operation standardization of the group.</p> <p>Formulate projects to improve the operating performance of various business entities.</p>
Business Unit of China	<p>Coordinate the overall strategic planning and project planning of the group's factories in China and its affiliated units, evaluate and gather data such as business plans and performance, and track, supervise and supervise the company's various projects and work objectives and progress. Assist, collect and provide external business management intelligence, information, and hold business meetings.</p>
Business Unit of Taiwan	<p>Coordinate the overall strategic planning and project planning of the group's factories in Taiwan and its affiliated units, evaluate and gather data such as business plans and performance, and track, supervise and supervise the company's various projects and work objectives and progress. Assist, collect and provide external business management intelligence, information, and hold business meetings.</p>
R&D Center	<p>Integrate new materials, new technologies and new functions to develop new products or new production processes; assist the technology transfer and implement mass production; and establish related documents, such as BOM and SOP.</p> <p>Assess and research the new ideas about forward-looking technologies and products; execute outsourcing R&D cooperative projects; conduct pre-market survey and establish product development plans.</p> <p>Search, assess, apply for and maintenance the patents about the products.</p>
Financial Accounting Division	<p>Responsible for capital allocation, accounting, financial budget, cashier, taxation and shareholders' service of the Company.</p>

II. Information about the directors, supervisors, President and CEO, vice presidents, assistant vice presidents and heads of departments and branches

(I) Directors and supervisors

1. Directors

April 17, 2022 Unit: shares; %

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Chairman of Board	Samoa	Black Dragon Assets Limited		August 12, 2021	3 years	March 24, 2014	4,478,400	6.78%	4,478,400	6.78%	-	-	-	-	-	-	-	-	-	
	Taiwan R.O.C.	Representative: Chen Pen-Yuan	Male 71~80				731,797	1.11%	731,797	1.11%	(Note 1)	(Note 1)	(Note 2)	(Note 2)	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J.	Chairman of Board of M.J. International Flooring and Interior Products Inc Director of Opulent International Group Limited. Director of Prolong International Co., Limited.	-	-	-	(Note 6)
Director	Samoa	CROWN HARVEST COMPANY LIMITED		August 12, 2021	3 years	August 7, 2014	12,204,000	18.47%	12,204,000	18.47%	-	-	-	-	-	-	-	-	-	
	Taiwan R.O.C.	Representative: Chen Chien-Ming	Male 41~50				-	-	93,000	0.14%	-	-	(Note 3)	(Note 3)	Graduated from China University of Technology	Vice President of Investment Department of Crown Harvest Company Limited.	-	-	-	(Note 7)
Director	British Virgin Islands	Chairman Management Corp.		August 12, 2021	3 years	June 2, 2017	3,999,000	6.05%	3,999,000	6.05%	-	-	-	-	-	-	-	-	-	
	Taiwan R.O.C.	Representative: Kao Chen-Sheng	Male 61~70				-	-	-	-	-	-	(Note 4)	(Note 4)	Master, Long Island University Factory Manager of Ching-Mei Textile Corp., Ltd.	Chairman of Board of Ching-Mei Textile Corp., Ltd.	-	-	-	(Note 9)
Director	British Virgin Islands	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account		August 12, 2021	3 years	September 5, 2018	7,779,000	11.78%	7,779,000	11.78%	-	-	-	-	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group	Non-Executive Director of Taiwan Honma Golf Co., Ltd.	-	-	-	
	Taiwan R.O.C.	Representative: Ho Ping-Hsien	Male 71~80																	

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Director	Taiwan R.O.C.	Lin An-Hsiu	Male 61~70	August 12, 2021	3 years	October 8, 2010	1,370,500	2.07%	1,556,500	2.36%	422,500	0.64%	-	-	Graduated from elementary school	Supervisor of G.T Floor Co., LTD. Director of M.J.JInternational Flooring and Interior Products Inc(TW) Director of Prolong International Co., Limited(HK)	-	-	-	
Director	Taiwan R.O.C.	Hsieh Ming-Feng	Male 51~60	August 12, 2021	3 years	August 7, 2014	760,000	1.15%	760,000	1.15%	557,000	0.84%	(Note 5)	(Note 5)	Department of Chemical Engineering, Lee-Ming Institute of Technology	Chairman of Board of Xin Wei Cun Ltd. Supervisor of M.J.JInternational Flooring and Interior Products Inc(TW) Supervisor of Dongguan Mei Jer PlasticProducts Co., Ltd.(CHN) Supervisor of Dongguan Prolong PlasticProducts Co., Ltd.(CHN) Chairman of Board of Wei Chung Development Co., Limited.	-	-	-	
Independent Director	Taiwan R.O.C.	Lin Chiang-Liang	Male 51~60	August 12, 2021	3 years	August 7, 2014	-	-	-	-	-	-	-	-	Doctor, Department of Accounting, National Chengchi University Dean of General Affairs of Office of General Affairs, Chung Yuan Christian University Chair of Department of Accounting, Chung Yuan Christian University	Professor of Department of Accounting, Chung Yuan Christian University Independent Director/Remuneration Committee Member of Tecom Co., Ltd. Independent Director/Remuneration Committee Member of CALITECH CO., LTD. Indepednet director/member of remuneration committee, KEYSTONE MICROTECH CO	-	-	-	(Note 8)
Independent Director	Taiwan R.O.C.	Chiou, Yyh-Shen	Male 51~60	August 12, 2021	3 years	June 9, 2020	-	-	-	-	-	-	-	-	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University	Distinguished Professor of the Department of International Trade, National Chengchi University Independent Director of STL Technology Co., Ltd.	-	-	-	

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Independent Director	Taiwan R.O.C.	Jong Wen-Ren	Male 61~70	August 12, 2021	3 years	August 12, 2021	-	-	-	-	-	-	-	-	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU	Director of Computer Center of Information Technology, CYCU Central China University Deputy Director of Smart Manufacturing R&D Center of Central China University	-	-	-	

Note 1:Chen Pen-Yuan's spouse holds 100% of the equity of ALPHA MARVEL CORPORATION. ALPHA MARVEL CORPORATION holds 4.23% of the equity of the Company.

Note 2:Chen Pen-Yuan holds 100% of the equity of Black Dragon Assets Limited. Dragon Assets Limited holds 6.78% of the equity of the Company.

Note 3:Chen Chien-Ming holds 12% of the equity of CROWN HARVEST COMPANY LIMITED. CROWN HARVEST COMPANY LIMITED holds 18.47% of the equity of the Company.

Note 4:Kao Chen-Sheng holds 100% of the equity of Chairman Management Corp.. Chairman Management Corp. holds 6.05% of the equity of the Company.

Note 5:Hsieh Ming-Feng holds 39.70% of Wei Chung Development CO., Limited. Wei Chung Development CO., Limited holds 2.23% of the equity of the Company.

Note 6:The chairman of the board of directors and the general manager of the company are the same person. The chairman of the board of directors used to be the general manager of the company and was familiar with various businesses of the company. The company has nine directors, of which there are three independent independent directors, which is higher than the two and one-fifth requirements. They also have expertise in financial accounting and marketing, and can effectively perform their supervisory functions and implement corporate governance. More than half of the company's directors do not serve concurrently as employees or managers, and the board of directors retains objectivity and supervisory functions.

Note 7: CROWN HARVEST COMPANY LIMITED change the representative by a juristic person director from Chen Chien-Yuen to Chen Chien-Ming on 2021/8/18.

Note 8: Lin Chiang-Liang resigned the position of independent director on 2021/12/17.

Note 9: Chairman Management Corp. resigned the position of independent director on 2022/4/28.

2. Supervisors: N/A, because the Company has already established the Audit Committee.

3. Major shareholders of institutional shareholders

March 31, 2022

Name of institutional shareholder	Major shareholders of institutional shareholders
Black Dragon Assets Limited	Chen Pen-Yuan (100%)
CROWN HARVEST COMPANY LIMITED	Chen Chun-Po (28%), Liu Chu-Mei (12%), Chen Chien-Yuen (12%), Chen Chien-Long (12%), Chen Chien-Ming (12%), Chen Man-Ling (12%), Chang Li-Huang (12%)
Chairman Management Corp.	Kao Chen-Sheng (100%)
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	CT Bright Fund Management Company Limited (100%)

4. Major shareholders of institutional shareholders' major shareholders who are institutional investors

March 32, 2022

Name of Institute Investor	Major shareholders of Institute Investors
CT Bright Capital Company Limited	CT Bright Fund Management Company Limited (100%)

5. Information about directors and supervisors

a. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualifications Name	Professional qualifications and experience	Independence analysis	Number of public companies where the person holds the position as independent director
Chairman of Board Black Dragon Assets Limited Representative: Chen Pen-Yuan	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J. Chairman of Board of M.J. International Flooring and Interior Products Inc Director of Opulent International Group Limited. Director of Prolong International Co., Limited.	There is no case related to Article 30 of the Company Act.	0
Director CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming	Graduated from China University of Technology Vice President of Investment Department of Crown Harvest Company Limited.	There is no case related to Article 30 of the Company Act.	0
Director Chairman Management Corp. Representative: Kao Chen-Sheng	Master, Long Island University Factory Manager of Ching-Mei Textile Corp., Ltd. Chairman of Board of Ching-Mei Textile Corp., Ltd.	There is no case related to Article 30 of the Company Act.	0
Director Yuanta Bank as Trustee of	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group Non-Executive Director of Taiwan Honma Golf	There is no case related to Article 30 of the Company Act.	0

Qualifications Name	Professional qualifications and experience	Independence analysis	Number of public companies where the person holds the position as independent director
Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	Co., Ltd.		
Director Lin An-Hsiu	Graduated from elementary school Supervisor of G.T Floor Co., LTD. Director of M.J.International Flooring and Interior Products Inc(TW) Director of Prolong International Co., Limited(HK)	There is no case related to Article 30 of the Company Act.	0
Director Hsieh Ming-Feng	Department of Chemical Engineering, Lee-Ming Institute of Technology Chairman of Board of Xin Wei Cun Ltd. Supervisor of M.J.International Flooring and Interior Products Inc(TW) Supervisor of Dongguan Mei Jer PlasticProducts Co., Ltd.(CHN) Supervisor of Dongguan Prolong PlasticProducts Co., Ltd.(CHN) Chairman of Board of Wei Chung Development Co., Limited.	There is no case related to Article 30 of the Company Act.	0
Independent Director Lin Chiang-Liang	Doctor, Department of Accounting, National Chengchi University Dean of General Affairs of Office of General Affairs, Chung Yuan Christian University Chair of Department of Accounting, Chung Yuan Christian University Professor of Department of Accounting, Chung Yuan Christian University Independent Director/Remuneration Committee Member of Tecom Co., Ltd. Independent Director/Remuneration Committee Member of CALITECH CO., LTD. Indepednet director/member of remuneration committee, KEYSTONE MICROTECH CO	Mr. Lin is an independent director and meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	3
Independent Director Chiou, Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University Distinguished Professor of the Department of International Trade, National Chengchi University Independent Director of STL Technology Co., Ltd.	Mr. Chiou is an independent director and meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	1
Independent Director Jong Wen-Ren	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU Director of Computer Center of Information Technology, CYCU Central China University Deputy Director of Smart Manufacturing R&D Center of Central China University	Mr. Jong is an independent director and meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	0

b. Diversity and Independence of the Board of Directors

(1)Board Diversity

The Company promotes and respects the policy of director diversity, and believes that the diversity policy will help enhance the overall performance of the Company in order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors.

The Board's Code of Practice adopted by the Board of Directors sets out the Board's Diversity Policy, which reads as follows: The composition of the Board of Directors shall take into account diversity and formulate appropriate diversification policies in relation to its own operations, operational patterns and development needs, including but not limited to the following two criteria:

(1-1) Basic conditions and values: gender, age, nationality and culture, etc. (1-2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. Board members shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities: operational judgment ability, accounting and financial analysis ability, operation management ability, crisis handling ability, industrial knowledge, international market view, leadership ability, and decision-making ability. The Company's current board of directors diversity policy and implementation are as follows:

Diversity Items Name	Basic Component										Diversity Situation						
	Nationality	Gender	An employee of the Company	Age				Independent directors' tenure			Ability to conduct management administration	Ability to perform accounting and financial analysis	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make operational judgments
				41~50	51~60	61~70	71~80	Over3Years	3~6Years	Over 6 Years							
Chairman of Board Black Dragon Assets Limited Representative: Chen Pen-Yuan	Taiwan R.O.C.	Male	✓				✓				✓		✓	✓	✓	✓	✓
Director CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming	Taiwan R.O.C.	Male		✓					✓		✓			✓			✓
Director Chairman Management Corp. Representative: Kao Chen-Sheng(Note2)	Taiwan R.O.C.	Male				✓			✓		✓		✓		✓	✓	
Director Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	Taiwan R.O.C.	Male					✓				✓	✓	✓		✓		✓
Director Lin An-Hsiu	Taiwan R.O.C.	Male				✓					✓		✓	✓		✓	✓
Director Hsieh Ming-Feng	Taiwan R.O.C.	Male			✓						✓		✓	✓		✓	✓
Independent Director Lin Chiang-Liang (Notel)	Taiwan R.O.C.	Male			✓				✓			✓			✓		
Independent Director Chiou, Yyh-Shen	Taiwan R.O.C.	Male			✓			✓				✓			✓		

Diversity Items Name	Basic Component									Diversity Situation							
	Nationality	Gender	An employee of the Company	Age				Independent directors' tenure			Ability to conduct management administration	Ability to perform accounting and financial analysis	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make operational judgments
				41~50	51~60	61~70	71~80	Over3Years	3~6Years	Over 6 Years							
Independent Director Jong Wen-Ren	Taiwan R.O.C.	Male				✓		✓			✓				✓		

Note 1: Lin Chiang-Liang resignate the position of independent director on 2021/12/17.

Note 2:Chairman Management Corp. resigned the position of independent director on 2022/4/28.

The current Board of Directors of the Company comprises nine Directors, and the specific management objectives and achievements of the diversity policy of the board of directors are as follows:

Management objectives	Reached situation
The number of independent directors seats is one-third of the number of directors	Reached
Directors who are also the managers of the company shall not exceed one-third of the number of directors' seats	Reached
Sufficient and diverse professional knowledge and skills	Reached

(2) Board Independence

The Company currently has 9 members of the Board of Directors, including 3 independent directors and 1 director with employee status (33.33% and 11.11% of all directors).

As of the end of 2021, the independent directors have complied with the norms of the Securities and Futures Bureau of the Financial Regulatory Commission on independent directors, and there are no matters between the directors and independent directors under Article 26-3 of the Securities Exchange Act, items 3 and 4, the board of directors of the Company is independent (see page 19 to 20 of this annual report - Disclosure of the professional qualifications of directors and independent director independence), and the academic qualifications, gender and work experience of each director (please refer to pages 16 to 18 of this annual report - director information).

(II) President and CEO, vice presidents, assistant vice presidents and heads of departments and branches

April 17, 2022 Unit: shares; %

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
President	Taiwan R.O.C.	Chen Pen-Yuan	Male	August 26, 2021	731,797	1.11%	(Note 3)	(Note 3)	(Note 4)	(Note 4)	Department of Industrial Engineering and Systems Management, Feng Chia University M.J. - Special Assistant of President Office M.J. - Vice President of Production M.J. - Vice President of Marketing	(Note 1)	-	-	-	(Note 5)
Vice President	Taiwan R.O.C.	Liu Chiao-Lu	Male	November 9, 2021	192,311	0.29%	-	-	-	-	Department of Accounting, Chinese Culture University M.J. - Vice President of Administration M.J. - Special Assistant of President Office Taiwan Oasis Technology Co., Ltd. - Vice President CHUNG SHING TEXTILE CO., LTD. - Junior Accounting Manager CPA registered in the mainland China	(Note 2)	-	-	-	-
Vice President	Taiwan R.O.C.	Chen Tung-Li	Male	November 9, 2021	-	-	-	-	-	-	Master of Science in Financial Investment, CUNY M.J. - Special Assistant of President Office Vice President of Investment Management, Schroder Associate of Investment Research Department of Capital Investment Trust Corporation	-	-	-	-	-
Vice President	China	Li Liang-You	Male	June 1, 2018	-	-	-	-	-	-	Wanzai Vocational Technical School (mainland China) M.J. - Section Chief of Supplies Section, Production Control Department M.J. - Section Chief of Quality Assurance Department M.J. - Manager of Manufacturing Department	-	-	-	-	-
Vice President	Taiwan R.O.C.	Peng Shao-Tseng	Male	July 4, 2016	-	-	-	-	-	-	National Taiwan University EMBA The City University of New York MBA	-	-	-	-	-

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
											Independent Advisor KPMG Corporate Finance Co., Ltd., Business Process Reengineering -Vice President/Assistant Vice President/Manager Li Xin International Development Co., Ltd. - President North Bay Golf Recreation Co., Ltd. - Planning/Vice President of Financial Management/Assistant Vice President/Manager					
Vice President	Taiwan R.O.C.	Ho Chiang- Chun	Male	July 10, 2021	-	-	-	-	-	-	Graduate student of the Ph.D. program of the National Development and Mainland China Institute of Chinese Culture University Doctor of Economy & Management School, Wuhan University Guangzhou Lingnan Tongweng Education Invested - special assistant of the President concurrent the Acting President LiteOn Group-Director, Human Resource Division, China Enlight Corporation Group- Director of China General Management Office Aurora Communications- Director of General Management Department Director of Far East Airlines- Human Resources and General Affairs Tung-I Information Service -General Manager, Tainan Shop	-	-	-	-	-
Vice President	Taiwan R.O.C.	Chen Jong- Wu	Male	July 20, 2020	-	-	-	-	-	-	PhD Chemical Engineering, National Taiwan University R&D Director, Jingyou Technology Research Fellow, Plastic Center Research and Development R&D Associate Research Fellow, Industrial	-	-	-	-	-

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
											Technology Research Institute Assistant Professor Chemical Engineering, Feng Chia University					
Vice President	Taiwan R.O.C.	Chang Chih- Tai	Male	Jun 29,2021	-	-	-	-	-	-	Master of International Business Institute, National Dong Hwa University Deputy General Manager of NEW BRIGHT INTERNATI ONAL GROUP LIMITED General Manager of Business Unit of NEO- NEON HOLDINGS LTD. Special Assistant of president Office- Bao Der Marble Co., LTD.	-	-	-	-	-
Accounting Officer	Taiwan R.O.C.	Tsai Shu-Hsia	Female	Nov 9,2021	14,008	0.02%	-	-	-	-	Department of Accounting, Shih Chien University Certified Internal Auditors (CIA) Associate Manager of Deloitte Touche Tohmatsu	-	-	-	-	-
Manager	Taiwan R.O.C.	Hung Ming-Ji	Male	November 11, 2019	-	-	-	-	-	-	Dept. of Business Management, National Taiwan University of Science and Technology Manager of the audit office and finance dept., Mibtech Plastic & Molds Co., Ltd Vice manager of the audit office, Sunvic Technology Co., Ltd. Vice manager of the finance and accounting dept., Top Yang Technology Enterprise Co., Ltd. Vice manager of the finance and accounting dept., Lian Hong Art Co., Ltd. Chief of the finance and accounting sector, I-Chiun Precision Industry Co., Ltd.	-	-	-	-	-

Note 1: Hold the position as the president concurrently in M.J. International Flooring and Interior Products Inc, Prolong International Co., Limited, Opulent International Group Limited, Dongguan Prolong Plastic Products Co., Ltd. and Dongguan MeiJer Plastic Products Co., Ltd..

Note 2: Hold the position as the supervisor concurrently in Chongqing M.J. Architecture & Decoration Material Co. Ltd. Beijing M.J. Architecture & Decoration Materials Co. Ltd. Shanghai M.J. Architecture & Decoration Material Co. Ltd. Xian M.J. Architecture & Decoration Material Co. Ltd. Wuhan M.J. Architecture & Decoration Material Co. Ltd. Shenyang M.J. Architecture & Decoration Material Co. Ltd. and Guangzhou PROMAX Architecture & Decoration Material Co. Ltd..

Note 3: Chen Pen-Yuan's spouse holds 100% of the equity of ALPHA MARVEL CORPORATION. ALPHA MARVEL CORPORATION holds 4.23% of the equity of the Company.

Note 4: Chen Pen-Yuan holds 100% of the equity of Black Dragon Assets Limited. Dragon Assets Limited holds 6.78% of the equity of the Company.

Note 5: The chairman of the board of directors and the general manager of the company are the same person. The chairman of the board of directors used to be the general manager of the company and was familiar with various businesses of the company. The company has nine directors, of which there are three independent independent directors, which is higher than the two and one-fifth requirements. They also have expertise in financial accounting and marketing, and can effectively perform their supervisory functions and implement corporate governance. More than half of the company's directors do not serve concurrently as employees or managers, and the board of directors retains objectivity and supervisory functions.

III. Remuneration to Directors, Supervisors, President and Vice Presidents

1. Remuneration to directors, supervisors, president and vice presidents in the most recent year

(1) Remuneration to directors (including independent directors)

Unit: NTD Thousand

Job title	Name	Remuneration to directors								The sum of A, B, C and D in proportion to earnings		Remuneration received in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to earnings		Remuneration from investees other than subsidiaries
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		For professional practice (D)				Salary, bonus and special allowance, et al. (E)		Pension (F)		Remuneration to employees (G)						
		the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	All companies included in the financial statements	
Chairman of Board	Black Dragon Assets Limited Representative: Chen Pen-Yuan	-	5,073	-	-	813	813	36	36	1.24%	8.64%	-	-	-	-	510	-	510	-	1.98%	8.64%	-
Director	CROWN HARVEST COMPANY LIMITED	-	-	-	-	-	-	24	24	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	-
	Representative: Chen Chien-Yuen(Note1)																					
Director	CROWN HARVEST COMPANY LIMITED	-	-	-	-	406	406	12	12	0.61%	0.61%	-	-	-	-	-	-	-	-	0.61%	0.61%	-
	Representative: Chen Chien-Ming(Note1)																					
Director	Chairman Management Corp.	-	-	-	-	406	406	36	36	0.65%	0.65%	-	-	-	-	-	-	-	-	0.65%	0.65%	-
	Representative: Kao Chen-Sheng(Note3)																					
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-	-	-	-	406	406	30	30	0.64%	0.64%	-	-	-	-	-	-	-	-	0.64%	0.64%	-
	Representative: Ho Ping-Hsien																					
Director	Lin An-Hsiu	-	-	-	-	406	406	24	24	0.63%	0.63%	-	-	-	-	-	-	-	-	0.63%	0.63%	-
Director	Hsieh Ming-Feng	-	-	-	-	406	406	36	36	0.65%	0.65%	-	-	-	-	-	-	-	-	0.65%	0.65%	-
Independent Director	Jong Wen-Ren	156	156	-	-	-	-	12	12	0.25%	0.25%	-	-	-	-	-	-	-	-	0.25%	0.25%	-
Independent Director	Chiou, Yyh-Shen	375	375	-	-	-	-	36	36	0.60%	0.60%	-	-	-	-	-	-	-	-	0.60%	0.60%	-

Independent Director	Liao Wen-Chi	231	231	-	-	-	-	24	24	0.37%	0.37%	-	-	-	-	-	-	-	-	0.37%	0.37%	-
Independent Director	Lin Chiang-Liang(Note2)	360	360	-	-	-	-	36	36	0.58%	0.58%	-	-	-	-	-	-	-	-	0.58%	0.58%	-

Note 1: CROWN HARVEST COMPANY LIMITED change the representative by a juristic person director from Chen Chien-Yuen to Chen Chien-Ming on 2021/8/18.

Note 2: Lin Chiang-Liang resignate the position of independent director on 2021/12/17.

Note 3:Chairman Management Corp. resigned the position of independent director on 2022/4/28

Breakdown of remuneration

Breakdown of remuneration to directors	Name of director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements
Less than NT\$1,000,000	Black Dragon Assets Limited (Representative: Chen Pen-Yuan), CROWN HARVEST COMPANY LIMITED(Representative: Chen Chien-Yuen), CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Chairman Management Corp.(Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account(Representative: Ho Ping-Hsien), Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Yyh-Shen, Liao Wen-Chi, Lin Chiang-Liang	CROWN HARVEST COMPANY LIMITED(Representative: Chen Chien-Yuen), CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Chairman Management Corp.(Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account(Representative: Ho Ping-Hsien), Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Yyh-Shen, Liao Wen-Chi, Lin Chiang-Liang	CROWN HARVEST COMPANY LIMITED(Representative: Chen Chien-Yuen), CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Chairman Management Corp.(Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account(Representative: Ho Ping-Hsien), Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Yyh-Shen, Liao Wen-Chi, Lin Chiang-Liang	CROWN HARVEST COMPANY LIMITED(Representative: Chen Chien-Yuen), CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Chairman Management Corp.(Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account(Representative: Ho Ping-Hsien), Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Yyh-Shen, Liao Wen-Chi, Lin Chiang-Liang
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)			Black Dragon Assets Limited (Representative: Chen Pen-Yuan)	
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)		Black Dragon Assets Limited (Representative: Chen Pen-Yuan)		Black Dragon Assets Limited (Representative: Chen Pen-Yuan)
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

(2) Remuneration to supervisors: N/A, because the Company has already established the Audit Committee.

(3) Remuneration to President and Vice Presidents

Unit: NT\$ thousand; %

Job title	Name	Salary (A)		Pension (B)		Bonus and special allowance, et al. (C)		Remuneration (D)				The sum of A, B, C and D in proportion to earnings		Remuneration from investees other than subsidiaries
		the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company		All companies included in the financial statements		the Company	All companies included in the financial statements	
								Bonus in cash	Bonus in the form of stock	Bonus in cash	Bonus in the form of stock			
President	Chen Pen-Yuan (Note 1)	-	10,533	-	588	-	1,786	-	-	1,179	-	-	20.54%	-
Vice President	Liu Chiao-Lu													
Vice President	Peng Shao-Tseng													
Vice President	Lee Liang-You													
Vice President	Chen Jong-Wu													
Vice President	Ho Chiang-Chun													
Vice President	Chang Chih- Tai													
Vice President	Chen Tung-Li													

Note 1: The President Chiang Tze-Hua retired on June 30, 2020, and was replaced by the chairman of the Board Chen Pen-Yuan as the general manager.

Breakdown of remuneration

Breakdown of remuneration to President and Vice President of the Company	Name of President and Vice President	
	the Company	All companies included in the financial statements
Less than NT\$1,000,000	-	Chen Pen-Yuan
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	Lee Liang-You , Chen Tung-Li , Chang Chih-Tai ,
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	Chen Jong-Wu, Peng Shao-Tseng , Ho Chiang- Chun, Liu Chiao-Lu, ,
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	-	8 persons

(4) Name of the manager whom the employee bonus was allocated to in the most recent year and status of the allocation:

Unit: NT\$ thousand; %

	Job title	Name	Bonus in the form of stock	Bonus in cash	Total	Total in proportion to earnings (%)
Manager	President	Chen Pen-Yuan (Note 1)	-	14,086	14,086	20.54%
	Vice President	Liu Chiao-Lu				
	Vice President	Chen Tung-Li				
	Vice President	Lee Liang-You				
	Vice President	Peng Shao-Tseng				
	Vice President	Ho Chiang- Chun				
	Vice President	Chang Chih- Tai				
	Vice President	Chen Jong-Wu				

Note 1: The President Chiang Tze-Hua retired on June 30, 2020, and was replaced by the chairman of the Board Chen Pen-Yuan as the general manager.

(4-1) the top of five supervisors Remuneration

Unit: NT\$ thousand

Job title	Name	Salary (A)		Pension (B)		Bonus and special allowance, et al. (C)		Remuneration (D)				The sum of A, B, C and D in proportion to earnings%		Remuneration from investees other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Bonus in cash	Bonus in the form of stock	Bonus in cash	Bonus in the form of stock			
Vice President	Liu Chiao-Lu	0	1,935	0	108	0	282	0	0	133	0	0	3.58%	0
Vice President	Ho Chiang- Chun	0	1,800	0	108	0	240	0	0	170	0	0	3.38%	0
Vice President	Peng Shao-Tseng	0	1,779	0	108	0	229	0	0	150	0	0	3.30%	0
Vice President	Chen Jong-Wu	0	1680	0	103	0	194	0	0	100	0	0	3.03%	0
Vice President	Chang Chih- Tai	0	1,440	0	58	0	160	0	0	150	0	0	2.64%	0

2. Please specify and compare the remuneration to directors, supervisors, President and vice presidents of the Company in proportion to the earnings from the Company and companies included in the consolidated financial statements in the latest 2 years, and specify the policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance.

Unit: NT\$ thousand

Item \ Year	2020		2021	
	Total remuneration	in proportion to earnings (%)	Total remuneration	in proportion to earnings (%)
Director	25,878	9.27	9,858	14.37%
President and Vice President	14,078	5.05	14,086	20.54%

The total remuneration paid to directors, president and vice presidents in proportion to earnings in 2020 and 2021 was 14.32% and 34.91% respectively. The remuneration was allocated pursuant to the Company's Articles of Incorporation and related payroll regulations. Meanwhile, the Company has established the Remuneration Committee in October 2014, which consisted of the independent directors and engaged in periodically reviewing and assessing the performance of directors and managers, as well as policies, systems, standards and structures of remuneration, which shall afford to signify the liability and risk borne by them.

IV. Status of corporate governance

(I) Operation of the Board of Directors

The Board has held 6 (A) sessions in 2021, and the attendance of directors is specified as following:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)	Remark
Chairman of Board	Black Dragon Assets Limited Representative: Chen Pen-Yuan	6	0	100%	
Director	CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Yuen	4	0	100%	(Note 1)
Director	CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming	2	0	100%	(Note 1)
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	5	1	83%	
Director	Chairman Management Corp. Representative: Kao Chen-Sheng	6	0	100%	(Note 5)
Director	Lin An-Hsiu	5	0	83%	
Director	Hsieh Ming-Feng	6	0	100%	
Independent	Lin Chiang-Liang	6	0	100%	(Note 2)

Director					
Independent Director	Liao Wen-Chi	4	0	100%	(Note 3)
Independent Director	Jong Wen-Ren	2	0	100%	(Note 4)
Independent Director	Chiou, Yyh-Shen	6	0	100%	

Note 1 : CROWN HARVEST COMPANY LIMITED change the representative by a juristic person director from Chen Chien-Yuen to Chen Chien-Ming on 2021/8/18.

Note 2 : Lin Chiang-Liang resigned the position of independent director on 2021/12/17.

Note 3 : Independent director, Liao Wen-Chi expires on 2021/08/12.

Note 4 : Independent director, Jong Wen-Ren took office in the by election of the shareholders' meeting on 2021/8/12.

Note 5:Chairman Management Corp. resigned the position of independent director on 2022/4/28

Other notes:

I. Where the operation of the Board of Directors meets any of the following circumstances, please clearly state the meeting date, term, contents of motion, opinions of all independent directors and the Company's handling of said opinions:

(I) The circumstances referred to in Article 14~3 of the Securities and Exchange Act:
None.

December 31,2021

Date of Board of Directors Meeting	Proposal content and resolution	Opinions of independent directors	The company's handling of independent directors' opinions	Independent directors hold objections or reservations and have records or written statements
March 11,2021 15th Directors' Meeting of 5th Term	Cause : Proposal for 2020 "Statement of Internal Control System" Resolution : Passed according to the case.	None	None	None
	Cause : Measures for the Administration of Derivative Commodities Transactions Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval of 2020 Business Report and Consolidated Financial Statement. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for 2020 profit distribution Resolution : Passed according to the case.	None	None	None
	Cause : Proposal of the subsidiaries, Opulent International Group Limited and Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. to extend the credit contracts with the bank Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited and Opulent International Group Limited	None	None	None

	(Taiwan) and M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.			
	Cause : Proposal for loaning of funds between the secondary subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : Compensation plan for employees and directors of the company in 2020 Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval certified accountants and their remuneration. Resolution:Passed according to the case.	None	None	None
	Cause : Proposal for the approval of the independency and adaptability assessment on certified accountants of the Company. Resoluton : Passed according to the case.	None	None	None
May 6,2021 16th Directors' Meeting of 5th Term	Cause : Proposal for the raise and issue of the Company's first unsecured conversion of corporate bonds in the Republic of China Resolution : Passed according to the case.	None	None	None
	Cause : Dongguan Mei Jer PlasticProducts Co., Ltd., a group subsidiary of the company, plans to provide endorsement guarantee for Opulent International Group Limited Resoluton : Passed according to the case	None	None	None
June 9,2021 17th Directors' Meeting of 5th Term	Cause : The company plans to implement the case of repurchase of treasury stock. Resoluton : Passed according to the case.	None	None	None
August 26,2021 1th Directors' Meeting of 6th Term	Cause : Proposal for the approval of 2021 H1 Consolidated Financial Statement. Resolution : Passed according to the case.	None	None	None
	Cause : The group's subsidiaries Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. plan to handle the case of increasing the line and renewing the credit contract with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal of the subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited (Taiwan) , to make new credit contract with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : Capital increase in subsidiary M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	None	None	None

November 9, 2021 2th Directors' Meeting of 6th Term	Cause : Proposal of the subsidiaries, Opulent International Group Limited and Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc., to renewed and extend the credit contracts with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	None	None	None

(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. In instances where a director recused himself/herself due to a conflict of interest, please clearly state the director's name, contents of the motion, reason for conflict of interest and actual voting counts:

Date of Board of Directors Meeting	Name of the director	Contents of motion	Reason for conflict of interest	Actual voting counts
March 11, 2021	Lin Chiang-Liang	Independent Directors' Remuneration Adjustment Proposal	As independent directors Lin Chiang-Liang, Chiou, Yyh-Shen and Liao Wen-Chi are the interested parties in the case, they were evaded according to law after explaining their interests	recused himself from the discussion and voting pursuant to laws.
	Chiou, Yyh-Shen			
	Liao Wen-Chi			
	Black Dragon Assets Limited Representative: Chen Pen-Yuan	Review the motion for distribution of year-end bonus to the Company's Chairman of Board and managers	Due to that the President of Black Dragon Assets Limited(Representative: Chen, Pen-Yuan) is the stakeholder pursuant to the principle in the Year-End Bonus Appropriation by President & Management Measure.	recused himself from the discussion and voting pursuant to laws.
	Black Dragon Assets Limited Representative: Chen Pen-Yuan	Motion for remuneration to employees and directors in 2021	Due to that the President of Black Dragon Assets Limited(Representative: Chen, Pen-Yuan) is the stakeholder of remuneration of Director	recused himself from the discussion and voting pursuant to laws.
	CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Yuen		Due to that the Director of CROWN HARVEST COMPANY LIMITED (Representative: Chen, Chien-Yuen) is the stakeholder of	recused himself from the discussion and voting pursuant to laws.

			renumeration of Director	
	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien		Because the Director of Yuanda Commercial Bank was trusted to custody Duoyun Investment Co., Ltd. (representative: Ho, Ping-Hsien), is the stakeholder of renumeration of Director	recused himself from the discussion and voting pursuant to laws.
	Chairman Management Corp. Representative: Kao Chen-Sheng		Because the Director of CROWN HARVEST COMPANY LIMITED (Representative: Kao, Chen-Sheng) the stakeholder of renumeration of Director.	recused himself from the discussion and voting pursuant to laws.
	Lin An-Hsiu		Because the Director, Lin, An-Hsiu, is the stakeholder of renumeration of Director	recused himself from the discussion and voting pursuant to laws.
	Hsieh Ming-Feng		Because the Director, Hsieh, Ming-Feng, is the stakeholder of renumeration of Director	recused himself from the discussion and voting pursuant to laws.

3. The status of performing self-assessment by the Company's Directors:

The Company has passed the "Performance Assessment Measure by the Board of Directors" on March 5, 2020, and expects to commence it on March 11 2022. The expected practices related with assessment pursuant to the Measure are stated as follows.

Cycle of Assessment	Duration	Scope	Method	Item
Once a year	January 1, 2021 to December 31, 2021	Board of Directors	Self-assessment by the Board of Directors	<ol style="list-style-type: none"> 1. The degree engaged in the operation of the Company. 2. Improve the decision-making quality of the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election and constant advanced program of Director. 5. Internal control.

IV. Measures undertaken during the current year and the most recent year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment on their implementation: The Company has established the "Regulations Governing Operation of

Board of Directors Meetings” as the guidelines for operation of the Board of Directors meetings. Meanwhile, the Company has resolved at the Board of Directors meeting on October 20, 2014 to establish the Audit Committee and Remuneration Committee, and also disclosed its related information on its website and MPOS pursuant to laws to improve information transparency.

(II) Operation of the Audit Committee

The Committee has held 4 (A) sessions in 2021, and the attendance of independent directors is specified as following:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)	Remark
Independent Director	Lin Chiang-Liang(Note1)	4	0	100%	
Independent Director	Liao Wen-Chi(Note2)	2	0	100%	
Independent Director	Chiou, Yyh-Shen	4	0	100%	
Independent Director	Jong Wen-Ren(Note3)	2	0	100%	

Note 1: Lin Chiang-Liang resigned the position of independent director on 2021/12/17.

Note 2: Independent director, Liao Wen-Chi expires on 2021/08/12.

Note 3 : Independent director, Jong Wen-Ren took office in the by election of the shareholders' meeting on 2021/8/12.

Other notes:

I. For resolution(s) passed pursuant to Article 14~5 of the Securities and Exchange Act and any other resolution(s) passed upon approval of more than two-thirds of the whole directors instead of the Audit Committee, please clearly state the meeting date, term, contents of motion and resolution of the Committee, and the Company's handling of the Audit Committee members' opinions: None.

Audit Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the audit committee
March 11, 2021 12th Meeting of 3th Term	March 11, 2021 15th Directors' Meeting of 5th Term	Cause : Proposal for 2020 "Statement of Internal Control System" Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Measures for the Administration of Derivative Commodities Transactions Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval of 2020 Business Report and Consolidated Financial Statement. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for 2020 profit distribution Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal of the subsidiaries, Opulent International Group Limited and Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. to extend the credit contracts with the bank Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited and Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for loaning of funds between the secondary subsidiaries.	All the directors present agreed to pass.

		Resolution : Passed according to the case.	
		Cause : Proposal for the approval certified accountants and their remuneration. Resolution:Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval of the independency and adaptability assessment on certified accountants of the Company. Resoluton : Passed according to the case.	All the directors present agreed to pass.
May 6, 2021 13th Meeting of 3th Term	May 6, 2021 15th Directors' Meeting of 5th Term	Cause : The company plans to re sign a securities compliance guidance contract with KGI Securities Co.,Ltd. the lead underwriter of the first unsecured conversion of corporate bonds in the Republic of China in 2020. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Dongguan Mei Jer PlasticProducts Co., Ltd., a group subsidiary of the company, plans to provide endorsement guarantee for Opulent International Group Limited Resoluton : Passed according to the case.	All the directors present agreed to pass.
August 26, 2021 1th Meeting of 4th Term	August 26, 2021 1th Directors' Meeting of 6th Term	Cause : Proposal the company's consolidated financial statements for the H1 of 2021. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The group's subsidiaries Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. plan to handle the case of increasing the line and renewing the credit contract with the bank. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal of the subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited (Taiwan) , to make new credit contract with the bank. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Capital increase in subsidiary M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	All the directors present agreed to pass.
November 9, 2021 2th Meeting of 4th Term	November 9, 2021 2th Directors' Meeting of 6th Term	Cause : Proposal for passing the 2022 Business Plan. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for passing the 2022 Internal Audit Plan. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal of the subsidiaries, Opulent International Group Limited and Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc., to renewed and extend the credit contracts with the bank. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	All the directors present agreed to pass.

II. In instances where an independent director recused himself/herself due to a conflict of interest, please clearly state the independent director's name, contents of the motion, reason for conflict of interest and actual voting counts:

Date of Board of Directors Meeting	Name of the director	Contents of motion	Reason for conflict of interest	Actual voting counts
March 11, 2021	Lin Chiang-Liang, Liao Wen-Chi, Chiou, Yyh-Shen	Independent Directors' Remuneration Adjustment Proposal	As independent directors Lin Chiang-Liang , Liao Wen-Chi and Chiou, Yyh-Shen are the interested parties in the case, they were evaded according to law after explaining their interests	recused himself from the discussion and voting pursuant to laws.

- III. Communication between independent directors and internal auditing officers as well as CPAs on the Company's financial position and business overview, such as items discussed, means of communication and results, etc.:
- (I) Communication between independent directors and internal audit supervisors and Accountants
1. Invite certified public accountants to attend the audit committee at least four times a year, report to the audit committee on the results of the company and its subsidiaries' financial report review and internal control review, and fully communicate whether there are major adjustment entries or legal amendments that have significant impact ; When necessary, hold communication meetings with accountants at any time.
 2. In addition to regularly sending audit reports and follow-up reports to independent directors for inspection by the company's internal audit unit, the internal audit supervisor and independent directors will conduct regular meetings at least once a quarter through the audit committee to report on the implementation status of the audit plan and the lack of improvement. And timely reply to directors' questions on various auditing business; in case of major abnormal events, they can convene meetings at any time.
 3. Independent directors and certified public accountants communicate on the results of the financial report review and the communication required by relevant laws and regulations, and evaluate and review the independence of the accountants every year.
- (II) Summary of communication between independent board of directors and Accountants
The communication between independent directors and accountants is good.

Audit Committee Meeting Date	Communication focus	Directors' suggestions	Processing execution results
March 11, 2021	Independent directors evaluate and discuss the annual remuneration of accountants and the independence and competence of certified accountants.	None	The annual appointment and evaluation of accountants are approved by the Audit Committee and submitted to the Ninth Session of the Fifth Board of Directors on March 11, 2021.
	The accountant explained the key audit items of the 2020 consolidated financial report and the audit results of the financial report.	None	The 2020 consolidated financial report was approved by the Audit Committee and submitted to the 15th Session of the Fifth Board of Directors for discussion on March 11, 2021.
May 6, 2021	The accountant explained the review results of the 2021 first quarter financial report.	None	The consolidated financial report for the first quarter of 2021 was approved by the Audit Committee and submitted to the 16th meeting of the fifth board of directors on May 6, 2021.

August 26, 2021	The accountant explained the review results of the business report for the second quarter of 2021.	None	The consolidated financial report for the second quarter of 2021 was approved by the Audit Committee and submitted to the report of the sixth session of the board of directors on August 26, 2021.
November 9, 2021	The accountant explained the review results of the 2021 third quarter financial report. The accountant explained the time, check method and key check items of the 2021 financial report .	None	The consolidated financial report for the third quarter of 2021 was approved by the Audit Committee and submitted to the second meeting of the sixth session of the board of directors on November 9, 2021.
(III) Summary of the communication between the independent board of directors and the audit supervisor			
Date	Communication focus	Director's Recommendation	Processing execution results
March 11, 2021 Audit Committee	Report on internal audit business in the Q4 of 2020 Self assessment of internal control in 2020 (statement of internal control system)	None	After reporting to the Audit Committee, the 15th Report of the Fifth Session of the Board of Directors on March 11, 2021.
May 6, 2021 Audit Committee	Report on internal audit business in the Q1 of 2021	None	After reporting to the Audit Committee, the 16th Report of the Fifth Session of the Board of Directors on May 6, 2021.
August 26, 2021 Audit Committee	Report on internal audit business in the Q2 of 2021	None	After reporting to the Audit Committee, the first Report of the sixth Session of the Board of Directors on August 26, 2021.
November 9, 2021 Audit Committee	Report on internal audit business in the Q3 of 2021 2022 audit plan	None	After reporting to the Audit Committee, the second Report of the sixth Session of the Board of Directors on November 9, 2021.
(III) The independent directors will communicate with the CPAs about the audit result of financial reports and issues required by relevant laws, and assess and review the CPAs' independence each year.			

(III) Status of corporate governance, deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the “Corporate Governance Best-Practice Principles” as the Company’s basis for operating the corporate governance, and implemented the same strictly.	No material deviation exists.
II. Equity structure and shareholders’ equity (I) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		(I) The Company designates its spokesperson and deputy spokesperson to handle shareholders’ proposals, doubts and disputes, organizes the shareholders’ meetings pursuant to the Company Act and related laws, and establishes the parliamentary rules for shareholders’ meetings to grant the shareholders appropriate powers.	No material deviation exists.
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	✓		(II) The Company may control the information about variance in shares held by major shareholders and declare the shareholdings pursuant to laws via the professional shareholders service	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			agent.	
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) The Company implements effective risk control pursuant to the related regulations governing internal control and internal audit systems.	
(IV) Has the Company established internal policies that prevent insiders from trading securities based on non-public information?	✓		(IV) The Company has established the “Regulations Governing Prevention of Insider Trading” to prevent any misconduct.	
III. Composition and responsibilities of the Board of Directors (I) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?	✓		(I) The Board of Directors of the current term consists of 9 directors. The composition thereof has taken into consideration the diversified policies satisfying the Company’s operation, business type and development needs to render benefits for the Company.	No material deviation exists.
(II) Whether the Company, in addition to establishing the Audit Committee and Remuneration Committee, pursuant to laws, is willing to establish any other functional committees voluntarily?		✓	(II) Except the Audit Committee and Remuneration Committee, the Company doesn’t establish any other functional committees.	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			Notwithstanding, the Company does establish the relevant regulations and control mechanism for various operations. In the future, other functional committees will be set up according to needs.	
(III) Has the Company established Regulations for Evaluating the Performance of the Board and its Evaluation method, conducted performance evaluation regularly each year, submitted the performance evaluation results to the board and taken the results as a reference for determining the remuneration of individual directors and nomination for re-election?	✓		(III) The board of the Company approved the Regulations for evaluating the performance of the board on March 5, 2020. The performance evaluation will be conducted regularly each year. The evaluation methods include internal self-evaluation of the board, self-evaluation of the members of the board, peer evaluation and evaluation done by entrusting external professional institute. The 2021 evaluation has been completed by the first quarter of 2022 and the results have been submitted to the 5th Board of Directors for approval on 11 March 2022.	
(IV) Whether the company has established regular assessment to the external auditors' independence each year.	✓		(IV) The Company will assess the external auditors' independence each	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			year. Please refer to the notes for details.	
IV. Has the TWSE/TPEX listed company established suitable appropriate number of corporate governance personnel, appointed chief corporate governance officer to be in charge of relevant affairs for corporate governance (including but not limited to providing the directors and supervisors with required information to carry out their business, assisting the directors and supervisors on law compliance, handling board meeting and shareholders' meeting related matters in accordance with the law, preparing minutes of board meeting and shareholders' meeting)?	✓		The company has dedicated personnel responsible for corporate governance-related matters, handling matters related to the board of directors and shareholders' meetings, and preparing minutes of the board of directors and shareholders' meetings in accordance with the law. However, the company has not yet designated a director of corporate governance and will be set up in accordance with the company's evaluation of the company's operation and development.	No material deviation exists.
V. Does the Company have established a communication channel for the stakeholders (including but not limited to, shareholders, employees, customers and suppliers), set the stakeholder section on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	✓		The Company identifies the related stakeholders subject to the degree of dependence between the business administration and internal/external personnel (individuals/juristic persons/groups). The Company has also disclosed the stakeholder section to respond to the questions about stakeholders on the Company's website.	No material deviation exists.
VI. Does the Company have commissioned a professional shareholders service agent to handle shareholders' meeting affairs?	✓		The company appointed China Trust Commercial Bank, a professional stock agency, to handle stock affairs and shareholders' meetings.	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
VII. Information disclosure				
(I) Whether the Company has established a website that discloses the information about financial position, business overview and corporate governance?	✓		(I) The Company has set up the official website where the investor section is established to update the Company's information from time to time.	
(II) Whether the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company's website)?	✓		(II) The Company designates dedicated personnel responsible for collecting and disclosing the corporate information and implements the spokesperson system. The investor conferences will also be posted on the Company's website.	
(III) Whether the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the regulation?		✓	(III) The Company announced the Q1, Q2, Q3 and annual financial statement and monthly operation status in advance prior to the regulated deadline. As for annual financial statement, the Company cannot announce it within two months after the end of the accounting year in advance due to the audit schedule of overseas subsidiaries.	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate	✓		The Company is used to caring employees' benefits, and establishes various management regulations	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and maintenance of liability insurance for the Company's directors and supervisors)?			and requirements, such as salary, promotion, rewards and punishments, leave and social insurance, which comply with the local laws and regulations. Employees shall take the health check-up periodically during their employment. The Company provides meal allowance or clean and sanitary meals, as well as the dormitory for employees or accommodation allowance, and various subsidies for marriage, funeral, festival, birthday celebration and trips to take care of the employees physically and mentally. Meanwhile, when selecting suppliers, the Company will consider whether the supplier's social responsibility commitment and performance comply with the standard requirements under the SA8000 system as the first priority, and assess their ability if necessary. Upon the assessment, the suppliers considered qualified will be included into the Company's roster of qualified suppliers. The Company will also ask the suppliers to sign the "Supplier Corporate Social Responsibility Commitment Statement" and demand that they	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			should conduct self-assessment on their fulfillment of social responsibility periodically. Meanwhile, the Company also establishes various communication channels for stakeholders to mitigate or prevent potential operational risk. The Company's directors will complete continuing education each year, in hopes of enhancing the functions of the Board of Directors. The company shall take out supervisors and key staff liability insurance with respect to liabilities resulting from the exercise of duties during their terms, to enhance corporate governance.	
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies.	✓		The Company has established the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best-Practice Principles" and "Corporate Social Responsibility Best-Practice Principles", and participated in the corporate governance evaluation for the first time in 2017. The Company sets its improvement plan based on the self-audit report on corporate governance, in hopes of practicing the spirit of corporate governance to the enterprise's culture.	No material deviation exists.

Note: Accountant's Independence Assessment

Assessment Item	Assessment results	Is there independence
1. The appointed accountant has no significant financial interest in the company or related companies.	Yes	Yes
2. Appoint an accountant to avoid any inappropriate relationship with the company or related companies.	Yes	Yes
3. The appointment of accountants should ensure that their assistants observe integrity, impartiality and independence.	Yes	Yes
4. The appointed accountant currently or within the last two years has not served as a director, supervisor or manager of the company or affiliated companies, or has a significant influence on the audit case?	Yes	Yes
5. Has the joint certified public accountant of the joint accounting firm to which the accountant belongs has not served as a director or manager of the company or a position that has a significant influence on the audit case within one year? It is also determined that he will not hold the aforementioned related positions during the future audit period.	Yes	Yes
6. The name of the appointed accountant shall not be used by others.	Yes	Yes
7. The appointed accountant shall not have money borrowing from the company or affiliated companies.	Yes	Yes
8. Appointed accountants shall not concurrently operate other businesses that may lose their independence	Yes	Yes
9. The appointed accountant shall not charge any commission related to the business.	Yes	Yes
10. Appointed accountants shall not concurrently hold regular jobs in the company or affiliated companies, and receive a fixed salary.	Yes	Yes
11. The appointed accountant shall not hold the shares of the company or related enterprises.	Yes	Yes
12. The appointed accountant shall not have a joint investment or benefit-sharing relationship with the company.	Yes	Yes
13. The appointment of an accountant shall not be involved in the management functions of the Company or its affiliates in making decisions	Yes	Yes
14. As of the most recent visa operation, there have been no cases of non-replacement for seven years.	Yes	Yes
15. Complete the visa for the company's financial statements on schedule	Yes	Yes
16. Whether the appointed accountant has made positive recommendations on the company's system and internal control audit.	Yes	Yes
17. Appoint an accountant to update the company's tax and regulatory laws on their own initiative.	Yes	Yes
Note: In addition to self-assessing the independence of certified accountants, the company has also obtained a declaration of independence issued by accountants		

(IV) Describe the composition, duties and operations of the remuneration committee established by the Company, if any:

1. Information about Remuneration Committee members

Capacity (Note1) Name		Qualifications	Professional qualifications and experience (Note1)	Independence analysis (Note2)	Number of other public companies at which the person concurrently serves as remuneration committee member
Convenor and Independent Director	Chiou, Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University	Compliance with the independence scenario , please refer to P.19~P.20 , compliance with the independence scenario .	0	
Independent Director	Lin Chiang-Liang (Note3)	Doctor, Department of Accounting, National Chengchi University Dean of General Affairs of Office of General Affairs, Chung Yuan Christian University Chair of Department of Accounting, Chung Yuan Christian University	Compliance with the independence scenario , please refer to P.19~P.20 , compliance with the independence scenario .	3	
Independent Director	Jong Wen-Ren	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU	Compliance with the independence scenario , please refer to P.19~P.20 , compliance with the independence scenario .	0	

Note1 : Please refer to P.16~P.18 about the information about the directors.

Note 2: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a “specified company” (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 year

Note 3: : Lin Chiang-Liang resigned the position of independent director on 2021/12/17. .

2. Remuneration Committee Duties

The Remuneration Committee, with the attention of a good administrator, faithfully performs the following functions and powers set forth in the Rules of Organization and will propose them submitted to the Board of Directors for discussion.

- I. Periodically review the Constitution of the Remuneration Committee and make suggestions for amendments.
- II. To establish and regularly review the policies, systems, standards and structures for the annual and long-term performance appraisal and remuneration of directors, supervisors and managers.
- III. To regularly evaluate the achievement of the performance objectives of the

directors, supervisors and managers of the Company and to determine the content and amount of their individual remuneration.

3. Operation of the Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. The term of office to be served by the current members: From August 26, 2021 to August 11, 2024. The Remuneration Committee has held 4 (A) meeting in the most recent year, and the members' qualification and attendance are summarized as follows:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A) (Note1)	Remark
Convener	Chiou, Yyh-Shen	3	0	100%	serving consecutive terms
Member	Liao Wen-Chi	1	0	100%	old appointment
Member	Jong Wen-Ren	2	0	100%	newly serving
Member	Lin Chiang-Liang	3	0	100%	newly serving, Lin Chiang-Liang resigned the position of independent director on 2021/12/17

Other notes:

- I. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reason): None.
- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

Note1 :

- (1) Where any of the Remuneration Committee members may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of the Committee meetings held during each member's term and the counts of the member's actual attendance to the meetings.
- (2) Where a reelection may be held for filling the vacancies of the Remuneration Committee members before the end of the fiscal year, please list both the new and the discharged members, and specify if they are the former members, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated based on the number of the Committee meetings held during each member's term and the counts of the member's actual attendance to the meetings.

Note2 : In 2021, the general meeting of shareholders was fully re-elected and reappointed, and the salary and remuneration committee was held once before the re-election, and twice after the re-election.

Note3 : Lin Chiang-Liang resigned the position of independent director on 2021/12/17..

Note4 : Independent director, Jong Wen-Ren took office in the by election of the shareholders' meeting on August 26, 2021

Remuneration Committee Meeting	Board meeting date	Proposal content and resolution results	The company's handling of the
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Date			opinions of the Remuneration Committee
March 11,2021 3th of 7th Term	March 11,2021 15th of 5th Term	Cause : Compensation plan for employees and directors of the company in 2020 Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The year-end bonus distribution case for the chairman and managers of the company. Resolution : Passed according to the case..	All the directors present agreed to pass.
		Cause : Appointment of senior managers of the company. Resolution : Passed according to the case.	All the directors present agreed to pass.
August 26,2021 1th of 4th Term	August 26,2021 1th of 6th Term	Cause : It is proposed to elect the convener and chairman of the fourth session of the "Remuneration Committee" of the Company. Resolution : Passed according to the case.	All the directors present agreed to pass.
November 9, 2021 2th of 4th Term	November 9, 2021 2th of 6th Term	Cause : Changes of financial and accounting department level supervisors and accounting supervisors Resolution : Passed according to the case.	

(V) The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance :

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
I. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding?	✓		I. The general manager's office is the dedicate (concurrent) unit to be in charge of promoting corporate social responsibility. Regarding the economic, environment and social issues resulted from the business activities, the board of directors authorized the senior management to handle and report to the board of	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			directors about the implementations.	
II. Whether the Company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?	✓		<p>II. The Board of the Company approved “Sustainable Development Best Practice Principles” and has faithfully implemented it. The Company has complied with relevant environmental regulations and relevant international principles, appropriately protected the natural environment and devoted in achieving the objectives for sustainable environment when conducting business activities and internal management.</p> <p>The Company has complied with relevant regulations to protect social welfare and international convention for human rights, such as gender equality, work rights and prohibition against discrimination.</p> <p>The Company will enhance the transparency disclosing corporate social responsibility information.</p>	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
III. Environment topic				
(I) Whether the Company has established the suitable environment management policies and procedures in accordance with its own manufacture features?	✓		(I) The Company's china production base has got the certificate from ISO14001 and the china environment label.The whole production process is in accordance with the environment production regulation 。 The company also got the green lable for our product ,it means the whole production process is low-environment risk 。	No material deviation exists.
(II) Whether the Company has upgraded the efficiency for all kind of resource and taken the green material into production ?	✓		(II) The Company has put great effort to material usage and energy .The company will take the recycle into the all production process and reduce the waste in process.	
(III) Whether the Company takes a assessment to the current and future potential risk and chance from the climate change?Whether the Company take some actions to face the climate change?	✓		(III) The Company has always reduced the effects to environment and the changes to climate during the production process 。	
(IV) Wheter the Company conduct statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?		✓	(IV) Though the Company did not make statistics on the emission of greenhouse gases, the Company paid attention in environment protection matters during the production process: reasonable use and control of raw	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			materials from source, energy and other resources, reduction of wastes and emission of pollution, enhancement on the use of regenerated and recycled resources, maintenance of various pollution emission value of machines and equipment in factory under the emission value in the regulation, including water, air, sound pollution, etc. The inspection reports each year were inspected and approved by the competent authority of the production place, AQSIQ of China.	
IV 、 Social Issues				
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) All subsidiaries of the company have established working rules and complete human resource management rules in accordance with relevant laws of local governments to protect the rights and interests of employees. The basic wage, working hours, vacation, pension payment, labor and health insurance payment, occupational disaster compensation, etc. for the hired labors of the Company are complied with relevant regulations.	
(II) Has the Company established and	✓		(II) The Company cared about	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
implemented reasonable employee welfare measures (including remuneration, vacations and other welfares, etc.) and reflected management performances or outcomes on employees' remuneration?	✓		employees' welfare and has stipulated various management regulations and rules, such as salary, promotion, award, vacation, and social insurance, which complied to local regulations. Moreover, the Company provided various subsidies for employees' weddings, funerals, child births, celebrations as well as birthday celebration and travel to actively take actions in caring employees' physical and mental health.	
(III) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	✓		(III) The Company valued employees' work environment, safety and health and regularly arranged health examination for employees to take on the responsibility of caring employees' safety and health.	
(IV) Has the Company developed an effective training program for employees?	✓		(IV) The Company conducts trainings for employees every year to increase competitiveness in their competency.	
(V)) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and			(V) Marketing and labelling of the products and services of the Company have complied with relevant regulations and principles of the industries. The Company ensured good quality through procurement	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
<p>grievance policies?</p> <p>(VI) Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?</p>	✓		<p>acceptance and final product inspection procedures. Moreover, the Company stipulated Regulation for Handling Customers' Complaint to maintain a good communication channel with the customers, provide transparent and effective after-sales services on the products to ensure consumers' rights and interests.</p> <p>(VI) The Company evaluated the corresponding suppliers of the Company in accordance with "Procedures Evaluating Suppliers". The contract between the Company and the supplier did not include the articles stating that the Company may terminate or cancel the contract at all times if the supplier violated its corporate social responsibility policy and caused significant impact on the environment and society. However, when signing contract with the suppliers, the Company also requested them to sign "Suppliers' Commitment to Implement Social Responsibilities" and "A Letter from SAF-004 to Interested Parties". In addition, the Company regularly re-evaluates the corresponding suppliers in accordance with the provisions in "Procedures</p>	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			Evaluating Suppliers”. If discovered that the suppliers had the aforementioned situations, the Company will not select the suppliers who do not pay attention to corporate social responsibilities.	
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?		✓	V. Though the Company did not prepare corporate social responsibility report verified by third party verification unit, the Company reference the spirit of Principles or Guidelines for Preparing Reports of International Generic Use to conduct relevant operations, including the acquisition of SA8000 certificate: The primary consideration for the Company to select suppliers is whether their commitment and the performance on social responsibility complied to the standard requirement in SA8000 system; green production: Reasonable use and control of the raw materials from the source, energy and other resources, reduction on wastes and pollution emission; Green certification: The Company was approved by multiple	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			international inspection standards and certification for our production factories and products in the past years.	
VI. If the Company has established the sustainable development principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.				
VII. Other important information to facilitate better understanding of the company’s implementation of sustainable development : <ol style="list-style-type: none"> 1. Pass SA8000 certification: When selecting suppliers, the Company will consider whether the supplier’s social responsibility commitment and performance comply with the standard requirements under the SA8000 system as the first priority. Upon the assessment, the suppliers considered qualified will be included into the Company’s roster of qualified suppliers. 2. Green manufacturing: Control the reasonable use of source raw materials, energy and other resources, reduce waste and pollutant emissions, strengthen the use of renewable and recoverable resources, and have the emission pollution values of factory machine and equipment comply with the standards, including water, air and noise pollution, etc.. The annual test report would pass the inspection by the competent authority in the country of origin, National Quality Standard Bureau of the PRC. 3. Green products: The PVC flooring refers to the product that can be environmental-friendly and recyclable. The research and development orientation about the product also focuses on the three pollution-free environmental friendly products, namely “non-PVC”, "green construction materials" and "biodegradable". 4. Green certification: In the past years, the Company’s factories and products have passed multiple international inspection standards and certification, including ISO 9001, ISO14001, SA8000, EN, BRE, Floor Score, Green Guard ,BV, CSTB and the Green Tag Certificate from Ministry of Interior of the R.O.C., and SGS, CSTB, ASTM, BG and CNS for the products. In conclusion, the Company provides consumers with excellent products, values human rights, cares the society and uses its best efforts to engage in the public welfare.				

(VI) Fulfillment of ethical corporate management and adoption of related measures:

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>I. Enactment of ethical corporate management policy and program</p> <p>(I) Does the Company establish ethical management policy approved by the board of directors and express its ethical management policy, measures in its regulations and external documents and do the board of directors and senior management actively implement the commitment to management policy?</p>	✓		(I) The Company has established the “Ethical Corporate Management Best-Practice Principles and “Operating Procedure for Ethical Corporate Management and Guidelines of Conduct”, which were also passed by the Board of Directors.	No material deviation exists.
<p>(II) Does the Company establish risk assessment system for the unethical behaviors, regularly analyze and assess business activities with higher risks of unethical behaviors within its business scope and establish prevention programs against unethical behaviors and cover at least all the acts in Article 7 (2) of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?</p>	✓		(II) The Company has established the work rules for the its employees, as the guides and regulations to be followed by the employees when engaging in the Company’s operating activities to stop any misconduct.	
<p>(III) Does the Company stipulate operational procedure, code of conduct, violation penalties and complaint systems in the prevention programs against unethical behaviors, implement faithfully and review and revise the aforementioned program regularly?</p>	✓		(III) In order to ensure the fulfillment of ethical management, the Company has established the effective accounting system and internal control system. The internal auditors shall also conduct an audit on the compliance thereof periodically.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
II. Fulfillment of ethical corporate management (I) Whether the Company assesses a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?	✓		(I) The Company has established the assessment procedure with respect to trading customers and suppliers, and both parties' right and obligation would be expressly stated in the contract signed by the Company with the customers and suppliers.	No material deviation exists.
(II) Has the Company set up a dedicated unit to promote corporate ethical management under the board of directors which reports ethical management policy and prevention programs against unethical behaviors and supervision and implementation situations regularly (at least once a year)?	✓		(II) The Company has its Document Management Department act as the dedicated unit (concurrently engaged in) to promote the corporate ethical management, and report the execution thereof to the Board of Directors periodically.	
(III) Whether the Company has established any policy against conflict of interest, provided adequate channel thereof, and fulfilled the same precisely?	✓		(III) The Company's employees may report any conflict of interest to their immediate supervisors, or to the members of the Chairman Office.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of integrity management and the internal audit unit has proposed relevant audit plans in accordance with the evaluation results on the risks of the unethical behaviors and audit the compliance to the prevention programs against them	✓		(IV) The Company has established its audit plan. The responsible personnel would conduct the audit per the plan. In the case of any special condition, the Company will arrange the special audit.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
accordingly or implement the audit by entrusting accountants?				
(V) Whether the Company organizes internal/external education training program for ethical management periodically?	✓		(V) The importance of ethical management would be reported at the Company's management meetings from time to time.	
III. Status of the Company's whistleblowing system				No material deviation exists.
(I) Whether the Company has defined a specific whistleblowing and reward system, and established some convenient whistle-blowing channels, and assigned competent dedicated personnel to deal with the situation?	✓		(I) Encourage internal and external personnel to report unethical conduct or misconduct, and according to the circumstances of the whistleblowing cases, award the bonus; if internal personnel have false reports or malicious allegations, they should be disciplined and dismissed if the circumstances are considered serious.	
(II) Has the Company set up standard investigation procedures, subsequent measures after the completion of the investigations and a related confidentiality mechanism for the matter being reported?	✓		(II) The intranet set up and published the internal independent whistleblowing mailbox. The personnel dedicated to processing the whistleblowing cases shall keep the whistleblower's identity and contents of accusation in confidence. The dedicated unit shall adopt the following procedures: 1. The whistleblowing cases involving the general employees shall be reported to the department heads. The	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>whistleblowing cases involving directors or senior management shall be reported to the independent directors or Audit Committee.</p> <p>2. The dedicated unit and the supervisors or personnel receiving the report referred to in the preceding subparagraph shall verify the truth immediately. The compliance or other related departments shall provide assistance, if necessary.</p> <p>3. Where the whistleblowing case is proven to be true upon investigation, the Company's related unit will be ordered to review the related internal control system and operating procedures, and provide the corrective actions to stop the same misconduct from arising again.</p> <p>4. The Company's dedicated unit shall report the whistleblowing case, the resolution and followup review and corrective actions to the Board of Directors.</p>	
(III) Whether the Company has adopted any measures to prevent the whistleblowers from being treated inadequately after whistleblowing the case?	✓		(III) The Company undertakes that the whistleblowers will never be treated inadequately because of the whistleblowing case.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Enhancing Information Disclosure (I) Whether the Company has disclosed the Ethical Corporate Management Best-Practice Principles and effect of implementation thereof on its website and MOPS?	✓		(I) The Company has disclosed the “Ethical Corporate Management Best-Practice Principles and “Operating Procedure for Ethical Corporate Management and Guidelines of Conduct” on its website.	No material deviation exists.
V. If the Company has established its own ethical corporate management principles in accordance with "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
VI. Other information material to the understanding of ethical management operation (e.g. discussion of an amendment to the ethical management best practice principles defined by the Company): None.				

(VII) If the Company has established corporate governance principles and other relevant guidelines, references to such principles must be disclosed: The Company has established its “Corporate Governance Best-Practice Principles”. Please access the same on the Company’s website (at <http://www.mjig.com>), investors relations/corporate governance/important internal regulations, or the MOPS (<http://mops.twse.com.tw>) “Corporate Governance”/rules for establishment of corporate governance.

(VIII) Other information enabling better understanding of the Company’s corporate governance: None.

(IX) The following shall be disclosed with the execution of internal control system:

1. Statement of Declaration for Internal Control System

M.J. International Co. Ltd.

Statement of Declaration for Internal Control System

Date: March 17, 2022

The following statement of declaration has been made based on the 2020 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria adopted by the "Regulations" consist of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. For said sub-elements, please see the "Regulations".
- IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the auditing findings referred to in the preceding paragraph, the design and implementation of the Company's internal control system (including supervision and control over its subsidiaries) on December 31, 2021, including the achievement of operating results and efficiency, reliability of financial statements and compliance with laws, is considered effective and able to provide reasonable assurance on achievement of said objectives.
- VI. The Statement constitutes the summary content of the Company's Annual Report and Prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of said disclosures shall bear the legal liability against violations of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act.
- VII. The Statement was passed unanimously without objection by all 8 Directors present at the directors' meeting dated March 17, 2022.

M.J. International Co. Ltd.
Chairman of Board: Chen Pen-Yuan
President: Chen Pen-Yuan

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: none
- (X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, please disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.
- (XI) Important resolutions of shareholders' meetings and directors' meetings during the most recent year and up to the date of publication of this annual report:
- Important resolutions of shareholders' meetings in 2021, and status of implementation thereof:
1. Important resolutions of shareholders' meetings, and status of implementation thereof:
 - (1) Shareholders' meetings and special shareholders' meetings in 2021

2021.08.12 Shareholders' meeting	<ol style="list-style-type: none"> 1. The Company's 2020 Business Report and Consolidated Financial Statement 2. Proposal for distribution of profits in 2020 3. Revised some provisions of the Company's "Administrative Measures for Engaged in Derivative Commodities Trading". 4. Election of the Company's directors for the Sixth Term.
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A. Shareholders meeting in 2021:

1. Motion: The Company's 2020 Business Report and Consolidated Financial Statement
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: Completed per the resolution of the shareholders' meeting.
2. Motion: Proposal for distribution of profits in 2020
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: The 2020 earnings distribution has been fully distributed, and July 27, 2021 was set as the ex-dividend base date, and August 25, 2021 as the cash dividend distribution date, with a cash dividend of \$3 per share.
 Status of implementation: Completed per the resolution of the shareholders' meeting.
3. Motion: Revised some provisions of the Company's "Administrative Measures for Engaged in Derivative Commodities Trading".
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: Completed per the resolution of the shareholders' meeting.
4. Motion: Election of the Company's directors for the Sixth Term.
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: Completed per the resolution of the shareholders' meeting.

2. Important resolutions of directors' meetings

Date	Name of meeting	Motion
May 6, 2021	16th Directors' Meeting of 5th Term	<ol style="list-style-type: none"> 1. The company plans to re sign a securities compliance guidance contract with KGI Securities Co.,Ltd. the lead underwriter of the first unsecured conversion of corporate bonds in the Republic of China in 2020. 2. Investment in Fullhouse Investments Limited . 3. The investment budget for the new Tainan plant of the company's group subsidiary, M.J. International Flooring And Interior Products Inc., 4. Proposal for Dongguan Prolong Plastic Products Co., Ltd. to make endorsements/guarantees to subsidiaries, Opulent International Group Limited. .
June 9, 2021	17th Directors' Meeting of 5th Term	<ol style="list-style-type: none"> 1. The company plans to implement the treasury stock repurchase case . 2. Set up the company's FINI investment account adjustment of customer credit amount .
July 27,2021	18th Directors' Meeting of 5th Term	The company's change of the time and place of the shareholders' meeting due to the impact of the epidemic.
August 26, 2021	1th Directors' Meeting of 6th Term	<ol style="list-style-type: none"> 3. Election of the chairman. 4. Appointment of members and convener of the 4th Salary and Remuneration Committee of the Company . 5. Proposed to adopt the consolidated financial statements of the company for the first half of 2021. 6. Revise the "Measures for Buying Back Shares and Transferring Employees" 7. Proposal of the subsidiaries, Opulent International Group Limited, Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc., to make new credit and extend the credit contracts with the bank.. 8. Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc.

		<p>c., within the corporate group.</p> <p>7. Capital increase in subsidiary M.J. International Flooring And Interior Products Inc.</p> <p>°</p>
November 9, 2021	2th Directors Meeting of 6th Term	<p>1. Proposal for passing the 2022 Business Plan.</p> <p>2. Proposal for passing the 2022 Internal Audit Plan.</p> <p>3. Proposal for 2022 Total Amount of Derivative Commodity Trading. °</p> <p>4. Proposal of the subsidiaries, Opulent International Group Limited, Opulent International Group Limited (Taiwan) and M.J. International Flooring And Interior Products Inc. to make new credit and extend the credit contracts with the bank.</p> <p>5. Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited and Opulent International Group Limited (Taiwan).</p> <p>The change of the director of the finance and accounting department.</p>
March 17, 2022	3th Directors Meeting of 6th Term	<p>1. Proposal for 2021 "Statement of Internal Control System".</p> <p>2. Proposal for the approval of 2021 Business Report and Consolidated Financial Statement.</p> <p>3. Proposal for 2021 profit distribution. °</p> <p>1. Proposal for remuneration of employees and directors in 2021. °</p> <p>2. Proposal for distributing the annual bonus to the chairman and managers. °</p> <p>3. Proposal for remuneration approval of certified accountants. °</p> <p>4. Proposal for approval of the independency and adaptability assessment on certified accountants. °</p> <p>5. "Actual Economic Statement Declaration" and "Annual Return" of Cayman Islands. °</p> <p>6. Proposal of the subsidiaries, Opulent International Group Limited (Taiwan), to extend the credit contracts with the bank.</p> <p>7. Proposal for the Company and its subsidiaries to make endorsements/guarantees to subsidiaries, Opulent International Group Limited (Taiwan) within the corporate group.</p> <p>8. Amendment of the company memorandum and articles of association.</p> <p>9. Amendment to "Code of Corporate Governance".</p> <p>10. Proposal for amendment to "Code of Conduct and Corporate Social Responsibility".</p> <p>11. Amendment to the "Administrative Measures for</p>

		<p>the Acquisition or Disposal of Assets.</p> <p>12. Proposal to amend the Company's "Measures for the Management of Stock Operations.</p> <p>13. Amendment to the Company's "Inventory Management Policy" .</p> <p>14. Amendment to “Rules of Procedure for Board of Directors Meetings”.</p> <p>15. Proposal for by election of the fourth Remuneration Committee .</p> <p>16. Nominate and review the list of independent director candidates.</p> <p>17. Proposal for the board of directors to review the list of directors (including independent directors) nominated for full re-election.</p> <p>Proposal for relevant matters to 2022 Shareholders’ Meeting.</p>
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(XII) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of this annual report: None.

(XIII) The resignation situation of the company’s chairman, general manager, chief of accounting dept., chief of finance department, chief of internal audit office and chief of R&D dept. during the recent years and up to the date of publication of the annual report: None.

V. Information about Independent Auditor Fees:

(I) Information about Independent Auditor Fees

Name of CPA Firm	Name of CPA		Audit period	Audit fees	Non-audit fees(Note)	Total	Remark
Deloitte Taiwan	Chen Chao-Mei	Chen Chiang-Shiun	2021.01.01~2021.12.31	4,000	585	4,585	Non-audit fees include transfer pricing and mater report

- (II) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: N/A.
- (III) In the case of change of CPA firm and the audit fees for the year of the change less than that of the previous year, please disclose the amount of audit fees before and after the change, and reasons of the change: N/A.
- (IV) In the case of any reduction in audit fees by more than 15% compared to the previous year, please disclose the amount, the percentage and reason of such variation: N/A.

VI. Information about replacement of CPA: N/A.

VII. Name of the CPA firm or its affiliates at which the Company's Chairman, President, or managers responsible for financial or accounting matters was an employee over the past year: None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent in the most recent year and until the date of publication of the annual report:

(I) Change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent:

Job title	Name	2021		Ended on 2022 April 17	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman of Board	Black Dragon Assets Limited	-	-	-	-
Representative	Chen Pen-Yuan	-	-	-	-
Director/shareholder with a stake of more than 10 percent	CROWN HARVEST COMPANY LIMITED	-	-	-	-
Representative	Chen Chien-Yuen	-	-	-	-
Director	Chairman Management Corp..	-	-	-	-
Representative	Kao Chen-Sheng	-	-	-	-
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-	-	-	-
Director	Lin An-Hsiu	126,000	0	109,000	-
Director	Hsieh Ming-Feng	-	-	-	-
Independent Director	Lin Chiang-Liang (Resigned : Dec 17,2021)	-	-	-	-
Independent Director	Liao Wen-Chi (Resigned : Aug 12,2021)	-	-	-	-
Independent Director	Chiou, Yyh-Shen	-	-	-	-
Independent Director	Jong Wen-Ren (Take office: Aug 12,2021)	-	-	-	-
Vice President	Liu Chiao-Lu	-	-	-	-
Vice President	Peng Shao-Tseng	-	-	-	-
Vice President	Li Liang-You	-	-	-	-
Vice President	Ho Chiang- Chun	-	-	-	-
Special Assistant to Chairman	Ssu Ta-Yun	-	-	-	-
Special Assistant to Chairman	Chang Chih- Tai	-	-	-	-
Vice President	Chen Jong-Wu	-	-	-	-
Vice President	Chen Tung-Li (Take office: Nov 9,2021)	-	-	-	-
Vice President	WANG,CHUAN-HAN (Take office: Apr 7,2022)	-	-	-	-
Accounting Officer	Tsai Shu-Hsia (Take office: Nov 9,2021)	-	-	-	-

(II) Information about the counterpart in any transfer of the equity who is a related party:None

(III) Information about the counterpart in any pledge of the equity who is a related

party:None

- (IV) Information about the counterpart in any pledge of the equity who is a related party:
None.

IX. Information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, in terms of shareholdings:

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
CROWN HARVEST COMPANY LIMITED	12,204,000	18.47	-	-	-	-	-	-	-
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	7,779,000	11.78	-	-	-	-	-	-	-
Black Dragon Assets Limited Representative : Chen Pen-Yuan	4,478,400	6.78	-	-	-	-	ALPHA MARVEL CORPORATION	The representative has spousal relationship with him/her.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
Chairman Management Corp.	3,999,000	6.05	-	-	-	-	-	-	-
ALPHA MARVEL CORPORATION Representative : Lo Fong-Chu	2,797,200	4.23	-	-	-	-	Black Dragon Assets Limited	The representative has spousal relationship with him/her.	-
							MAGIC	The	-

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
							VISION DEVELOPMENT LTD	representative is relative of 1st degree of kinship.	
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
MAGIC VISION DEVELOPMENT LTD Representative : Chen Chun-Chi	2,797,200	4.23	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is a relative of 2nd degree of kinship.	-
ACCORD SKY INVESTMENTS CO., LTD. Representative : Chen I-Hsiu	2,131,200	3.23	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is a relative of 2nd degree of kinship.	-
Lin An-Hsiu	1,556,500	2.36	-	-	-	-	FLAME POWER ENTERPRISE	The representative is	-

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
							S CORPORATI ON	relative of 1st degree of kinship	
FLAME POWER ENTERPRISE S CORPORATI ON	1,480,000	2.24	-	-	-	-	Lin An-Hsiu	The representative is relative of 1st degree of kinship	-
Wei Chung Development CO., Limited	1,471,000	2.23	-	-	-	-	-	-	-

- X. The shareholdings of the Company, the Company's directors, supervisors, managers, and the business entity directly or indirectly controlled by the Company on the same invested company and also, the consolidated comprehensive shareholding ratio: None.

Four. Financing Status

I. Capital and Stock

(I) Total shares

1. Formation of capital stock:

March 31, 2022; Unit: Thousand shares; NT\$ thousand

Year/Month	Issue price	Authorized capital stock		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties other than cash	Others
October 2010	NTD 10	50,000	500,000	50,000	500,000	Capital of incorporation	-	-
August 2013	NTD 10	150,000	1,500,000	55,500	555,000	Recapitalization from earnings	-	-
August 2013	NTD 28.50	150,000	1,500,000	56,019	560,190	Recapitalization from employees bonus	-	-
August 2013	USD 0.775	150,000	1,500,000	58,719	587,190	Cash capital increase	-	-
October 2016	NTD 82.8	150,000	1,500,000	66,059	660,590	Cash capital increase (Note)	-	-

Note: No. 10517038501 dated September 21, 2016

2. Total issued shares

March 31, 2022 Unit: shares

Type of stock	Authorized capital stock			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	66,059,000	83,941,000	150,000,000	

Note: Listed company's stock, and treasury shares are including.

3. Information relevant to the aggregate reporting policy: None.

(II) Shareholders' structure

April 17, 2022 Unit: shares

Shareholders' structure	Government agencies	Financial institutions	Other institutions	Foreign institutions and foreigners	Individual	Treasury stock	Total
Number of person(s)	0	0	10	26	1,293	1	1,330
Quantity of shares held	0	0	107,020	40,462,000	25,109,980	380,000	66,059,000
Shareholding %	0.00%	0.00%	0.16%	61.25%	38.01%	0.58%	100.00%

Note: The percentage of investment by Mainland China in the Company was 0%.

(III) Status of equity dispersion:

(1) Common shares

April 17, 2022 Unit: shares

Shareholding class	Number of shareholders	Quantity of shares held	Shareholding %
1-999	111	8,553	0.01%
1,000-5,000	844	1,727,798	2.62%
5,001-10,000	136	1,045,868	1.58%
10,001-15,000	51	652,585	0.99%
15,001-20,000	37	679,000	1.03%
20,001-30,000	35	895,000	1.35%
30,001-40,000	20	704,016	1.07%
40,001-50,000	16	723,256	1.09%
50,001-100,000	27	2,085,039	3.16%
100,001-200,000	14	1,927,311	2.92%
200,001-400,000	10	2,858,777	4.33%
400,001-600,000	11	5,113,500	7.74%
600,001-800,000	3	2,218,797	3.36%
800,001-1,000,000	4	3,466,000	5.25%
More than 1,000,001	11	41,953,500	63.50%
Total	1,330	66,059,000	100.00%

(2) Preferred stock: None.

(IV) Name list of major shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

April 17, 2022 Unit: shares

Name of major shareholder \ Shares	Nationality or Place of Registration	Quantity of shares held (shares)	Shareholding (%)
CROWN HARVEST COMPANY LIMITED	Samoa	12,204,000	18.47%
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	British Virgin Islands	7,779,000	11.78%
Black Dragon Assets Limited	Samoa	4,478,400	6.78%
Chairman Management Corp.	Samoa	3,999,000	6.05%
ALPHA MARVEL CORPORATION	British Virgin Islands	2,797,200	4.23%
MAGIC VISION DEVELOPMENT LTD	British Virgin Islands	2,797,200	4.23%
ACCORD SKY INVESTMENTS CO., LTD.	British Virgin Islands	2,131,200	3.23%
Lin An-Hsiu	Taiwan R.O.C.	1,556,500	2.36%
FLAME POWER ENTERPRISES	British Virgin	1,480,000	2.24%

CORPORATION	Islands		
Wei Zhong Development Co., Ltd.	Samoa	1,471,000	2.23%

(V) Market price, net value, earnings and dividends per share for the most recent two years, and related information

Unit: NT\$ thousand; Thousand shares

Item \ Year			2020	2021	Ended on March 31, 2022
Market price per share	Highest		76.00	65.00	54.90
	Lowest		54.50	50.50	48.65
	Average		65.40	57.38	51.30
Net worth per share	Before distribution		39.85	36.83	37.98
	After distribution		36.85	Note2	Note2
EPS	Weighted average quantity of shares		66,059	65,900	65,679
	EPS		4.22	1.04	0.69
Dividends per share	Cash dividends		3	0.7(Note1)	Note2
	Issuance of bonus shares	-	-	-	-
		-	-	-	-
	Accumulated unappropriated dividends		-	-	-
Analysis on rate of return	P/E ratio		15.50	55.17	-
	P/D ratio		21.80	81.97	-
	Cash dividend yield		4.59%	1.22%	-

Note 1: The Board of Directors has approved the proposal for cash dividend distribution to be submitted to 2022 General Shareholders' Meeting.

Note 2: The motion for distribution of earnings for the year is still pending resolution by the shareholders' meeting.

(VI) Dividend policy and implementation thereof

1. Dividend policy set forth by the Articles of Incorporation

Where the Company has retained earnings at the end of each fiscal year, it shall first reserve certain amount of the retained earnings to pay for relevant taxes in accordance with the law, recover losses (including the losses from preceding years and the adjustment of the undistributed earnings if any) and then set aside legal reserve in accordance with regulations for TWSE/TPEX listed companies (however, this is not applicable if the legal reserve has reached the Company's paid-in capital) and set aside or reverse special reserve (if any). Then for the residual amount (including the reversed special reserve), no less than 10% of the distributable earnings plus the whole or a part of the cumulative undistributed earnings (including adjustment of undistributed earnings) decided by general resolution during shareholders' meeting may be distributed to shareholders by dividends/bonus according to the shareholding ratio during the board of directors meeting with more than two-thirds of the directors attended and over half of the directors' approval on the resolution and submitted to the shareholders' meeting where the amount of

dividends in cash shall not be lower than than 10% of such distribution of dividends/bonus.

2. Distribution of dividend proposed in the current year:

The Company's motion for distribution of 2021 earnings has been passed by the directors' meeting on March 17, 2022, which stated that the cash dividends distributed to shareholders shall be NT\$45,975 thousand, i.e. cash dividend at NT\$0.7 per share. The motion is now pending resolution by the general shareholders' meeting in 2022.

(VII) The effects of issuance of bonus shares proposed at this shareholders' meeting on the Company's business performance and EPS:

The Company's motion for distribution of 2021 earnings has been passed by the directors' meeting on March 17, 2022. Since the dividends will be distributed in the form of cash dividends in whole, no effect would be produced on the Company's EPS in the current year.

(VIII) Remuneration to employees, directors and supervisors

1. The employees' bonus and percentages or ranges with respect to remuneration to directors and supervisors as set forth in the Company's Articles of Incorporation shall follow Article 100 of the Company's Articles of Incorporation referred to in said paragraph (6).
2. The basis for estimating the amount of remuneration to employees, directors and supervisors, for calculating the number of shares to be distributed as the stock dividend, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

According to the resolution made by the shareholders' meeting subsequently, if there is any discrepancy between the amount allocated actually and the estimated amount of the employees' bonus and remuneration to directors and supervisors, it shall be identified as a change in estimation and stated as the income in 2022.

3. The motion for distribution of remuneration passed by the Board of Directors:
 - (1) Remuneration to employees, directors and supervisors allocated in cash or in the form of stock: If there is any discrepancy between that amount and the estimated amount for the fiscal year in which these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

Not applicable, as the motion for distribution of the Company's 2021 earnings has been passed by the directors' meeting on March 17, 2022 and there was no discrepancy from the estimated amount for the fiscal year in which these expenses were recognized.

- (2) Proposed distribution of remuneration to employees in the form of stock as a percentage to net income after tax plus remuneration to employees in the entity or separate financial statement for the current period:

Not applicable, as the motion for distribution of the Company's 2021 earnings has been passed by the directors' meeting on March 17, 2022 and no stock dividend was allocated to employees.

4. The actual distribution of bonus to employees and remuneration to directors and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the estimated remuneration to employee, directors and supervisors, the discrepancy, its cause, and the status of treatment shall also be disclosed: The motion for distribution of remuneration to employees, directors and supervisors in 2020 has been

passed by the directors' meeting and shareholders' meeting, and there was no discrepancy from the actual distribution and estimated amount.

(IX) Repurchase of the Company's shares: None

II. Status of corporate bonds:

Issuance of company bonds

Type of corporate bond (Note 2)		1st Issue of Domestic (ROC) Unsecured Convertible Bonds (Note 5)
Issue (offer) Date		August 12, 2019
Denomination		NT\$ 100,000 each
Place of issuance and transaction (註 Note 3)		Taipei Exchange
Issuing price		Fully issued at par price
Total amount		NT\$ 6 billion
Interest rate		0%
Maturity		3 years; Maturity date: August 12, 2023
Guarantee agency		None
Trustee		Mega International Commercial Bank Co., Ltd
Underwriter KGI Securities Co. LTD.		Underwriter KGI Securities Co. LTD.
Certified Lawyer		Lawyer Chen You-liang, Zhiding International Law Firm
CPA		Deloitte Touche Tohmatsu Limited (DTTL) Accountants Chen Chiang-Shiun
Payback method		Except that the holders of the converted corporate bonds are converted into common stocks of the company in accordance with Article 13 of these Measures, or the company redeemed them in advance in accordance with Article 21 of these Measures, or the company was bought and cancelled by the securities firm In addition, the company will repay in cash based on 100.75%~101.51% of the face value of the bond (real yield 0.25%~0.5%) upon maturity of this bond
Outstanding principal		NT\$ 6 billion
Provisions of redemption and prepayment		Please refer to the 1st Issue of Domestic (ROC) Unsecured Convertible Bonds procedures.
Restrictions (Note 4)		None
Credit rating agency, credit rating date, and corporate bond rating results		None
Other rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities	None
	Issuance and conversion (exchange or subscription) procedures	Please refer to the 1st Issue of Domestic (ROC) Unsecured Convertible Bonds procedures.
Impact of issuance and conversion,		If the first guaranteed conversion corporate

exchange and subscription methods and issuance conditions on equity dilution, possible dilution on stock equity and shareholder's equity	bonds in the Republic of China issued this time are all converted into ordinary shares at the tentative conversion price after the issuance, the maximum dilution ratio of the original shareholders' equity will be 10.68%. And because the conversion price is issued at a premium, if the original shareholders want to maintain the original equity ratio, they can obtain the required shares from the trading market at a relatively low price, and there is no actual loss in equity
Commissioned agency for exchanged object	None

Note 1: The handling of corporate bonds includes public and private corporate bonds in the process. Public company bonds under processing refer to those that have become effective (approved) by the Council; private company bonds under processing refer to those that have been approved by the board of directors.

Note 2: The number of fields is adjusted according to the actual number of transactions.

Note 3: For those who belong to overseas corporate debts.

Note 4: For example, restrictions on the distribution of cash dividends, foreign investment or requirements to maintain a certain proportion of assets, etc.

Note 5: Those belonging to private placements should be marked in a prominent way.

Note 6: For conversion of corporate bonds, exchange of corporate bonds, collective declaration of issuance of corporate bonds or corporate bonds with stock options, the information on conversion of corporate bonds, exchange of corporate bonds, and collective declaration of issuance of corporate bonds should be disclosed in a tabular format according to the nature and Information on corporate bonds with stock options

Convertible bond data

Type of corporate bond (Note 1)		1st Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item	Year	2021	Current year until April 30, 2022 (Note 4)
Market price of convertible bonds (Note 2)	Highest	105.00	103.50
	Lowest	96.00	101.50
	Average	102.79	102.39
Conversion price		67.7	67.7
Issue (offer) date and conversion price on issue date		Issue date: August 12, 2020 Conversion price on issue date: 71.4	Issue date: August 12, 2020 Conversion price on issue date: 71.4
Conversion method (Note 3)		Issuance of new shares	Issuance of new shares

Note 1: The number of fields is adjusted according to the actual number of transactions.

Note 2: If there are multiple trading locations for overseas corporate bonds, they are listed separately according to the trading locations.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: The data for the current year as of the publication date of the annual report should be filled in.

III. Status of preferred stock: None.

IV. Status of overseas depository receipts: None.

V. Status of employee stock options: None.

VI. Status of new restricted stock awards: None.

VII. Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital utilization plan:

The Company has not yet completed the capital utilization plan by the date of publication of the annual report, or the plan has been completed but rendered no significant effect.

Five. Overview of Operations

I. Operations

(I) Description of business

1. Scope of business

(1) Major lines of business

The Company specializes in the production and sale of PVC flooring, LVT dedicated to processing plastic materials into various types of flooring materials used for the residential or commercial construction and decoration.

(2) Proportion of major products

Unit: NT\$ thousand

Products	2020		2021	
	Amount	Proportion (%)	Amount	Proportion (%)
PVC flooring	2,882,490	100.00	3,610,670	100.00

(3) The Company's current product (service)

PVC flooring is made of PVC powder and stone powder mixing to form the middle and backing layers materials and then hot pressed or auto-laminated with strong wear layer and print film, and then processed by PU coating and cut into sheet. The LVT has the strength in environmental protection, stability, wear resistance, durability, etc., and can be operated and assembled easily. The flooring may be widely applied for the residential and also commercial purposes. The process technology has been improved increasingly in the recent years. Stone patterns and wood patterns may be imitated through the unique printing method to make more diversified styles, so that the new flooring transcends solid wood flooring, laminated flooring, composite wood flooring and rubber flooring, etc., and becomes the emerging hot floor materials.

(4) New products (services) planned for development

New products	Notes
Husk plastic composite (HPC)	The industry's first environmentally friendly floor material with rice husk as raw material is in line with the corporate value of sustainable environmental development. The material texture is tough, and the button-type structure is less likely to break. Compared with traditional stone-plastic floors, the weight is reduced by 20%, which helps reduce Transportation cost (can increase container transportation by 20%) and increase construction speed.

II. Overview of Industry

(1) Current status and development of the industry

① Overview of industry

Plastic flooring is identified as one of the more popular flooring materials among the

many construction materials. Given the booming economic activities after World War II, the increase in the labor force participation rate resulting in the emerging demand for floor materials which could be maintained conveniently. Accordingly, Carbide and Carbon released the first plastic flooring in the world in 1933. Initially, the stability of plastic flooring was enhanced by asbestos fiber. In 1952, 34 flooring manufacturers originally engaged in the production of asphalt or linoleum carpets used their existing equipment to engage in the production of plastic flooring and opened the opportunity for further development of plastic flooring. In the 1970s, the leading plastic flooring manufacturers, Amtico and Metroflor in the USA, released the wood-look flooring made of plastic materials. In order to enhance the users' orientation and recognition of plastic flooring products, the product was named Luxury Vinyl Tile. Since then, the Luxury Vinyl Tiles (LVT) have gradually become the designation of the sheet plastic flooring.

For the time being, the PVC flooring is primarily made of polyvinyl chloride (PVC). The general plastic flooring can be categorized into "vinyl tile," "vinyl sheets" and "sheet plastic flooring." All of the three are made of PVC primarily. Notwithstanding, the vinyl tile is monotonous in colors and, therefore, it is difficult for them to match the decoration design. The vinyl sheets and sheet plastic flooring structure consist of transparent materials (strong wear layer), print film, backing layer, etc., which are diversified in colors and may be extensively applied as the indoor flooring to meet the decoration design needs for residential and commercial purposes. The Vinyl Sheets may be applied onto large-scale slabs situated in a large area, such as the malls or hospitals that do not require decoration designs. Nonetheless, the sheet plastic flooring has been improved remarkably in wear-resistance, appearance and quality due to the progress of materials, fabrics and printing technology in the recent years. Therefore, such flooring type is widely applied to such public areas as storefronts and department stores, which have also been accepted by the residential market gradually in the recent years.

The sheet plastic flooring is used as the indoor flooring of houses and buildings. The sources of the main business are completed new construction projects and decoration of readily available houses. The application thereof may be extended to the residential and commercial markets. Those for residential purpose value appearance and convenience of installation more, while those for commercial purpose highlight wear-resistance, scratch-resistance and heat-resistance, et al. In the past, the unsatisfactory production technology of plastic flooring resulted in the remarkable variance between the plastic flooring and the wood, stone and ceramic tiles used in the traditional decoration work in style and quality. Therefore, users had reservations about the new flooring materials. Notwithstanding, with the improvement on production method, fabrics and printing technology, the introduction of hard board technology such as Wood Plastic Composite or Stone Plastic Composite, the simulation of plastic flooring has been improved remarkably. In addition to such visual effects as wood-look pattern, marble-look pattern, and metal-look pattern, the floor surface can also be embossed to produce such touching sense and 3D effects as water wave embossing, registered embossing and bumpy embossing and, therefore, is become acceptable to users gradually. Because the PVC flooring provides such characteristics as

easy cleaning, wear-resistance and scratch-resistance, and non-combustion-supporting, they may satisfy the smoke prevention effect recognized by the international standards only if they are made from special formula and under special production process, and become the main fireproof flooring. Meanwhile, because of the convenient construction, they may meet the malls' need for shortening the construction period for renovation work. Therefore, the PVC flooring has become the flooring materials commonly installed in commercial areas.

② Current status and development of the industry

A. Current status of the industry

According to the business report from Freedonia, it is expected that the demands of global flooring materials during 2015 to 2020 will grow stably at the annual compound growth rate of 3.1% where it will grow at annual compound growth rate of 3.8% in Asia, which is superior than North America and European regions.

Benefiting from the enhancement of demands in global eco-friendly construction materials, plus the features of plastic flooring, such as nice and beautiful fabric design, eco-friendly materials, super wear-resistance, fire proof and damp proof, it is expected that the scale of global plastic flooring will grow from USD 18.0 billion in 2019 at an annual compound growth rate of 11.7% to USD 31.4 billion in 2024 according to Markets and Markets business report.

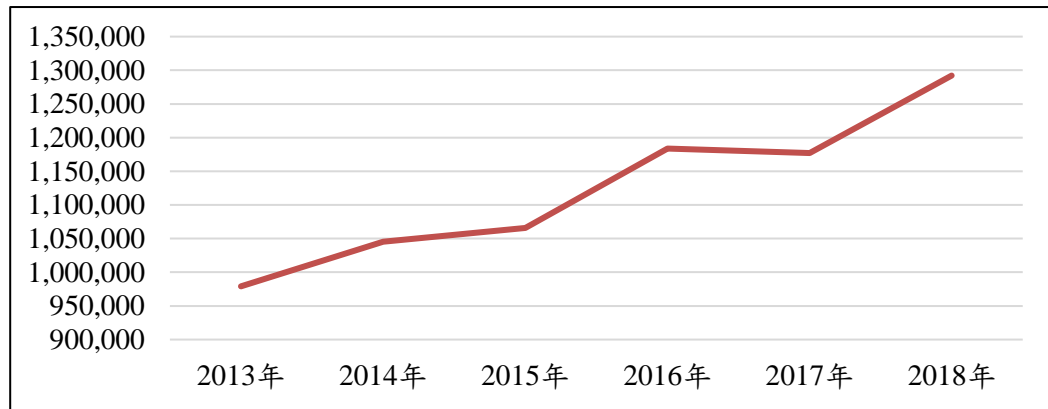
In line with the Macroeconomics and development of sheet plastic flooring in various regions in the world, the development of the industry in which the Company engage is stated as following:

(a) European market

The sales of plastic flooring in the European market, after the financial turmoil in 2009, EU market demand has gradually grown in the past ten years, primarily due to the recovery of the European construction market, the increase in demand for related construction materials, and the successive release of new products for plastic flooring in the recent years resulting in the increase in consumers' selections of plastic flooring in terms of color, function and style, thereby increasing the entire sales of plastic flooring.

EU LVT(including rolls and sheets) sales amount

Unit:EUR\$thousand



Source : Eurostat

Note : Based on Eurostat 「Floor coverings in rolls or in tiles and wall or ceiling coverings consisting of a support impregnated, coated or covered with polyvinyl chloride」 The sales amount is estimated based on the approximate market sales scale of European vinyl flooring.

Meanwhile, the emerging Ecological Building concept in Europe also drove the needs for green construction materials. Green buildings primarily stress on such sustainable development issues as ecological balance, conservation, species diversity, resource recycling, renewable energy and energy conservation. The plastic flooring is a recyclable material. With phthalate free or bio-based plasticizers and waterless printing environmental materials and production methods, the Company may become a member of the green construction materials after receiving the Green Tag.

According to the statistics generated by the European Patent Office, as Europe is promoting the reduction of energy consumption and carbon footprints, remodeling of the buildings in the region has been the first priority. In the next few years, massive buildings are scheduled to be renovated. After the EU's stricter environmental policy takes effect in 2020, more than hundreds of buildings will be constructed or renovated. In addition, according to the research of market research future, the output value of green building in Europe as a whole will reach US \$51 billion in 2018, and will rise at a CAGR growth rate of 10.39% in the next five years. It is estimated that the market size of green building in Europe will reach us \$83.7 billion in 2023, which will further drive the market demand of plastic flooring.

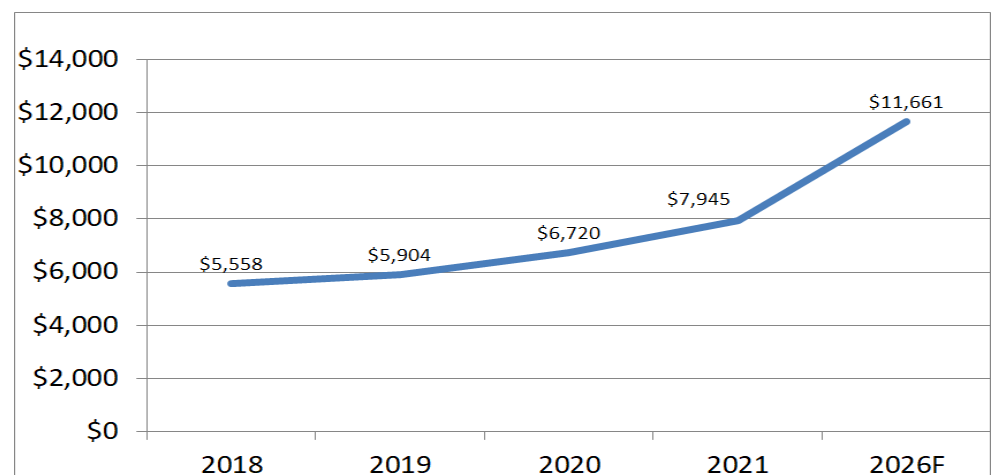
(b) US Market

The main flooring materials in the U.S. market are divided into carpets, solid wood, ceramics, wear-resistant laminates, plastic floors, stone and other resilient floors (LVT, SPC and others). 6.72 billion US

dollars, of which SPC (hard board) + LVT (soft board) market sales amounted to 5.3 billion US dollars, SPC and LVT market share were 68% and 32%. Due to the dimensional stability of SPC hard board products in recent years, the product characteristics are better than those of composite wood flooring, wood-plastic flooring and stone-plastic flooring. In addition to the progress in materials, fabrics and printing technology, the performance of waterproof, color design, texture, resistance Pressure, wear resistance or temperature resistance and other aspects have been improved. According to the 2021 Catalina Research report, SPC products are the mainstream products of sheet-based plastic flooring in the US market in recent years, not only are they convenient for transportation, cutting and installation (time-saving, labor-saving), which is in line with European and American countries to save money High labor cost and DIY style. The resilient flooring market is estimated to be nearly \$11.7 billion in 2026, and SPC products will also dominate the U.S. market.

American Resilient Flooring Scale

Unit : million USD ; %



Source : Catalina Research

In addition, according to Floor Covering Weekly's statistics, in 2019, the sales of hard board LVT (including WPC and SPC) in the US market increased by 47.6%, while the sales of soft board LVT only increased by 6%. According to Floor Covering News, SPC more than doubled in 2019, while WPC sales and sales fell 15% and 17.5%, respectively.

There is not much difference in appearance between SPC and WPC. With the help of printing technology, they can imitate the texture of stone, ceramics, wood, carpet and so on. Since the core layer of SPC floor is composed of stone powder, it is denser and more durable than WPC floor, and the product has better waterproof and weather

resistance. High-density SPC is more scratch and dent resistant than WPC. WPC floors contain foaming agents, which generally feel better on the feet and have better sound absorption properties. Many manufacturers are also adding sound-insulating backings to SPC floors today, so SPC can also provide sound-absorbing properties. In the North American market, consumers have many dent problems after 5-6 years of WPC use. In contrast, SPC products not only have the performance of WPC, but also can solve the problems of WPC dent, waterproof and moisture resistance, so it is easy to be favored by consumers.

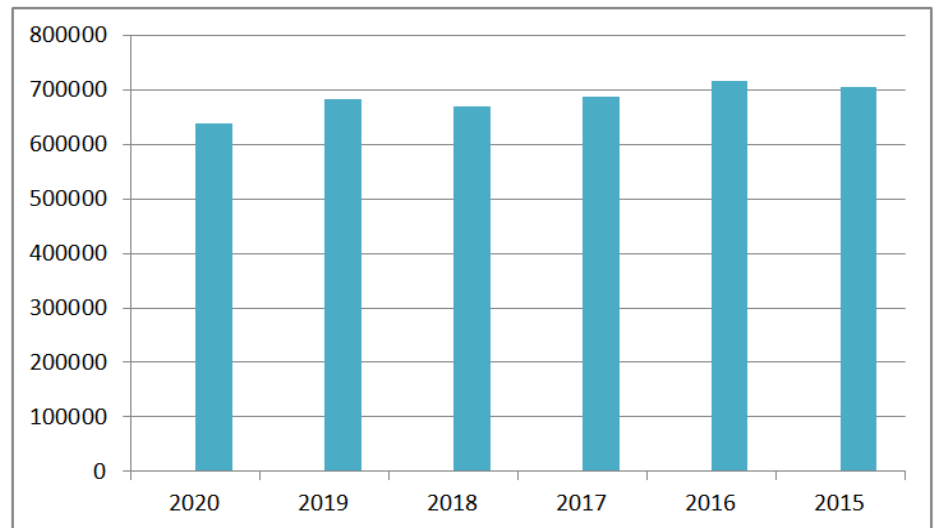
(c) Taiwan market

After the global financial tsunami in 2009, Taiwan's economy has shown a positive growth trend due to the slow recovery of new European economies, the strong recovery of the U.S. economy, and the high growth of mainland China. According to the statistics of the accounting and Statistics Department of the Executive Yuan, Taiwan has shown a positive growth trend for ten consecutive years since 2010. Although the novel coronavirus pneumonia affected the overall economic stagnation in the first quarter of 2020, only 1.59% of the economy was growing in the case of epidemic prevention in Taiwan. Under the control of the epidemic situation, the overall economic activity in Taiwan will grow moderately.

According to ITIS (Industrial Technology Foundation Research and Knowledge Service Program Service Platform of the Ministry of Economic Affairs), the output value of domestic plastic floor tiles in Taiwan will reach NTD 638 million in 2020.

With the increase in consumers' demand for residential quality, the development of residential decoration projects has grown rapidly. The diversified design concept is integrated into the overall decoration design. The plastic flooring industry satisfies the designers' need for diversified flooring material design, due to the advanced technology and improved simulation technology. Besides, the plastic flooring construction is easy, simple, and performs better in being moisture-resistant than the wood flooring, in line with Taiwan's environmental and market characteristics. Therefore, this appears to be favorable for the development of the industry which the Company is engaged in.

Unit : NTD thousand

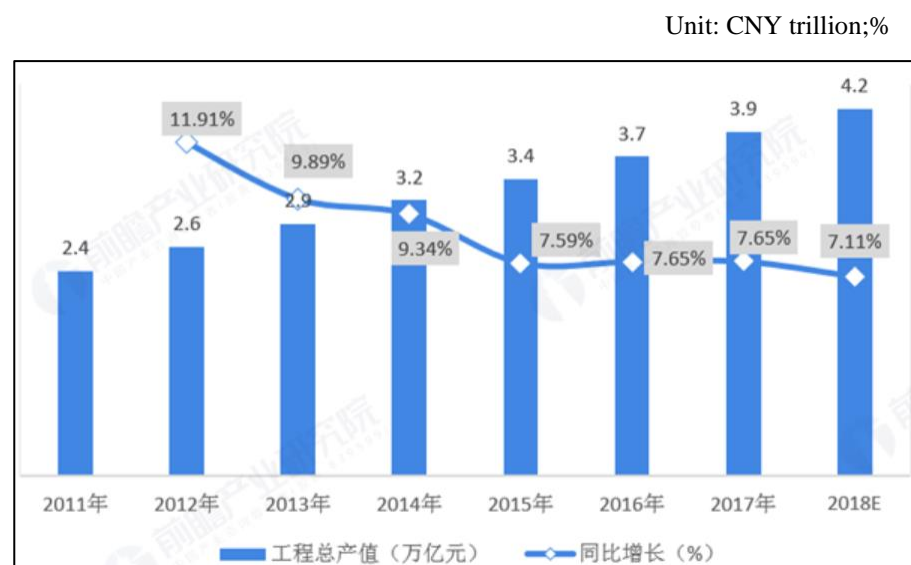


Source : ITIS

(d) China market

According to the report of China Business Industry Research Institute, although the popularity of LVT in China is lower than that in developed countries such as Europe and the United States, in recent years, due to urbanization, aging population, full liberalization of two-child policy and other factors, the demand for construction of public places in the fields of education, sports, elderly care and health is increasing, while LVT products rely on convenient construction, environmental protection, and environmental protection Waterproof and antiskid features, the use has covered residential, commercial office buildings, hospitals, schools, stadiums and other fields, and gradually expand to the home decoration market.

Output value and growth rate of China's architectural decoration industry

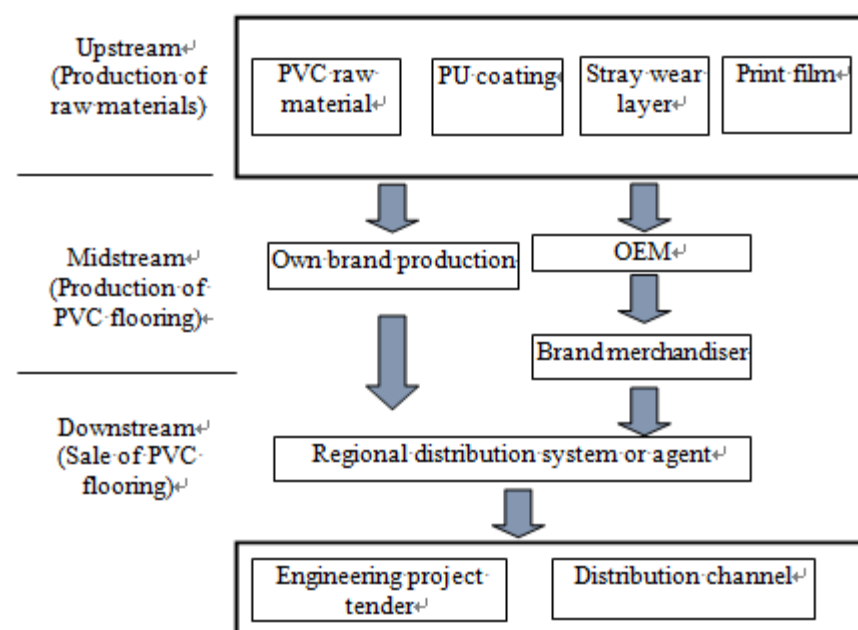


Source: Institute of prospective industries

In terms of market demand, China Business Industry Research Institute pointed out that China's demand for plastic flooring has grown from 170 million square meters in 2014 to 260 million square meters in 2017, with an annual compound growth rate of more than 15%, which shows that the growth momentum in recent years is strong. In the future, with the steady development of China's real estate, kindergarten education, pension and other industries, and the strong support of the government's green environmental protection policy, the overall technical level and product development capacity of LVT have been improved compared with the past, which will be conducive to the rapid growth of the market demand for LVT.

(2) Links between the upstream, mid-stream and downstream segments of the industry

The main raw materials for the sheet plastic flooring refer to various plasticized raw materials, which are produced into various types of sheet plastic flooring through hot press, extrusion or automatic lamination and marketed via the distribution system under the private brand or the distribution channels of branded merchandisers to use the products in residential or commercial engineering construction projects. The relevant industry chain map is stated as follows:



(3) Development trends for the Company's products

- ① Replace the market shares of other flooring materials in the mature market.

In consideration of the increasingly upgrading production technology of sheet plastic flooring, diversity of products, refinery of simulation with the improvement of production process, materials and printing technology and convenient construction and competitive price, it is expected that the proportion of plastic flooring to flooring materials will increase gradually.

② Development of emerging market

Since the consumers in emerging markets know little about plastic flooring, the market share of plastic flooring stays lower in the market. If the consumers' knowledge about the product may be upgraded effectively, the market share is expected to definitely grow.

③ Introduction of new products

In the future, the sheet plastic flooring will develop toward materials that are more friendly to the environment and human body, and the convenience of installation of such flooring will be increased. For lock-type products and reusable magic sticker products, the Company will upgrade the momentum of sales in mature markets (*e.g.* Europe and USA, *et al.*).

④ Development of new technology

Because the plastic flooring would be subject to biological changes by heat, the application areas of the plastic flooring are limited. So far, certain manufacturers have invested the research of materials in order to overcome the problem about the biological changes of traditional plastic flooring by heat. It is expected that the plastic floor market may be developed further if the relevant materials are developed successfully.

⑤ Application in new directions

Given the improvement of appearance and sense of touch of the plastic flooring, the application areas thereof have been thought out of the simple floor layout. Some commercial designs have been integrated into the wall design to increase the sense of beauty for the overall design.

⑥ Promotion of policies in various countries

Europe is used to being the global environmental protection pioneer market. Its market orientation is also used to producing some demonstrative effects for the future development of the other markets. Therefore, high-end environmental protection plastic flooring shall be the focus of the future long-term development trend of the industry.

(4) Status of competition

The Company is primarily engaged in the plastic floor OEM and selling products

primarily in the territories of the USA and Europe. Mainland China and Korea are the major territories where the plastic flooring are exported in the world. According to Catalina Research, the output of plastic flooring in Mainland China and Korea accounted for about 76% of the global output of plastic flooring in 2013. The business lines of major competitors in Mainland China and Korea are stated as follows:

Company name	Major production location	Scope of competition	Remarks
Zhang Jia Harbor City Yihua Plastic Co., Ltd.	China	Private brand in China market OEM of US and European markets	Unlisted
Shanghai Jinjia Building Material Technology Co., Ltd.	China	OEM of US and European markets	Unlisted
China Floors	China	Private brand in China market OEM of US and European markets	Unlisted
Novalis International	China	Private brand in China market OEM of US and European markets	Unlisted
Vertex Group	China	Private brand in China market OEM of US and European markets	Unlisted
LG Hausys	Korea	Private brand in China market	Note
Nox Corp.	Korea	OEM of US and European markets	Unlisted

Source of data: Data from Catalina Research and LG Hausys, complied by KGI Securities

Note: LG Hausys is a Korean listed company with stock code 108670.KS. Its product range includes doors, windows, floors, surface materials of furniture, materials of home appliances' surface and IT, car assesory materials, etc. 2019 operating income and net profit after tax of LG Hausys is 3,186 billion won and 11 billion won, which are around NT\$88 billion and NT\$0.3 billion, respectively. In addition, it did not disclose its proportion of operating income on floor materials in public information.

3. Overview of technology and R&D

(1) Technology level and R&D of business lines

Since the Company was incorporated it has always been dedicated to the production of sheet plastic flooring. In addition to the wear-resistant and scratch-resistant characteristics, the main technology of the Company resides in the stable quality and uniformity of the products. The main raw materials for plastic flooring are PVC (polyvinyl chloride), which change based on temperature. The international standards require that the gap on each piece of brick material shall be no more than 0.25% of the original size. If the physical properties are unstable, the thermal expansion and contraction range produced due to changes in the weather might be so excessive that the floor could be lifted due to thermal expansion or the gap may be enlarged excessively due to thermal contraction. Besides, since the sheet plastic floor is made of multiple sheet flooring material, the inconsistent product quality or inequivalent registered

embossing, if any, might cause the customers to identify the product as being defective and claim for a return of goods or compensation therefor. The Company has the experience in mass production for more than 3 decades. By adjusting the formula and production process and stabilizing the properties and uniformity of product, the Company's product quality is thoroughly recognized by the international customers.

The Company believes that "Stable quality is the soul of the product, innovation and research and development is the driving force for growth." At the same time when pursuing excellent quality, the Company sets up the R&D Center in 2021. The R&D Department verifies the market development trends and users' needs via business units or through communication with suppliers and customers to develop and design the new products in line with the market trends. The Technology Department works with the production unit to resolve the problems about production lines and also is responsible for improving the production process, improving the production efficiency, reducing costs and working with the R&D Department to develop new products and adjust the settings of machine, in order to fulfill mass production. With the existing experience in production, the Company integrates the specialty of the R&D Department and Technology Department to stabilize quality and provide diversified and customized product lines, while maintaining the Company's international competitiveness at the same time.

(2) Research and development expenditures invested per year for the most recent years

Unit: NT\$ thousand; %

Item	Year 2020	Year 2021	2022 Q1
R&D expenses (A)	4,314	88,065	14,851
Consolidated operating revenue, net (B)	2,882,490	3,610,670	1,010,825
(A)/(B)	0.15	2.44	1.47

III. Technologies or products successfully developed

Since the Company started its business, it has valued the product technology development very much. The Company upgrades the production efficiency and product quality by improving existing production equipment and processes, and also engages in developing new products. The Company's development results in the recent years are stated as following:

Time	Technologies or products successfully developed
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2012	Novel environmental protection paper floor/ three-dimensional pattern PVC floor/NON- Phthalate environmental protection floor/PUR high scratch-resistant and chemical-resistant floor
2013	Micro-glue floor/large rounded floor molding technology development
2014	GF fiberglass composite floor/lock-type floor (Note)/paper floor
2015	WPC/PVC composite lock-type floor (Note)/Non-PVC (PP) environmental protection floor/reusable magic sticker floor
2016	Commercial fire-resistant level non-PVC (PP) environmental protection floor Commercial flame-resistant level non-PVC (PP) environmental protection floor (The only one plastic floor product which receives the Green Tag for green construction materials in Taiwan.) Anti-static level non-PVC (PP) environmental protection floor WPC PLUS (commercial level WPC) Plastic floor with carpet looking
2017	Cigarette butt-resistant floor Stain-resistant/scratch-resistant floor
2018	Flame-resistant high-viscosity adhesive wall materials Glue-free anti-slip floor tile Magnetic wall materials Rounded angle floor tile Flexible floor tile SPC floor tile
2019	Anti-contraction Glue-free anti-slip floor tile Lightly SPC lock-type floor
2020	SPC floor tile with excellent sound insulation improvement (21db)
2021	PP lock-type floor Husk plastic composite

Note: The Company acquires the license to use the patent on the lock-type one after paying royalty to Välinge Innovation AB

4. Long-term/short-term business development plan

(1) Short-term business development plan:

- ① Enhance the core technology capabilities, transform into automated machine production, and cut labor costs.
- ② Steadily expand the production scale, increase production lines and upgrade the production process efficiency to maximize the effect of productivity.
- ③ Keep deepening the relationship with customers, provide high-value-added excellent products and achieve the win-win situation between the Company and its customers.

- ④Set up business locations in various districts of Mainland China step by step, dedicated to deepening the development in the domestic market of the mainland China, and upgrading the business performance and market shares in the market of Mainland China.

(2) Long-term business development plan:

- ①Strengthen the cooperation with the suppliers of the supply chain in the industry, co-develop alternative new materials, reduce production costs and secure strength in the price competition.
- ②Dedicated to researching and developing new materials and excellent products equipped with new functions intended for “environmental protection, comfort and safety” to satisfy the needs of the consumer market.
- ③Continue to introduce the professionals with international competency to upgrade the Company’s core competitiveness.
- ④Integrate the Company’s resources and aim to set up business locations in the world and the Greater China market to expand the Company’s operating and niche scale.

(II) Overview of market and production and marketing

1. Analysis of market

(1) Geographic areas where the main products are sold

Unit: NT\$ thousand; %

Territory	Year 2020		Year 2021		2022 Q1	
	Sales	Ratio	Sales	Ratio	Sales	Ratio
Taiwan	192,623	6.68%	209,953	5.81%	34,686	3.43%
Europe	1,692,938	58.73%	2,411,952	66.80%	722,631	71.49%
North America	450,880	15.65%	515,884	14.29%	149,901	14.83%
China	265,786	9.22%	195,250	5.41%	16,866	1.67%
Others	280,263	9.72%	277,631	7.69%	86,741	8.58%
Total	2,882,490	100%	3,610,670	100%	1,010,825	100%

(2) Market share

According to the data provided by the Plastic Floor Research Center of Zhi Mian Consulting, the output of the sheet plastic flooring was about 2.5179 billion square meters (about 76,166 thousand pings) in the world in 2016. Based on the Company’s sale areas attaining 5,804 thousand pings in 2016, the Company’s market share for the sheet plastic flooring in the world was 7.62%.

(3) Future demand and supply and growth potential of the market

① Changes in potential demand and growth of the market

According to the statistics generated by Catalina Research, the sales of the sheet plastic flooring were about US\$2.9 billion in 2013. In terms of sales, the US market accounted for 30.75% of the global sales, Europe

27.83%, and Mainland China 14.26%, as the top 3 consumer markets in the world. It is expected that the global plastic floor growth rate would grow at a compound annual growth rate by more than 10% per year in 2017, primarily because the plastic floor sales in 2013 was only 1.10% of the total sales for flooring materials in the world, which is considered low. With the improvement of the plastic floor production technology and release of new products, the proportion may be upgraded effectively. The growth rate of the US market is expected to lead among the other major regions in the world. Therefore, the growth of demand in the US market appears to be more significant. According to Catalina, the US market will grow at the compound growth rate by 15.30% per year. The sales of plastic flooring will amount to US\$2.4 billion in 2019. Starting from 2020, LVT will grow at annual growth rate of 6.5% to 7% in the next 5 years and can reach sales volume of USD 6.8 billion sales in 2025.

② Changes in potential supply and growth of the market

In 2013, the global supply of sheet plastic flooring was 2.4 billion square feet. Among other things, the supply in Mainland China was about 1.5 billion square feet, Europe 383 million square feet, and Korea 315 million square feet, accounting for 62.87%, 16.05% and 13.20% of the global supply, respectively. According to Catalina Research, the global supply of sheet plastic flooring would increase from 2.7 billion square feet in 2014 to 3.7 billion square feet in 2017. The growth rate of such supply is commensurate with the growth rate of the US market, exclusive of the growth of demand in other markets. Therefore, no supply surplus resulting from the increase in supply would take place in the near future.

Developed countries such as Europe and the United States have always been the global environmental protection pioneer markets, and their market directions have demonstrated the effect of the future development of other markets. Therefore, high-end environmentally friendly plastic flooring is the long-term trend of the future development of the industry. According to 360 Research Reports, a research institution, Europe is the world's largest consumer market for sheet vinyl flooring, followed by the United States. At the same time, the agency's research also pointed out that the global sales value of sheet vinyl flooring in 2019 was 3,630 million. The US dollar will increase at a compound annual growth rate of 12.8% in the next five years.

In addition, according to the market research report of Catalina Research, the sales of sheet plastic flooring in the United States are expected to grow at a compound annual growth rate of 10% in the next 5 years. It is mainly due to the rigid board technology that drives the market demand for sheet plastic flooring. The first product that came out was

Wood Plastic Composite (WPC), and gradually developed to Stone Plastic Composite (SPC). Because the content of stone powder is higher, its base material is harder and pressure resistant, and it can withstand temperature changes, so it is more suitable for use. In commercial places with high traffic and ordinary household places, Catalina Research estimates that in the next few years, stone plastic flooring will be the focus of the development of sheet-type plastic flooring, and it will be the investment focus of most new production lines in the world. In response to the company's future development direction.

(4) Competition niche

① Excellent and uniform product quality

The Company's product quality not only surpasses the certification by customers but also remains uniform in the case of mass production. The product quality is one of the Company's major competitive strengths. Since the plastic sheet floor is made of multiple sheet flooring materials, the inconsistent product quality or inequivalent registered embossing, if any, might cause the customers to identify the product as being defective and claim for a return of goods or compensation therefor. The Company has experience in mass production for more than 3 decades. By adjusting the formula and production process and stabilizing the properties and uniformity of product, the plastic flooring produced in different batches may remain consistent in quality and appearance, and the product quality is thoroughly recognized by international customers.

② Complete production equipment and strength in production capacity

The Company owns a hot press production line and an automated lamination production line at the same time. The hot press production line generates the annual production capacity of 5,292 thousand pings per year. The automated lamination production line generates the annual production capacity of 3,667 thousand pings. The production capacity is considered sufficient enough to satisfy customers' needs for one-stop shopping and also helpful for positive business development. Further, the hot press production line is applicable to small-volume but diversified products. The automated lamination production line has the strength in mass production and may choose different processes per the customer's order, to reduce production cost and reflect on the selling price to achieve the win-win goal for customers and the Company.

③ Experience in production and high automation degree

The Company has been engaged in developing the business in the plastic floor industry for more than 3 decades and, therefore, can fully control changes in the industry, adjust raw material costs and inventory in a timely manner, and strictly control the cost. The Company owns the key

technology to upgrade the production efficiency through improvement of production process and upgrading of automation level. The Company is experienced in production and able to respond to the future changes in the market rapidly, thereby enhancing the competitiveness of the Company's products.

④ Obtain multiple certifications and create market access threshold

The Company has passed ISO 9001, ISO 14001, CE EU safety certification, BRE A + green environmental protection certification, floor score US indoor air health emission standard certification, Green Guard Indoor Chemical Volatility certification, SGS international authoritative standard inspection organization's certification, BV certification, CSTB French Environment and Safety certification, SA8000, and Healthy Green Construction Materials Tag Certificate awarded by the Ministry of Interior, the R.O.C., et al. Considering that European countries and the USA are used to address such issues as environmental protection and social responsibility, most of these countries will require that the products sold to them should hold related certifications. As the Company has obtained said multiple certifications, it may solidify the cooperative relationship with existing customers and also upgrade the threshold of market access by competitors.

⑤ Highly systematic logistic management

The Company is committed to integrating various information management systems, e.g. AD (Authority Verification), ERP (Enterprise Resources Planning), DMS (Document Management System), HR (Human Resources System), BPMS (Business Process Management System) and EMS (Enterprise Management System). By integrating the systems, the Company strengthens the collaborative operations between different functionary subsidiaries of the Company, improves the Company's administrative efficiency, controls various cost elements accurately, and maintains the Company's cost competitive strengths.

⑥ Excellent ability in research and development and improved production process

Investment in innovative research and development, in order to open up new business opportunities and markets, on the one hand, to meet the new trend of the development of the global environment, on the other hand, to take into account the acceptance of new products by domestic and foreign customers, based on the above, set the general direction of the R & D strategy. First, material lightweight (improve performance), in the face of the trend of rising international shipping freight, especially overseas customers, can effectively reduce the cost of unit product transportation, in addition, can reduce workers due to handling and construction and

installation and other injuries, and cause product loss. Second, enhance the added value of products (increase functions), including product functionality, including anti-slip, noise reduction and antibacterial/viral, etc., and strengthen the Group's layout in intellectual property rights, so as to enhance the recognition of new products in the market and international competitiveness. Third, in line with the new trend of circular economy environmental protection, in line with the general direction of the global circular economy, continue to develop in the direction of environmental protection and ecological sustainable products, deepen the corporate value of the group's environmental sustainable development, and invest in innovative materials, including new product development of agricultural materials such as rice husks or non-PVC.

The R&D center has the professional ability to successfully develop new products, including the development of key technologies from formula design, process improvement to trial production, etc., requiring the team to strive for technical excellence and encouraging cross-departmental cooperation to complete the tasks and set goals delivered.

⑦ Design and marketing

In addition to continuously strengthening the competitive advantage of OEMs, and cultivating a strategic marketing team, the company will develop differentiated products according to the R&D results and market development trends. Get rid of OEM competition in the same industry and move towards the ODM development level. In addition, the own design team will also be of positive help to the development of the company's own brand, which will make the company's own brand products have the ability to differentiate. Moreover, in 2022, MJ won two German Reddot Design Awards and one German iF Design Award. The affirmation of the international design awards fully demonstrates the R&D and innovation capabilities of MJ, which combines product innovation, circular economy, environmental protection and sustainable development, and is also a pioneer in the development of technological fashion flooring for product style. Related products and features are as follows



(5) Positive and negative factors for future development, and response to such factors

① Positive factors

A. Market opportunities created under national policies

The “National New Urbanization Plan” proposed by the mainland China is expected to create massive residential demand. With the increase in the number of new houses, the new floor areas will increase and the demand for flooring materials will grow accordingly. The Company set up the mainland China Domestic Sale Division governing the seven subsidiaries including Chongqing M.J. Shanghai M.J, Beijing M.J. , Guangzhou PROMAX, Wuhan M.J. and Shenyang M.J. ,Xian M.J. , and responsible for developing the domestic sale market in the mainland China to control the market opportunities.

B. Increasing acceptance of plastic flooring by end users

Following the improvement of technology and handcraft, the sheet plastic flooring overcome such defects as disordered texture, old patterns, and confused colors and are processed through aesthetic design and precision handcraft, as well as strict quality control and production management, into some unique artworks, thereby turning the public impression about the cheap and low-end flooring upside down. As a result, the end users’ acceptance of plastic flooring is increasing.

C. Environmental protection issues catch the world’s eyes

The world’s concern about environmental protection issues is growing increasingly. Especially, such advanced countries as the European countries and the USA emphasize recycling of resources and

maintenance of ecological balance. Replacing the solid wood flooring with plastic flooring products may help reduce deforestation. Besides, the plastic flooring is environmentally friendly, free from causing any harm to human health and is recyclable, and satisfies the characteristics of green construction materials. For example, the industry's first environmentally friendly flooring material, which uses rice husks as raw materials, is a model of circular economy and environmentally sustainable products. Therefore, given the environmental issues concerns by the world, the plastic flooring will become one of the mainstream flooring materials in the future.

D. Development of new products and expansion of application range

The application range of sheet plastic flooring is extended from the residential market of decorative aesthetics to the commercial market. Given the successful development of new products in the recent years, the various value-added functions have been upgraded, so as to develop the application range of plastic flooring effectively. For example, dual-purpose tiles for floor walls expand the scope of use of plastic flooring. The improvements in technology and handcrafting make it possible to provide more colorful plastic flooring products helpful for designers to conceive more creative ideas and thereby make the plastic flooring more popular. The successful development of the products with new functions, new materials or new colors will help the Company's sales growth effectively.

② Negative factors

A. Other flooring materials suppliers also access the market for production of plastic flooring.

Because of the limited existing market growth strength, the other flooring materials suppliers also access the market for the production of plastic flooring. For example, such companies as IVC, US Floors and Mannington, which were initially engaged in super wear-resistant wood flooring materials, access the market for plastic flooring too.

Response to such factors

The Company is very experienced in mass production. Meanwhile, the Company has obtained multiple certifications. It maintains fair interaction with the existing customers' needs, solidifies the cooperative relationship with the existing customers and also works hard to develop new products, in order to attract potential customers and make them become the Company's loyal customers with the Company's diversified products, competitive price and sound production strength.

The Company continues to upgrade the customers' service to solidify the cooperative relationship with the existing customers, and also works hard to develop new products to maintain its competitive edge in production technology and cost and to attract potential customers and make them become the Company's loyal customers.

B. Raw materials price fluctuation

The Company's main raw materials are extracted from crude oil. Given the fluctuation of crude oil price, the price of raw materials is prone to fluctuate too. The increase in raw materials price will result in the increase in procurement costs and loss of gross profit. The decrease in raw material price will result in the pressure from downstream customers who will ask for a price reduction. Therefore, the raw materials price fluctuation renders some considerable impact on the Company's profitability.

Response to such factors

The Company controls the market price of main raw materials from time to time, strictly controls the inventory level and adjusts the safe stock quantity subject to the raw materials price fluctuations. When the main raw materials price rises, the Company's gross profit suffers a loss. For the purpose of sustainability, the Company's sales unit agrees with the customers on the unit selling price and adopts the sale policy to increase the unit price of goods sold on installment or have the cost for the increase in the raw materials price to be borne by the Company and the customers in part to mitigate the impact to the Company's operating revenue and profitability caused by the raw materials price fluctuations. In the case of raw materials cost decline, in response to the market competition, the Company decides on the price reduction ratio, subject to the decline range and feed the reduction back to downstream customers to create a win-win situation for the Company and its customers.

The Company controls the market price of the main raw materials from time to time, strictly controls the inventory level, and adjusts the safe stock quantity subject to the raw materials price fluctuations. When the raw material price tends to increase or decline, the Company's sale unit agrees with the customers on the unit selling price to create a win-win situation for the Company and its customers.

C. Threat from Free Trade Agreement

Considering the fact that various global zones have signed the Free Trade Agreement successively in the recent years, the tariff reduction becomes critical to the suppliers' competitiveness in

quotations in various countries and thereby affects the existing business cooperation model.

Response to such factors

As a leader of technology in the sheet plastic flooring industry, the Company owns the top production ability in the world. It will continue to strengthen its automated equipment and provide customers with the products at more competitive prices by improving process efficiency, upgrading production efficiency and reducing the manufacturing cost. Meanwhile, the Company will focus on the production management, maintain the high-end quality and create differentiation of products to upgrade the Company's competitiveness.

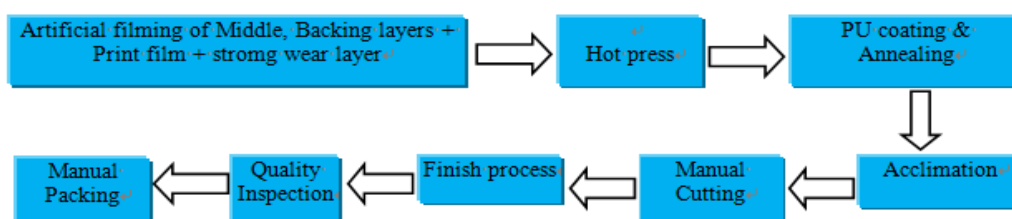
2. Important purpose and production processes for main products

(1) Important purpose of main products

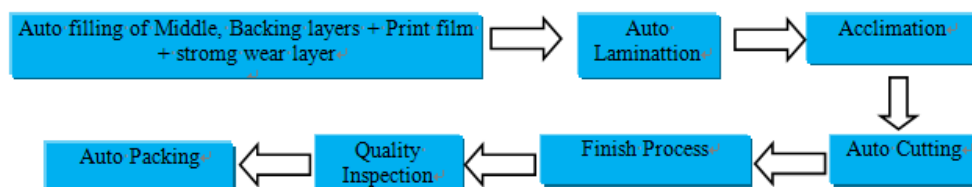
By Product	Notes to purpose
Luxury Vinyl Tile	The flooring materials applied to construction or decoration.

(2) Production processes for main products

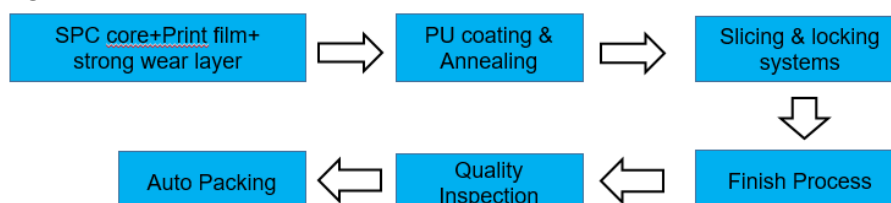
A. Hot Press



B. Automatic lamination



C.SPC



3. Supply of the main raw materials

The Company is engaged in the production of sheet plastic flooring. The raw

materials purchased by the Company primarily include PVC powder, plasticizer, PVC transparent materials, PVC printing film, Ethylene Vinyl Acetate (EVA), and paper cassette packaging materials, *et al.* The main raw materials are supplied by more than one supplier to enhance the mobility for the source of supply. So far, the Company's solvency to suppliers has been considered normal. Usually, the Procurement Department is responsible for maintaining the business relationship with suppliers. The supply of main raw materials is considered normal, and no interruption of supply has taken place.

4. List of principal suppliers and clients

(1) Names of suppliers accounting for 10 percent or more of the Company's total procurement amount in any of the most recent two years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in said figures.

Item	Year 2020				Year 2021				2022Q1			
	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer
1	HSIUNG STAR	304,724	21.82	None	HSIUNG STAR	566,776	24.36	None	HSIUNG STAR	121,020	21.29	None
2	zhuhai UPC	141,017	10.10	None	zhuhai UPC	278,690	11.98	None	Shenzhen Chengyufeng	112,962	19.87	None
3	Shanghai Dachang	69,648	4.98	None	Jiangsu Dali	239,226	10.28	None	zhuhai UPC	72,304	12.72	None
	Other	881,360	63.10		Other	1,242,383	53.38		Other	262,205	46.12	
	Net procurement amount	1,396,749	100.00		Net procurement amount	2,327,075	100.00		Net procurement amount	568,491	100.00	

Notes:

① Zhuhai UPC

As Zhuhai UPC's quotation is competitive and its factory is close to the company's main production base, the purchase amount for Zhuhai Union has increased.

② Shanghai Dachang

In 2020, the group set up Jiangsu Dali company, and then changed to purchase from Dali, Jiangsu Province, which reduced the purchase amount in 2021 compared with 2020.

③ Shenzhen Chengyufeng

Due to the competitive offer of Shenzhen Chengyufeng and the stable delivery time to meet the needs of the company, the purchase amount of Shenzhen Chengyufeng in the first quarter of 2022 increased.

(2) Names of clients accounting for 10 percent or more of the Company's total sale amount in any of the most recent two years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason

for increases or decreases in said figures

Unit: NT\$ thousand

Item	Year 2020				Year 2021				2022 Q1			
	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer
1	Company A	1,175,145	40.77	None	Company A	1,524,978	42.24	None	Company A	430,873	42.63	None
2	Company C	495,931	17.20	None	Company C	840,218	23.27	None	Company C	262,420	25.96	None
	Other	1,211,414	42.03	-	Other	1,245,474	34.49	-	Other	317,532	31.41	-
	Net sale amount	2,882,490	100.00	-	Net sale amount	3,610,670	100.00	-	Net sale amount	1,010,825	100.00	-

Analysis on changes:

Affected by the COVID-19 in 2020, net sales will decrease. The 2021 has gradually returned to the previous level.

5. An indication of the production volume for the recent two years

Unit: Thousand pings; NT\$ thousand

Year Main product	Year 2020			Year 2021			2022 Q1		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Plastic flooring	8,097	4,814	2,210,529	9,371	6,091	3,116,743	2,024	1,498	835,252

Analysis on changes:

The company's output in 2021 is higher than that in 2020, mainly due to the decrease in sales in 2020 due to the COVID-19 and normal production resumed in 2021.

6. An indication of the sale volume for the most recent two years

Unit: Thousand pings; NT\$ thousand

Year Main product	Year 2020				Year 2021			
	Domestic sale (Note)		Export		Domestic sale (Note)		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastic flooring	-	-	4,814	2,882,490	-	-	5,998	3,610,670

Note: The Company is organized in the British Cayman Islands, but doesn't engage in sale business locally. Therefore, no domestic sale is applicable.

(III) The number of employees employed for the most recent two years

Unit: Persons

Year		2020Year End	2021Year End	March 31, 2022
Number of employees	Managers	8	8	9
	Production line employees	484	612	572
	General employees	254	288	305
	Total	746	908	886
Average age (years old)		39.27	42.04	42.55

Average service seniority (years)		4.94	5.05	5.33
Academic background	Doctor	0.27%	0.22%	0.34%
	Master	2.41%	2.97%	3.50%
	University/college	17.56%	17.96%	20.88%
	Senior high school	19.97%	16.52%	18.62%
	Senior high school below	59.79%	62.33%	56.66%

IV Information about environmental protection expenditure

Total losses (including damages) and fines for environmental pollution for the most recent year, and during the current year up to the date of publication of the annual report, and an explanation of the countermeasures (including corrective measures) and possible expenditure to be made in the future (including an estimate of losses, fines and compensation resulting from any failure to adopt corrective measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible):

According to laws and regulations, those who should apply for a pollution facility installation permit or a pollution discharge permit, or should pay pollution prevention fees, or should set up a special unit for environmental protection, explain their application, payment or establishment:

The Guangdong Province Pollution Discharge Permit has been suspended Version, the 2020 requirements are all changed to the National Pollution Discharge Permit. The company has applied for and obtained the permit as follows, and has also paid the pollution discharge fee in accordance with the law. From 2021 to the Q1 of 2022, there are no environmental violations and penalties for violations. Therefore, there has been no significant adverse impact on the financial business of the Group due to violations of environmental protection laws and ordinances.

By company	Permit
Dongguan Prolong	National Waste Emission Certificate (Permit No.: 9144190618326483C001U)
Dongguan MeiJer	National Waste Emission Certificate (Permit No.: 91441900734111148C001U)

V Labor relations

1. List any employee benefit plans, continuing education, training, retirement systems and the status of their implementation and the status of labor-management agreements and measures for preserving employees' rights and interests:

(1) Employee benefit plans

The Company and its subsidiaries are used to caring employees' benefits, and establish various management regulations and requirements, such as salary, promotion, rewards and punishments, leave and social insurance, which comply with the local laws and regulations. Employees shall take the health check-up periodically during their employment. The Company provides meal allowance or clean and

sanitary meals. The subsidiaries also provide the dormitory for employees or accommodation allowance, and various subsidies for marriage, funeral, festival, birthday celebration and trips to take care of the employees physically and mentally.

(2) Continuing education and training

The Company and its subsidiaries are used to valuing employees' training, including the subsidies for orientation training, on-the-job training and external training (fully compensated). They practice the educational training system and strengthen the employees' professional knowledge or skill training, subject to the employees' functional development and career planning to improve the employees' quality and skills.

(3) Retirement systems and the status of their implementation

In order to take care for the retired employees' life, the Company and its subsidiaries have already contributed pension or retirement funds to the designated account pursuant to the laws and regulations applicable in the countries where they are operating on a monthly basis.

(4) Status of labor-management agreements and measures for preserving employees' rights and interests

The Company and its subsidiaries are used to valuing the employees' opinion, actively promote the democratic management and public disclosure of facility affairs, and convene employee representatives' meetings as scheduled. The employees' opinions may be communicated and negotiated via relevant channels to maintain the fair labor-management relationship. So far, no major labor-management disputes have taken place.

2. List any losses sustained as a result of labor disputes in the most recent two years and until the date of publication of the annual report and disclose an estimate of losses incurred to date or likely to be incurred in the future and countermeasures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible:

In 2021 : None

In 2022 and as of the date of printing the prospectus: None

VI Important contracts

Name of the contract	Contracting party	Concerned party	Duration of contract	Main contents	Nature of contract
Financial Contract	OPULENT INTERNATIONAL	CitiBank Taiwan	2013/6/13 ~until Now	General agreement for banking transactions	Financial Contract
Financial Contract	OPULENT INTERNATIONAL	CitiBank Taiwan	2022/3/1 ~until Now	Notice for non-committed foreign exchange & derivatives trading limit	Financial Contract
Financial Contract	OPULENT INTERNATIONAL Branch Office	CTBC Bank (Taipei)	2022/1/10 ~until Now	General Agreement for Omnibus Credit Lines	Financial Contract
Financial Contract	OPULENT INTERNATIONAL	Standard Chartere Bank, Taipei Branch	2021/11/15 ~until Now	Application for Utilization of Credit Line (UNCOMMITTED)	Financial Contract
Financial Contract	OPULENT INTERNATIONAL	Standard Chartere Bank, Taipei Branch	2021/11/15 ~until Now	TREASURY FACILITIES	Financial Contract
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~until Now	General Agreement for Credit Lines	Financial Contract
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~until Now	Medium and long-term credit contract	Land mortgaget
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~until Now	Medium and long-term credit contract	1. Compliant with "Welcome Taiwanese businessmen to return to Taiwan for investment project loans" 2. Set mortgage for land/buildings/machinery and equipment.t
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2022/1/28 ~until Now	Comprehensive credit contract	None
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~until Now	Medium and long-term credit contract	None
Financial Contract	OPULENT INTERNATIONAL Branch Office	Taipei Fubon Commercial Bank, Taipei Branch	2021/3/30 ~until Now	General Credit Agreement	None
Financial Contract	Taiwan MJ	Taipei Fubon Commercial Bank, Taipei Branch	2021/3/30 ~until Now	General Credit Agreement	None
Financial Contract	Taiwan MJ	The Shanghai Commercial & Savings Bank	2021/7/12 ~until Now	Credit transaction contract	None
Financial Contract	OPULENT INTERNATIONAL Branch Office	Taishin International Bank	2020/11/12 ~until Now	General Agreement for Credit Lines	None
Financial	Taiwan MJ	Taishin	2020/11/12	General Agreement for	None

Contract		International Bank	~until Now	Credit Lines	
Sales Contract	Taiwan MJ	Company K	2005/2/20~ Terminated upon both parties' agreement	OEM for plastic flooring under brand owned by customer	Confidentiality Agreement
Sales Contract	Taiwan MJ	Company E	2011~ Terminated upon both parties' agreement	OEM for plastic flooring under brand owned by customer	Confidentiality Agreement
Sales Contract	Taiwan MJ	Sing Cheng Lin Co., Ltd.	2022/01/01~ 2022/12/31	OEM & Supply Agreement	None
Sales Contract	Taiwan MJ	Fu Ming Corporate	2022/01/01~2022/12/31	OEM & Supply Agreement	None
Patent Contract	Dongguan Prolong / Dongguan MJ	Valinge Innovation AB	2013/03/22~ 2057/01/31	Agreement for License of Lock-Type Tiles	Confidentiality Agreement
Patent Contract	Dongguan Prolong / Dongguan MJ	Valinge Innovation AB	2013/03/22~2025/05/01	Agreement for License of Lock-Type Tiles	Confidentiality Agreement
Insurance Contract	OPULENT INTERNATIONAL Branch Office	The Export-Import Bank of the Republic of China	2021/12/30~ 2022/12/30	Insurance for accounts receivable	None
Insurance Contract	Dongguan Prolong/ Dongguan MJ	China Pacific Insurance Co., Ltd.	2021/12/27~ 2022/12/26	Insurance for property, plant and equipment and inventory	None
Insurance Contract	Taiwan MJ	Hotai Insurance Co., Ltd.	2021/10/10~ 2022/10/10	Insurance for property, plant and equipment and inventory	None
Insurance Contract	Shanghai MJ	China Pacific Insurance Co., Ltd.	2022/01/01~ 2022/12/31	Property, plant and equipment	None
Insurance Contract	Beijing MJ	China Pacific Insurance Co., Ltd.	2022/01/01~ 2022/12/31	Property, plant and equipment	None
Insurance Contract	Chongqing MJ	China Pacific Insurance Co., Ltd.	2022/01/01~ 2022/12/31	Property, plant and equipment	None
Insurance Contract	Wuhan MJ	China Pacific Insurance Co., Ltd.	2022/01/01~ 2022/12/31	Property, plant and equipment	None

Six. Financial Position

I. Condensed financial information for the most recent five years

(I) Condensed balance sheet and income statement

1. Consolidated balance sheet

Unit: NT\$ thousand

Item \ Year		Condensed financial information for the most recent five years					Financial information ended on March 31, 2022 (Note 2)
		Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	
Current assets		2,783,394	2,604,307	2,578,382	2,454,394	2,872,155	3,164,108
Property, Plant and Equipment		736,178	989,331	1,522,937	1,822,494	2,785,940	3,046,835
Intangible Assets		4,435	2,416	39,064	28,699	21,551	20,193
Other assets		397,550	172,807	246,418	207,926	303,602	273,878
Total assets		3,921,557	3,768,861	4,386,801	4,513,513	5,983,248	6,505,014
Current liabilities	Before distribution	1,235,071	1,277,245	1,742,539	642,751	1,476,419	1,709,403
	After distribution	1,631,425	1,475,422	2,013,381	840,928	(Note 1)	(Note 1)
Non-current liabilities		116,142	54,506	22,456	1,210,884	2,030,289	2,241,804
Total liabilities	Before distribution	1,351,213	1,331,751	1,764,995	1,853,635	3,506,708	3,951,207
	After distribution	1,747,567	1,529,928	2,035,837	2,051,812	(Note 1)	(Note 1)
Equity attributable to owners of the parent		2,570,344	2,437,110	2,591,880	2,632,398	2,432,780	2,508,953
Capital stock		660,590	660,590	660,590	660,590	660,590	660,590
Capital surplus		1,205,967	1,205,967	1,205,967	1,229,455	1,229,455	1,229,455
Retained earnings	Before distribution	749,315	650,599	853,211	861,354	731,499	730,866
	After distribution	352,961	452,422	582,369	663,177	(Note 1)	(Note 1)
Other equity		(45,528)	(80,046)	(127,888)	(119,001)	(167,314)	(90,508)
Treasury stock		-	-	-	-	(21,450)	(21,450)
Non-controlling interest		-	-	-	27,480	43,760	44,854
Total equity	Before distribution	2,570,344	2,437,110	2,621,806	2,659,878	2,476,540	2,553,807
	After distribution	2,173,990	2,238,933	2,350,964	2,461,701	(Note 1)	(Note 1)

Note 1: The motion for distribution of earnings for the year is still pending resolution by the shareholders' meeting.

Note 2: The consolidated financial statements of Q1 in 2022 reviewed by the independent external auditor is adopted.

2. Condensed income statement

Unit: NT\$ thousand

Item \ Year	Condensed financial information for the most recent five years					Financial information ended on March 31, 2022 (Note)
	Year2017	Year2018	Year2019	Year2020	Year2021	
Operating revenue	3,684,253	2,979,348	3,468,163	2,882,490	3,610,670	1,010,825
Gross profit	931,140	645,476	891,547	785,648	624,466	202,308
Operating profit	543,134	258,179	438,782	405,124	86,608	59,900
Non-operating revenue and expense	(26,534)	56,524	18,902	(43,317)	(18,341)	2,736
Net profit before tax	516,600	314,703	457,684	361,807	68,267	62,636
Net profit from continuing operations	494,717	310,436	402,334	277,751	61,494	43,466
Loss from discontinued operation	-	-	-	-	-	-
Net profit(loss)	494,717	310,436	402,334	277,571	61,494	43,466
Other current comprehensive income (net after tax)	(85,266)	(47,316)	(48,681)	7,855	(49,507)	78,895
Total current comprehensive income	409,451	263,120	353,653	285,426	11,987	122,361
Net profit attributable to owners of the parent	494,717	310,436	402,465	278,985	68,578	45,343
Net profit attributable to non-controlling interest	-	-	(131)	(1,414)	(7,084)	(1,877)
Total comprehensive income attributable to owners of the parent	409,451	263,120	354,623	287,872	20,009	122,149
Total comprehensive income attributable to non-controlling interest	-	-	(970)	(2,446)	(8,022)	212
EPS	7.49	4.70	6.09	4.22	1.04	0.69

Note: The consolidated financial statements of Q1 in 2022 reviewed by the independent external auditor is adopted.

- (II) Matters of material significance which affected the comparability of said condensed financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments etc., and the impact of these events on the current financial statements: None.

(III) Names and auditor's opinions of the attesting CPA for the most recent five years:

Year	Name of Firm	Name of CPA	Opinion
2017	Deloitte Taiwan	Yu Cheng-Chuan and Chang Keng-Hsi, CPAs	Unqualified opinions
2018	Deloitte Taiwan	Yu Cheng-Chuan and Chang Keng-Hsi, CPAs	Unqualified opinions
2019	Deloitte Taiwan	Chen Chiang-Shiun and Chang Keng-Hsi, CPAs	Unqualified opinions
2020	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei, CPAs	Unqualified opinions
2021	Deloitte Taiwan	Chen Chao-Mei and Chen Chiang-Shiun, CPAs	Unqualified opinions

II. Financial analysis

Unit: %

Analysis items (Note 2)		Financial analysis for the most recent five years					Ended on March 31, 2022 (Note 1)
		Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	
Financial structure	Ratio of liabilities to assets	34.46	35.34	40.23	41.07	58.61	60.74
	Ratio of long-term capital to property, plant and equipment	349.15	246.34	172.15	212.39	161.77	157.4
Solvency	Current ratio	225.36	203.90	147.97	381.86	194.54	185.1
	Quick ratio	199.11	168.96	117.91	295.49	136.57	132.94
	Interest coverage ratio	210.32	62.30	84.52	39.77	5.98	14.47
Operating ability	Receivable turnover (counts)	3.65	2.95	3.43	2.85	2.96	2.66
	Average days for cash receipts	100	124	106	128	123	137
	Inventory turnover (counts)	10.01	7.36	6.62	4.92	5.64	5.00
	Payables turnover (counts)	6.38	5.89	6.3	6.71	8.54	8.55
	Average days for sale of goods	37	50	55	74	65	73
	property, plant and equipment turnover (counts)	4.93	3.01	2.28	1.58	1.30	1.33
	Total assets turnover (counts)	0.96	0.77	0.85	0.65	0.69	0.65
Profitability	Return on assets (%)	12.95	8.18	9.97	6.41	1.38	3.02
	Return on equity (%)	19.05	12.40	15.91	10.51	2.39	6.91
	Ratio of income before tax to paid-in capital (%) (Note 6)	78.20	47.64	69.28	54.77	10.33	9.48
	Net profit ratio (%)	13.43	10.42	11.6	9.63	1.70	4.30
	EPS (NT\$)	7.49	4.70	6.09	4.22	1.04	0.69
Cash flow	Cash flow ratio (%)	6.36	38.02	15.24	44.46	(30.54)	(7.91)
	Cash flow adequacy ratio (%)	128.51	121.22	76.31	60.64	16.64	12.20
	Cash reinvestment ratio (%)	(11.60)	2.81	2.04	0.32	(12.03)	(2.36)
Leverage	Operating leverage	1.14	1.42	1.31	1.41	3.02	1.77
	Financial leverage	1.00	1.02	1.01	1.02	1.19	1.08

The reasons of change made on diversified finance ratio over the latest past 2 years are stated as follows. (analysis is exempted in case of the increase/decrease rate not reaching 20%)

1. Ratio of liabilities to assets : It was mainly caused by the increase in the ratio in 2021 compared to 2020 was mainly due to the increase of short term loan and the construction of a new factory in Tainan.
2. The percentage of long-term fund accounted for real estate, plant and equipment: It was mainly caused by the decrease in the ratio in 2021 compared to 2020 was mainly due to most of the expenses related to the construction of the new plant in Tainan are covered by long-term borrowings and the proportion is reduced in 2021 because the fixed assets of the tainan plant are more than in 2020.
3. Current ratio and quick ratio : This is mainly due to the increase in short-term borrowings, resulting in a decrease in the ratio in 2021 compared to 2020.
4. Interest Protection Multiples: The main system is the decrease in net profit in 2021, and the interest protection multiple is reduced compared with that in 2020..
5. Payables turnover : This was mainly due to an increase in the turnover rate of payments payable due to an increase in the cost of goods sold in the current period.
6. Return on assets and return on equity: The main system is that the net profit after tax in 2021 decreased compared with 2020, and the return on assets and equity decreased compared with 2020.
7. Net profit before tax to paid-up capital ratio: The main reason is that the decrease in operating gross profit in 2021 led to a decline in net profit before tax, and the ratio of net profit before tax to paid-up capital decreased compared with that in 2020 .
8. Net profit ratio : The main reason is that the after-tax profit and loss in 2021 decreased, so the net profit ratio declined.
9. EPS : This was mainly due to a decrease in net profit after tax due to a decrease in operating gross profit in 2021, resulting in a decrease in earnings per share compared to 2020.
10. Cash flow ratio : The cash flow ratio decreased compared to FY2020 due to the decrease in net cash inflow from operating activities in 2020
11. Cash flow adequacy ratio and Cash reinvestment ratio : The overall ratio decreased from 2020 due to the decrease in cash flow from operating activities, the increase in capital expenditure in 2021 and the increase in gross fixed assets
12. Operating leverage : The main reason is that the operating leverage has decreased compared with 2020 due to the decrease in operating profit.

Note 1:The consolidated financial statements of Q1 in 2021 audited by the independent external auditor is adopted.

Note 2:The equation applied by the financial analysis is stated as following:

1. Financial structure
 - (1)Ratio of liabilities to assets=Total liabilities/total assets.
 - (2)Ratio of property, plant and equipment to long-term capital=(Total equity+non-current liabilities)/property, plant and equipment, net.
2. Solvency
 - (1)Current ratio=Current assets/current liabilities.
 - (2)Quick ratio=(current assets-inventory-prepaid expenses)/current liabilities.
 - (3)Interest coverage ratio=Income before income tax and interest expenses/current interest expenses.
3. Operating ability
 - (1)Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average receivables (including accounts receivable and notes receivable resulting from operation)
 - (2)Average days for cash receipts=365/receivables turnover.
 - (3)Inventory turnover=Cost of goods sold/average inventory.
 - (4)Payables (including accounts payable and notes payable resulting from operation) turnover = Cost of goods sold/balance of average payables (including accounts payables and notes payable resulting from operation)
 - (5)Average days for sale of goods=365/inventory turnover.
 - (6)Property, plant and equipment turnover=Net sales/average property, plant and equipment, net.
 - (7)Total asset turnover=Net sales/average total assets.
4. Profitability
 - (1)Return on assets=[Income after tax+interest expenses×(1–tax rate)]/average total assets.
 - (2)Return on equity=Income after tax/average total equity.
 - (3)Net profit ratio=Income after tax/net sales.
 - (4)EPS=(Income attributable to owners of the parent–preferred stock dividend)/weighted average number of outstanding shares. (Note 3)
5. Cash flow
 - (1)Cash flow ratio=Net cash flow from operating activities/current liabilities.
 - (2)Net cash flow adequacy ratio=Net cash flow from operating activities for the most recent five years/for the most recent five years (capital expenditure+increase in inventory+cash dividend).
 - (3)Cash reinvestment ratio=(Net cash from operating activities–cash dividend)/(gross property, plant and equipment+long-term investment+other_non-current assets+working capital). (Note 4)

6. Leverage:

(1) Operating leverage = (Operating revenue, net-variable operating costs and expenses) / operating profit) (Note 5).

(2) Financial leverage = Operating profit / (operating profit - interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:

1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In case of raising capital through issuing new shares or transactions of treasury stocks, calculate also the weighted average quantity of outstanding shares in the period of circulation.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the net income after tax or add the net loss after tax. If the accumulated preferred shares are not accumulative in nature, dividend for preferred shares shall be deducted from the income after tax, if any. In case of loss, no adjustment shall be made.

Note 4: Cash flow analyses shall take the following factors into account:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as "zero".
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The Company, as an issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

Note 6: In the case of shares issued by the Company with no par value or a par value other than NT\$10 per share, said ratio of the paid-in capital shall be replaced by the ratio of the equity attributable to owners of the parent referred to in the balance sheet.

III. Audit Committee's Audit Report

M. J. International Co., Ltd.

Review Report from the Audit Committee

This report is to certify that the Company's 2021 business report, financial statement and the motion for allocation of earnings were prepared and submitted by the Company's Board of Directors, and the financial statement contained therein were already audited by Deloitte Taiwan, which also issued an audit report containing unqualified opinions. The Audit Committee, after completing the review on said reports and statements prepared and submitted by the Board of Directors, believes that they are free of material misstatements and thus has submit this report according to Article 14-4 of the Securities and Exchange Act and 219 of the Company Act.

Please review accordingly.

To:

2022 Annual General Shareholders' Meeting of M. J. International Co., Ltd.

M. J. International Co., Ltd.

Chairman of Audit Committee:

Chiou, Yyh-Shen

March 28 2022

IV. Consolidated financial statements and auditing report for the most recent year:

M. J. International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended
December 31, 2021 and 2020 and Independent Auditors'
Report

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

The Board of Directors and Shareholders
M. J. International Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021.

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.

The key audit matters in the audit of the Group's consolidated financial statements for the year ended December 31, 2021 are stated below:

The operating revenue was \$3,610,670 thousand for the year of 2021, while the sales amount of customer A accounted for approximately 42% of the consolidated operating revenue, and the sales amount of customer B accounted for approximately 23% of the consolidated operating revenue. We deemed the occurrence of sales to above-mentioned customers particularly as a key audit matter. Please refer to Note 4(14) and Note 25 to the consolidated financial statements for the revenue recognition accounting policy.

Our audit procedures performed included the following :

1. Through understanding the design and implementation of the internal control over sales and collection cycle, we accordingly designed audit procedures on the internal control over sales and collection cycle, in order to confirm and evaluate the effectiveness of the Group's internal control over sales and collection cycle.
2. We selected appropriate samples from the sales transactions with the above-mentioned customer; reviewed shipment orders, invoices, bill of lading, and other customs documents; and verified remittance counterparties and cash receipts process, in order to confirm the occurrence of sales.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2021 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 Chiang-Shiun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 28, 2022

M. J. International Co., Ltd. and subsidiaries
CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 336,209	6	\$ 535,530	12
Financial assets at fair value through profit or loss (Notes 4 and 7)	26,266	1	81,052	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 10 and 34)	135,268	2	284,691	6
Financial assets at amortized cost - current (Notes 4,9, 10 and 34)	1,387	-	-	-
Notes receivable (Notes 4, 11 and 25)	3,402	-	1,795	-
Notes receivable - related parties (Notes 4, 25 and 33)	1,342	-	-	-
Trade receivables (Notes 4, 11 and 25)	1,416,215	23	930,658	21
Trade receivables - related parties (Notes 4, 25 and 33)	45,815	1	38,793	1
Other receivables (Notes 4 and 11)	39,823	1	25,158	-
Current tax assets (Notes 4 and 27)	1,997	-	1,558	-
Inventories (Notes 4 and 12)	628,339	10	430,793	9
Other current assets - others (Notes 19)	236,092	4	124,366	3
Total current assets	<u>2,872,155</u>	<u>48</u>	<u>2,454,394</u>	<u>54</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 10)	21,930	1	28,400	1
Property, plant and equipment (Notes 4, 14 and 34)	2,785,940	47	1,822,494	40
Right-of-use assets (Notes 4 and 15)	129,391	2	65,211	2
Investment properties (Notes 4 and 16)	66,693	1	43,398	1
Goodwill (Notes 4,17)	8,120	-	8,355	-
Other intangible assets (Notes 4, 18)	21,551	-	28,699	1
Deferred tax assets (Notes 4 and 27)	12,104	-	2,967	-
Other non-current assets (Notes 4 and 19)	65,364	1	59,595	1
Total non- current assets	<u>3,111,093</u>	<u>52</u>	<u>2,059,119</u>	<u>46</u>
Total assets	<u>\$ 5,983,248</u>	<u>100</u>	<u>\$ 4,513,513</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term borrowings (Notes4, 20 and 34)	\$ 658,874	11	\$ 894	-
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	447	-
Contract liabilities - current (Notes 4 and 25)	22,640	1	29,967	1
Trade payables	426,437	7	273,233	6
Other payables (Notes4, 22and 30)	318,344	5	257,648	6
Other payables- related parties (Notes 33)	27	-	-	-
Current tax liabilities (Notes 4 and 27)	9,828	-	65,129	1
Provisions - current (Notes 4 and 23)	16,336	-	8,192	-
Lease liabilities - current (Notes 4 and 15)	21,727	1	6,241	-
Other current liabilities	2,206	-	1,000	-
Total current liabilities	<u>1,476,419</u>	<u>25</u>	<u>642,751</u>	<u>14</u>
Non-current liabilities				
Bonds payable (Notes 4 and 21)	587,611	10	580,062	13
Long-term borrowings (Notes 4, 20, 29 and 34))	1,301,264	22	597,008	13
Deferred tax liabilities (Note 4 and 27)	8,430	-	8,476	-
Lease liabilities - non-current (Notes 4 and 15)	64,615	1	7,732	-
Deferred revenue - non-current (Notes 4 and 29)	63,001	1	17,215	1
Guarantee deposits	5,368	-	391	-
Total non-current liabilities	<u>2,030,289</u>	<u>34</u>	<u>1,210,884</u>	<u>27</u>
Total liabilities	<u>3,506,708</u>	<u>59</u>	<u>1,853,635</u>	<u>41</u>
Equity attributable to owners of the company (Notes 4 and 24)				
Share capital				
Ordinary shares	660,590	11	660,590	15
Capital surplus	1,229,455	20	1,229,455	27
Retained earnings				
Legal reserve	205,640	3	177,742	4
Special reserve	119,001	2	127,888	3
Unappropriated earnings	406,858	7	555,724	12
Total retained earnings	731,499	12	861,354	19
Other equity	(167,314)	(3)	(119,001)	(3)
Treasury shares	(21,450)	-	-	-
Total equity attributable to owners of the company	<u>2,432,780</u>	<u>40</u>	<u>2,632,398</u>	<u>58</u>
Non-controlling interests (Notes4 and 24)	43,760	1	27,480	1
Total equity	<u>2,476,540</u>	<u>41</u>	<u>2,659,878</u>	<u>59</u>
Total liabilities and equity	<u>\$ 5,983,248</u>	<u>100</u>	<u>\$ 4,513,513</u>	<u>100</u>

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

M. J. International Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)				
Sales	\$ 3,610,670	100	\$ 2,882,490	100
OPERATING COSTS (Notes 12 and 26)				
Cost of goods sold	(2,986,204)	(83)	(2,096,842)	(73)
GROSS PROFIT	<u>624,466</u>	<u>17</u>	<u>785,648</u>	<u>27</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	(250,557)	(7)	(211,764)	(7)
General and administrative expenses	(198,015)	(6)	(163,800)	(6)
Research and development expenses	(88,065)	(2)	(4,314)	-
Expected credit loss (Notes 4, 10 and 11)	(1,221)	-	(646)	-
Total operating expenses	(537,858)	(15)	(380,524)	(13)
PROFIT FROM OPERATIONS	<u>86,608</u>	<u>2</u>	<u>405,124</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 26)	15,332	-	22,712	1
Other income (Notes 4 and 26)	3,174	-	11,228	-
Other gains and losses (Notes 4, 13 and 26)	(23,146)	-	(67,924)	(2)
Financial costs (Notes 4, 21 and 26)	(13,701)	-	(9,333)	-
Total non-operating income and expenses	(18,341)	-	(43,317)	(1)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	68,267	2	361,807	13
INCOME TAX EXPENSE (Notes 4 and 27)	(6,773)	-	(84,236)	(3)
NET PROFIT FOR THE YEAR	<u>61,494</u>	<u>2</u>	<u>277,571</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 24)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(28,867)	(1)	(6,690)	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	(20,640)	(1)	14,545	-
Other comprehensive income/(loss) for the year, net of income tax	(49,507)	(2)	7,855	-
TOTAL COMPREHENSIVE INCOME/ FOR THE YEAR	<u>\$ 11,987</u>	<u>-</u>	<u>\$ 285,426</u>	<u>10</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 68,578	2	\$ 278,985	10
Non-controlling interests	(7,084)	-	(1,414)	-
	<u>\$ 61,494</u>	<u>2</u>	<u>\$ 277,571</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 20,009	-	\$ 287,872	10
Non-controlling interests	(8,022)	-	(2,446)	-
	<u>\$ 11,987</u>	<u>-</u>	<u>\$ 285,426</u>	<u>10</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations	\$ 1.04		\$ 4.22	
Basic	<u>\$ 1.02</u>		<u>\$ 4.18</u>	
Diluted				

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

M. J. International Co., Ltd. and subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the company										
	Retained Earnings					Other Equity		Treasury Shares	Total	Non-controlling Interests	Total equity
						Exchange differences translating the financial statements of foreign operations	Unrealized gains (loss) on financial assets at fair value through other comprehensive income				
	Share capital	Capital surplus	Legal Reserve	Special Reserve	Unappropriated earnings						
BALANCE AT JANUARY 1, 2020	660,590	1,205,967	137,496	80,046	635,669	(138,545)	10,657	-	2,591,880	29,926	2,621,806
Appropriation of 2019 earnings (Note 24)								-			
Legal reserve	-	-	40,246	-	(40,246)	-	-	-	-	-	-
Special reserve	-	-	-	47,842	(47,842)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(270,842)	-	-	-	(270,842)	-	(270,842)
Equity component of convertible bonds issued by the Company—share option (Notes 4 and 21)	-	23,488	-	-	-	-	-	-	23,488	-	23,488
Net profit for the year ended December 31, 2020	-	-	-	-	278,985	-	-	-	278,985	(1,414)	277,571
Other comprehensive income (loss) for the year ended December 31, 2020 (Note 24)	-	-	-	-	-	(5,658)	14,545	-	8,887	(1,032)	7,855
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	278,985	(5,658)	14,545	-	287,872	(2,446)	285,426
BALANCE AT DECEMBER 31, 2020	660,590	1,229,455	177,742	127,888	555,724	(144,203)	25,202	-	2,632,398	27,480	2,659,878
Appropriation of 2020 earnings (Note 24)								-			
Legal reserve	-	-	27,898	-	(27,898)	-	-	-	-	-	-
Special reserve	-	-	-	(8,887)	8,887	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(198,177)	-	-	-	(198,177)	-	(198,177)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 24)	-	-	-	-	(256)	-	256	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	68,578	-	-	-	68,578	(7,084)	61,494
Other comprehensive income (loss) for the year ended December 31, 2021 (Note 24)	-	-	-	-	-	(27,929)	(20,640)	-	(48,569)	(938)	(49,507)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	68,578	(27,929)	(20,640)	-	20,009	(8,022)	11,987
Buy-back of treasury shares	-	-	-	-	-	-	-	(21,450)	(21,450)	-	(21,450)
Changes in non-controlling interests(Note 24)	-	-	-	-	-	-	-	-	-	24,302	24,302
BALANCE AT DECEMBER 31, 2021	<u>\$ 660,590</u>	<u>\$ 1,229,455</u>	<u>\$ 205,640</u>	<u>\$ 119,001</u>	<u>\$ 406,858</u>	<u>(\$ 172,132)</u>	<u>\$ 4,818</u>	<u>(\$ 21,450)</u>	<u>\$ 2,432,780</u>	<u>\$ 43,760</u>	<u>\$ 2,476,540</u>

The accompanying notes are an integral part of the consolidated financial statement

M. J. International Co., Ltd. and subsidiaries

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 68,267	\$ 361,807
Adjustments for:		
Depreciation expenses	167,330	155,836
Amortization expenses	7,945	8,740
Expected credit loss recognized on trade receivables	1,221	646
Finance costs	13,701	9,333
Interest income	(15,332)	(22,712)
Write-downs of inventories	12,080	6,743
(Gain)/loss on disposal of property, plant and equipment	1,221	1,703
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(1,483)	(563)
Net (gain)/loss on disposal of financial assets	2,539	12,962
Net (gain)/loss on foreign currency exchange	1,571	27,955
Recognition of provisions (Note 19 and 26)	18,115	9,547
Proceeds from guarantee deposits received	-	(282)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	244	(28,110)
Decrease (increase) in notes receivable	(1,607)	645
Decrease (increase) in accounts receivable due from related parties	(1,342)	765
Decrease (increase) in trade receivable	(516,670)	22,696
Decrease (increase) in trade receivable due from related parties	(29,720)	5,096
Decrease (increase) in other receivable	(20,283)	6,447
Decrease (increase) in inventories	(213,468)	(11,700)
Decrease (increase) in other current assets	(105,754)	(21,213)
Increase (decrease) in financial liabilities held for trading	919	282
Increase (decrease) in contract liabilities	(7,198)	(13,165)
Increase (decrease) in accounts payable	196,376	(79,925)
Increase (decrease) in other payable	49,854	(71,359)
Increase (decrease) in provisions	(9,641)	(15,623)
Increase (decrease) in other current liabilities	<u>1,239</u>	<u>332</u>
Net cash flows from (used in) operating activities	(379,876)	366,883

(Continued)

	2021	2020
Interest received	1,549	6,398
Interest paid	(1,886)	(9,031)
Income tax paid	(70,723)	(78,455)
Net cash generated from operating activities	(450,936)	285,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(503)
Proceeds from sale of financial assets at fair value through other comprehensive income	126,979	50,412
Purchase of financial assets at amortized cost	(1,387)	-
Purchase of financial assets at fair value through profit or loss	(2,171)	(64,313)
Proceeds from sale of financial assets at fair value through profit or loss	56,087	347,669
Acquisition of investments accounted for using equity method	-	(10,690)
Payments for property, plant and equipment	(1,101,721)	(371,283)
Proceeds from disposal of property, plant and equipment	1,001	1,527
Payments for intangible assets	(1,511)	-
Increase in refundable deposits	(6,290)	-
Increase in other non-current assets	(20,758)	(11,675)
Interest received	11,391	17,461
Net cash used in financing activities	(938,380)	(41,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,213,642	282,732
Repayments of short-term borrowings	(547,733)	(1,219,180)
Proceeds from issuance of convertible bonds	-	600,540
Proceeds from long-term borrowings	740,790	613,800
Proceeds from guarantee deposits received	4,979	384
Refund of guarantee deposits received	-	(43)
Payments for buy-back of ordinary shares	(21,450)	-
Changes in non-controlling interests	24,302	-
Repayment of the principal portion of lease liabilities	(9,743)	(6,761)
Cash dividends paid	(198,177)	(270,842)
Net cash flows from (used in) financing activities	1,206,610	630
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(16,615)	9,700
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(199,321)	254,730
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	535,530	280,800
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 336,209	\$ 535,530

(Concluded)

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

M. J. International Co., Ltd. and subsidiaries

Notes To Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. GENERAL INFORMATION

M. J. International Co., Ltd. (hereinafter referred to as the “Company”) was incorporated in the Cayman Islands on October 8, 2010. The Company is the holding company that has reorganized the organizational structure for the listing of stocks on the Taiwan Stock Exchange. After the reorganization, the company became the holding company of all the merged entities. The Company’s shares have been listed on the Taiwan Stock Exchange since November 1, 2016. The Company and its subsidiaries (hereinafter referred to as the “Group”) are primarily engaged in the business of developing, manufacturing and selling for LVT and SPC floors.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies::

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and

exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary

differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- (1) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- (2) The Group chose the accounting policy from options permitted by the standards;
- (3) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- (4) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the

- Group discloses those judgements or assumptions; or
- (5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

See Note 13 and Table 9 and Table 10 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries, associates that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a

foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and inventories in transit are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss., except for cases where the interest recognition of short-term receivables is not significant, Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI,

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial

instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i) Internal or external information show that the debtor is unlikely to pay its creditors.
- ii) When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss.

Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - others.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into derivative financial instruments are foreign exchange forward contracts, dual currency Investment and foreign exchange option to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the

derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of LVT floors are recognized as revenue when the goods are shipped or the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Advance receipts are recognized as contract liabilities before the goods are shipped.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize provisions, which is classified under other payables.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies, estimates and underlying assumptions adopted by the merging company are not subject to material uncertainty in accounting judgments, estimates and assumptions after being assessed by the management of the merging company.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 2,821	\$ 1,954
Checking accounts and demand deposits	329,533	448,363
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>3,855</u>	<u>85,213</u>
	<u>\$ 336,209</u>	<u>\$ 535,530</u>

The market rate intervals of cash in the bank at the end of the year were as follows

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank balance	0.01% ~ 1.35%	0.01% ~ 2.05%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		

Derivative financial assets (not under hedge accounting)		
— Redemption rights of convert bonds (note 21)	\$ -	\$ 60
Hybrid financial assets		
— Dual currency (a)	-	28,540
— Structured deposits (c)	26,266	52,452
	<u>\$ 26,266</u>	<u>\$ 81,052</u>

Financial liabilities-current

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)	<u>\$ -</u>	<u>\$ 447</u>
— foreign exchange option (b)		

- (a) Dual currency investment (DCI) includes a time deposit contract and the foreign exchange option. When the agreement expires, the currency of the principal redemption at maturity is determined according to the spot exchange rate. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows :

	Currency	Notional Amount (In Thousands)	Maturity Date	Exchange rate
<u>December 31, 2020</u>				
DCI	USD/RMB	USD 1,000	2021.1.11	Higher or equal to 6.59

The Group entered into DCI to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

- (b) At the end of the year, outstanding foreign exchange options not under hedge accounting were as follows :

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	USD/RMB	2021.1.19	USD 1,000 /RMB 6,630
Sell	USD/RMB	2021.1.27	USD 1,000 /RMB 6,600
Sell	USD/RMB	2021.2.18	USD 1,000 /RMB 6,630

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

- (c) The Group entered into a structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Investments in debt instruments at FVTOCI	<u>\$ 135,268</u>	<u>\$ 284,691</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ -	\$ 475
Investments in debt instruments at FVTOCI	<u>21,930</u>	<u>27,925</u>
	<u>\$ 21,930</u>	<u>\$ 28,400</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Non-current</u>		
Foreign investment		
Unlisted shares		
DCM International Corporation Limited	<u>\$ -</u>	<u>\$ 475</u>

The Groups purchased DCM International Corporation Limited for 500 thousand baht in January 2020. The investment in equity instruments is held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In May 2021, the Group sold its shares in DCM in order to manage credit concentration risk. The shares sold had a fair value of \$214 thousand(241 thousand baht) and its related unrealized valuation gain of \$256 thousand was transferred from other equity to retained earnings

b. Investments in debt instruments at FVTOCI

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Foreign investments		
Overseas bond investment	\$ 135,268	\$ 284,691
<u>Non-current</u>		
Foreign investments		
Overseas bond investment	<u>21,930</u>	<u>27,925</u>
	<u>\$ 157,198</u>	<u>\$ 312,616</u>

1) Refer to Note 10 for information relating to their credit risk management and impairment.

2) Refer to Note 34 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Domestic investments		
Restricted deposit -time deposits	\$ <u>1,387</u>	\$ <u>-</u>

a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

b. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

December 31, 2021

	<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Gross carrying amount	\$ 157,528	\$ 1,387
Less: Allowance for impairment loss	(2,416)	(-)
Amortized cost	155,112	\$ <u>1,387</u>
Adjustment to fair value	4,818	
Effect of exchange rate changes	(2,732)	
	\$ <u>157,198</u>	

December 31, 2020

	<u>At FVTOCI</u>
Gross carrying amount	\$ 294,946
Less: Allowance for impairment loss	(5,205)
Amortized cost	289,741
Adjustment to fair value	25,202
Effect of exchange rate changes	(2,327)
	\$ <u>312,616</u>

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition, or the debtor has a higher credit risk but still has a strong capacity to meet contractual cash flows	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

December 31, 2021

Category	Expected Loss Rate	Gross Carrying Amount Gross At FVTOCI
Performing	0%	\$ 117,662
Doubtful	0.52%~15.16%	34,222
In default	21.97%	5,644
Write-off	100%	-
		<u>\$ 157,528</u>

December 31, 2020

Category	Expected Loss Rate	Gross Carrying Amount Gross At FVTOCI
Performing	0%	\$ 208,040
Doubtful	1.37%~12.58%	86,906
In default	20.39%	-
Write-off	100%	-
		<u>\$ 294,946</u>

The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

Credit Rating		
Performing	Doubtful (Lifetime)	In default (Lifetime)

	(12-month ECLs)	ECLs - Not Credit-impaired)	ECLs - Credit-impaired)
Balance at January 1,2021	\$ -	\$ 5,205	\$ -
From doubtful to in default	-	(809)	809
Derecognition (b)	-	(2,714)	-
Change in model or risk parameters	-	35	-
Change in exchange rates or others	-	(110)	-
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 1,607</u>	<u>\$ 809</u>

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In default (Lifetime ECLs - Credit-impaired)
Balance at January 1,2020	\$ -	\$ 7,354	\$ -
From doubtful to in default	-	(157)	5,978
From in default to write-off	-	-	(5,978)
Derecognition (a 、 b)	-	(1,493)	-
Change in exchange rates or others	-	(499)	-
Balance at December 31,2020	<u>\$ -</u>	<u>\$ 5,205</u>	<u>\$ -</u>

(a). On April 26, 2020, Company A applied to did not pay the interest of the bonds. The Group has no realistic prospect of recovery and has written off the in-default loss allowance of \$5,978 thousand.

(b). Investments in government bonds rated as doubtful at FVTOCI of \$124,775 thousand and \$22,846 thousand were sold during 2021 and 2020, respectively, with a consequential reduction in the loss allowance for investments rated as doubtful of \$2,714 thousand and \$1,493 thousand , respectively.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount- operating	\$ 3,402	\$ 1,795
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,402</u>	<u>\$ 1,795</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,419,208	\$ 932,527
Less: Allowance for impairment loss	(2,993)	(1,869)
	<u>\$ 1,416,215</u>	<u>\$ 930,658</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 30,969	\$ 12,463
Interest receivable	6,445	5,784
Others	<u>2,409</u>	<u>6,911</u>
	<u>\$ 39,823</u>	<u>\$ 25,158</u>

(a) Notes receivable and trade receivable

The average cashing days of notes receivables was 30 to 60 days. The average credit period of sales of goods was 30 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes and accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables based on the Group's provision matrix.

December 31, 2021

	<u>Not Past Due</u>
Expected credit loss rate	0%
Gross carrying amount	\$ 3,402
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 3,402</u>

December 31, 2020

	<u>Not Past Due</u>
Expected credit loss rate	0%
Gross carrying amount	\$ 1,795
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 1,795</u>

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0%~0.63%	0%~4.55%	0.01%~0.38%	0.89%	2.61%~100%	
Gross carrying amount	\$ 1,331,990	\$ 74,418	\$ 3,588	\$ 1,950	\$ 7,262	\$ 1,419,208
Loss allowance (Lifetime ECLs)	(283)	(255)	(13)	(17)	(2,425)	(2,993)
Amortized cost	<u>\$ 1,331,707</u>	<u>\$ 74,163</u>	<u>\$ 3,575</u>	<u>\$ 1,933</u>	<u>\$ 4,837</u>	<u>\$ 1,416,215</u>

December 31, 2020

<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
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Expected credit loss rate	0%~0.63%	0%~4.55%	0.03%~2.38%	5.90%	0.83%~100%	
Gross carrying amount	\$ 890,871	\$ 35,807	\$ 779	\$ -	\$ 5,070	\$ 932,527
Loss allowance (Lifetime ECLs)	(249)	(943)	-	-	(677)	(1,869)
Amortized cost	<u>\$ 890,622</u>	<u>\$ 34,864</u>	<u>\$ 779</u>	<u>\$ -</u>	<u>\$ 4,393</u>	<u>\$ 930,658</u>

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

	2021	2020
Balance at January 1	\$ 1,869	\$ 1,248
Add: Net remeasurement of loss allowance	1,186	646
Less: Amounts written off	-	-
Effect of exchange rate changes	(62)	(25)
Balance at December 31	<u>\$ 2,993</u>	<u>\$ 1,869</u>

(b) Other receivable

The accounts stated by the Group as other receivables are primarily the tax refund receivable and interest receivable. According to the Group's policy, it only trades with the counterparts with fair credit ratings. The Group would continue to follow up and consider the trading counterparts' past payment record and analyze their current financial position to assess whether there has been a significant increase in credit risk on the other receivables since initial recognition and to measure the expected credit loss. Until December 31, 2020 and December 31, 2021, the expected credit loss ratio for the other receivables estimated by the Group has been 0%.

12. INVENTORIES

	December 31, 2021	December 31, 2020
Commodity	\$ 31,847	\$ 41,105
Finished goods	220,287	177,694
Work in process	151,999	88,130
Raw materials and supplies	132,954	94,753
Inventory in transit	91,252	29,111
	<u>\$ 628,339</u>	<u>\$ 430,793</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 2,974,124	\$ 2,090,099
Inventory write-downs	12,080	6,743
	<u>\$ 2,986,204</u>	<u>\$ 2,096,842</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main business	% of ownership	
			December 31, 2021	December 31, 2020
M.J. International Co., Ltd. ("M.J. Group")	Prolong International Co., Limited. ("Prolong HK")	Investment holding	100%	100% (Remark1)
	M.J. International Flooring And Interior Products Inc. ("M.J. Taiwan")	Sale and processing of LVT and SPC floors	100% (Remark3)	100%
	Opulent International Group Limited ("Opulent")	International trade	100%	100%
	Fullhouse Investments Limited.	Investment holding	100%	100%

Investor	Investee	Main business	% of ownership	
			December 31,2021	December 31,2020
				(Remark2)
Fullhouse Investments Limited.	Green Touch Floors Inc.	Sale of engineered wood , LVT and floors decoration materials and construction materials.	60%	60%
Prolong HK	Dongguan MeiJer Plastic Products Co., Ltd.(“M.J. Dongguan”)	Production and sale of tiles, decoration materials and construction materials, and investment holding.	100%	100% (Remark1)
	Dongguan Prolong Plastic Products Co., Ltd.(“Prolong Dongguan”)	Production and sale of tiles, decoration materials and construction materials, and investment holding.	100%	100%
M.J. Dongguan	Chongqing M.J. Architecture & Decoration Materials Co., Ltd.(“M.J. Chongqing”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Guangzhou Promax Architecture & Decoration Materials Co., Ltd.(“M.J. Guangzhou”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Beijing M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Beijing”)	Sale of plastic tiles, decoration materials and construction materials.	75%	75%
	Shanghai M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Shanghai”)	Sale of plastic tiles, decoration materials and construction materials.	36%	36%
	Wuhan M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Wuhan”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Changchun MH Arts Co., Ltd. (“Changchun MH”)	Production and sale of tiles, decoration materials and construction materials.	70% (Remark5)	-
Prolong Dongguan	M.J. Shanghai	Sale of plastic tiles, decoration materials and construction materials.	64%	64%
	Xian M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Xian”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Shenyang M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Shenyang”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100% (Remark4)
	M.J. Beijing	Sale of plastic tiles, decoration materials and construction materials.	25%	25%

Remark :

- 1) In April 2020, the Group invested USD 2,000 thousand in Prolong HK, and Prolong HK invested M.J. Dongguan USD 2,000 thousand.
- 2) The Group invested FULLHOUSE INVESTMENTS LIMITED USD 20 thousand, in January 2020.
- 3) On November 5, 2020, the board of directors of the group decided to increase its investment by M.J. Taiwan. The Group invested M.J. Taiwan 250,000 thousand in February 2021.
- 4) Prolong Dongguan invested in M.J. Shenyang RMB 43 thousand in January 2020.
- 5) Changchun MH Arts Co., Ltd was incorporation on February 18, 2021. M.J. Dongguan invested RMB 1,400 thousand, RMB 7,000 thousand, RMB 2,800 and RMB2,800 thousand in March, May, July and October 2021.

14. Property, Plant and Equipment- Assets used by the Group

	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Equipment under Installation and Construction in Progress	Total
Cost									
Balance at January 1, 2021	\$ 456,595	\$ 781,519	\$ 851,971	\$ 35,930	\$ 29,164	\$ 14,202	\$ 163,470	\$ 361,988	\$2,694,839
Additions	-	7,784	45,270	1,316	5,264	5,507	19,623	1,039,411	1,124,175
Disposals	-	-	(7,109)	(1,267)	-	(100)	(1,806)	-	(10,282)
Reclassified (Remark)	-	-	21,354	-	-	-	205	(18)	21,541
Transfers to investment properties	-	(35,311)	-	-	-	-	-	-	(35,311)

(Note 16)										
Effect of exchange rate changes	-	(3,858)	(4,485)	(600)	(537)	(2,309)	(875)	-	(12,664)	
Balance at December 31, 2021	<u>\$ 456,595</u>	<u>\$ 750,134</u>	<u>\$ 907,001</u>	<u>\$ 35,379</u>	<u>\$ 33,891</u>	<u>\$ 17,300</u>	<u>\$ 180,617</u>	<u>\$ 1,401,381</u>	<u>\$ 3,782,298</u>	
Accumulated depreciation										
Balance at January 1, 2021	\$ -	\$ 251,136	\$ 468,742	\$ 27,799	\$ 21,541	\$ 11,204	\$ 91,923	\$ -	\$ 872,345	
Disposals	-	-	(4,993)	(1,166)	-	(98)	(1,803)	-	(8,060)	
Depreciation expenses	-	34,287	72,430	2,858	3,545	1,560	29,898	-	144,578	
Transfers to investment properties	-	(7,560)	-	-	-	-	-	-	(7,560)	
(Note 16)										
Effect of exchange rate changes	-	(1,314)	(2,444)	(162)	(196)	(333)	(496)	-	(4,945)	
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 276,549</u>	<u>\$ 533,735</u>	<u>\$ 29,329</u>	<u>\$ 24,890</u>	<u>\$ 12,333</u>	<u>\$ 119,522</u>	<u>\$ -</u>	<u>\$ 996,358</u>	
Carrying amounts at December 31, 2021	<u>\$ 456,595</u>	<u>\$ 473,585</u>	<u>\$ 373,266</u>	<u>\$ 6,050</u>	<u>\$ 9,001</u>	<u>\$ 4,967</u>	<u>\$ 61,095</u>	<u>\$ 1,401,381</u>	<u>\$ 2,785,940</u>	
Cost										
Balance at January 1, 2020	\$ 456,595	\$ 769,343	\$ 799,799	\$ 44,165	\$ 31,178	\$ 13,548	\$ 157,827	\$ 1,018	\$ 2,273,473	
Additions	-	2,598	24,825	1,164	943	1,039	4,788	360,970	396,327	
Disposals	-	-	(24,112)	(9,922)	(3,362)	(615)	(2,216)	-	(40,227)	
Reclassified (Remark)	-	-	38,382	-	-	-	431	-	38,813	
Effect of exchange rate changes	-	9,578	13,077	523	405	230	2,640	-	26,453	
Balance at December 31, 2020	<u>\$ 456,595</u>	<u>\$ 781,519</u>	<u>\$ 851,971</u>	<u>\$ 35,930</u>	<u>\$ 29,164</u>	<u>\$ 14,202</u>	<u>\$ 163,470</u>	<u>\$ 361,988</u>	<u>\$ 2,694,839</u>	
Accumulated depreciation										
Balance at January 1, 2020	\$ -	\$ 210,727	\$ 412,282	\$ 33,462	\$ 21,287	\$ 9,852	\$ 62,926	\$ -	\$ 750,536	
Disposals	-	-	(21,314)	(9,599)	(3,362)	(506)	(2,216)	-	(36,997)	
Depreciation expenses	-	36,494	70,563	3,529	3,295	1,631	29,610	-	145,122	
Effect of exchange rate changes	-	3,915	7,211	407	321	227	1,603	-	13,684	
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 251,136</u>	<u>\$ 468,742</u>	<u>\$ 27,799</u>	<u>\$ 21,541</u>	<u>\$ 11,204</u>	<u>\$ 91,923</u>	<u>\$ -</u>	<u>\$ 872,345</u>	
Carrying amounts at December 31, 2020	<u>\$ 456,595</u>	<u>\$ 530,383</u>	<u>\$ 383,229</u>	<u>\$ 8,131</u>	<u>\$ 7,623</u>	<u>\$ 2,998</u>	<u>\$ 71,547</u>	<u>\$ 361,988</u>	<u>\$ 1,822,494</u>	

Remark : Reclassified into the property, plant and equipment or other non-current assets from the property in construction or equipment under installation.

There were no significant impairment losses for the years ended December 31, 2021 and December 31, 2020.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows :

Buildings	
Main buildings	20~ 55Years
Others	3~20Years
Machinery and equipment	2~10Years
Molding equipment	2~5Years
Transportation equipment	4~5Years
Office equipment	3~5Years
Other equipment	3~10Years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amounts		
Land(Remark)	\$ 50,428	\$ 52,053
Buildings	<u>78,963</u>	<u>13,158</u>
	<u>\$ 129,391</u>	<u>\$ 65,211</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 83,713</u>	<u>\$ 1,946</u>
Depreciation expense		
Land	\$ 1,348	\$ 1,329
Buildings	<u>17,434</u>	<u>6,361</u>
	<u>\$ 18,782</u>	<u>\$ 7,690</u>

Remark : The right-of-use assets include land use rights in mainland China. The Group has obtained the land use rights certificates issued by the government. Except for the

depreciation expenses obtained, added, and recognized by the business combination listed above, the combined company's right-of-use assets did not undergo significant sub-lease and impairment in 2021 and 2020.

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Carrying amounts</u>		
Current	<u>\$ 21,727</u>	<u>\$ 6,241</u>
Non-Current	<u>\$ 64,615</u>	<u>\$ 7,732</u>
Range of discount rate for lease liabilities was as follows		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bulidings	2.76%~5%	3.30%~5%

c. Material lease-in activities and terms

The right-of-use assets include land use rights in mainland China. The lease term is 50 years. The Group has obtained the land use rights certificates issued by the government.

The Group also leases 1 buildings for the use of offices and dormitory with lease terms of 5 to 15 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases	<u>\$ 11,648</u>	<u>\$ 3,365</u>
Total cash outflow for leases	<u>(\$ 23,270)</u>	<u>(\$ 10,883)</u>

16. INVESTMENT PROPERTIES

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 61,630
Transfers from property, plant and equipment	35,311
Effects of foreign currency exchange differences	(584)
Balance at December 31, 2021	<u>\$ 96,357</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 18,232
Depreciation expenses	3,970
Transfers from property, plant and equipment	7,560
Effects of foreign currency exchange differences	(98)
Balance at December 31, 2021	<u>\$ 29,664</u>
Carrying amounts at December 31, 2021	<u>\$ 66,693</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 60,679
Effects of foreign currency exchange differences	951
Balance at December 31, 2020	<u>\$ 61,630</u>

	<u>Buildings</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 14,917
Depreciation expenses	3,024
Effects of foreign currency exchange differences	<u>291</u>
Balance at December 31, 2020	<u>\$ 18,232</u>
Carrying amounts at December 31, 2020	<u>\$ 43,398</u>

- (a).The lease term of investment real estate is 2 years, but the lessee has terminated the contract in advance in May 2020, and has forfeited its deposit, accounting for other benefits and losses. The merged company added a new lease agreement in October 2020. The lease period is 2 years, and the lessee does not have a bargain purchase options to acquire the investment properties at the expiry of the lease periods.
- (b).The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2021 was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year1	\$ 3,871	\$ 2,303
Year2	1,760	2,111
Year3	<u>369</u>	<u>-</u>
	<u>\$ 6,000</u>	<u>\$ 4,414</u>

- (c).The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Building	35 Years
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- (d).The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value	<u>\$104,667</u>	<u>\$ 48,999</u>

- (e).There was no indication of impairment for the year ended December 31, 2021 and 2020.

17. GOODWILL

	<u>2021</u>	<u>2020</u>
Cost		
Balance at January 1	\$ 8,355	\$ 8,795
Effect of foreign currency exchange differences	(<u>235</u>)	(<u>440</u>)
Balance at December 31	<u>\$ 8,120</u>	<u>\$ 8,355</u>

Management assessed that there was no significant impairment of goodwill for the year ended December 31, 2021 and 2020.

18. OTHER INTANGIBLE ASSETS

	Patents	Software	Customer Relationship	Total
<u>Cost</u>				
Balance at January 1,2021	\$ 967	\$ 438	\$ 38,037	\$ 39,442
Additions	-	1,511	-	1,511
Disposals	(967)	-	-	(967)
Effect of foreign currency exchange differences	-	-	(1,069)	(1,069)
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 1,949</u>	<u>\$ 36,968</u>	<u>\$ 38,917</u>
<u>Accumulated amortization</u>				
Balance at January 1,2021	\$ 941	\$ 292	\$ 9,510	\$ 10,743
Amortization expenses	26	438	7,481	7,945
Disposals	(967)	-	-	(967)
Effect of foreign currency exchange differences	-	-	(355)	(355)
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 730</u>	<u>\$ 16,636</u>	<u>\$ 17,366</u>
Carrying amounts at December 31,2021	<u>\$ -</u>	<u>\$ 1,219</u>	<u>\$ 20,332</u>	<u>\$ 21,551</u>
<u>Cost</u>				
Balance at January 1,2020	\$ 967	\$ 4,671	\$ 40,039	\$ 45,677
Disposals	-	(4,021)	-	(4,021)
Effect of foreign currency exchange differences	-	(212)	(2,002)	(2,214)
Balance at December 31,2020	<u>\$ 967</u>	<u>\$ 438</u>	<u>\$ 38,037</u>	<u>\$ 39,442</u>
<u>Accumulated amortization</u>				
Balance at January 1,2020	\$ 828	\$ 3,783	\$ 2,002	\$ 6,613
Amortization expenses	113	734	7,893	8,740
Disposals	-	(4,021)	-	(4,021)
Effect of foreign currency exchange differences	-	(204)	(385)	(589)
Balance at December 31,2020	<u>\$ 941</u>	<u>\$ 292</u>	<u>\$ 9,510</u>	<u>\$ 10,743</u>
Carrying amounts at December 31,2020	<u>\$ 26</u>	<u>\$ 146</u>	<u>\$ 28,527</u>	<u>\$ 28,699</u>

There was no indication of impairment for the year ended December 31, 2021 and 2020.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	5-10 Years
Software	3-5 Years
Customer Relationship	5 Years

An analysis of depreciation by function :

	For the Year Ended December 31	
	2021	2020
Selling and marketing expenses	\$ 150	\$ 146

General and administrative expenses	7,795	8,594
	<u>\$ 7,945</u>	<u>\$ 8,740</u>

19. OTHER ASSETS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Offset Against Business Tax Payable	\$ 177,526	\$ 74,674
Prepayments	25,844	34,900
Others	<u>32,722</u>	<u>14,792</u>
	<u>\$ 236,092</u>	<u>\$ 124,366</u>
<u>Non-Currnt</u>		
Prepayments for equipment	\$ 13,285	\$ 13,747
Refundable deposit (a)	<u>52,079</u>	<u>45,848</u>
	<u>\$ 65,364</u>	<u>\$ 59,595</u>

(a). Refundable deposit, of which 44,272 thousand is the deposit paid for the purchase of land from the Tainan Science and Technology Industry Bureau. According to the contract, if the user is completed according to the approved plan within 2 years, it will be returned without interest after the application.

20. BORROWINGS

Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 658,874</u>	<u>\$ 894</u>

As of December 31, 2021 and 2020, the interest rates on the unsecured bank loans were 0.7%~0.8% and 0.7%~0.85%, respectively.

Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 34)		
Bank loans A (Note1)	\$ 353,600	\$ 353,600
Bank loans B (Note2)	1,000,990	260,200
Bank loans	865	-
Less: Discounts on government grant (Note29)	(<u>54,191</u>)	(<u>16,792</u>)
	<u>\$1,301,264</u>	<u>\$ 597,008</u>

Note 1: The group obtained a newly allocated bank loan of NT\$353,600,000. The loan interest rate is 1.45%, 10 years from the grant date on June 4, 2020, including grace period 3 years. Since the grace period expires, the principal will be amortized evenly in monthly installments, and the principal will be amortized evenly in 85 installments. The transfer amount is guaranteed by the land held by the combined company. Please refer to note 34.

Note 2: The Groups has obtained a government preferential interest rate loan from the National Development Fund (NDF), Executive Yuan " the Action Plan for Returning Overseas Taiwanese Businesses" for construction of factory buildings and purchase of machinery and equipment. The equipment under installation and construction in

progress were provided as collateral for bank borrowings, please refer to note 34.

21. Bonds payable

	December 31,2021	December 31,2020
Unsecured domestic convertible bonds	\$ 587,611	\$ 587,062
Less : Current portion	-	-
	<u>\$ 587,611</u>	<u>\$ 580,062</u>

The terms of the first domestic convertible bonds issue by the Company are as follows:

At August 12, 2020, the Company issued 6 thousand, interest rate 0% and 101% of the par value NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$600,000 thousand. The issuance period from August 12, 2020 to August 12, 2023.

Except for the holders of the converted corporate bonds applying for conversion into ordinary shares of the Company, the company's early redemption of corporate bonds, or the company's purchase and cancellation by the securities firm's business premises, When the converted bonds expire, the company will pay 100.75% of the bond's face value to the bondholders in one lump sum.

The bondholders have the right to ask for conversion of the bonds into ordinary shares of the Company during the period from the date after 3 months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations.

At August 4, 2020 is used as the reference date for the determination of the conversion price. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$76. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. Since the Company applied for ex-dividend on August 12 2020, the conversion price of bonds was adjusted to \$71.4 per share. Since the Company applied for ex-dividend on July 28 2021, the conversion price of bonds was adjusted to \$67.7 per share.

The convertible bonds contain assets、liability and equity components. The assets component was presented in financial assets at fair value through profit or loss. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 1.29% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,460 thousand)	\$ 600,540
Redemption component at the date of issue	120
Equity component	(23,488)
Liability component at the date of issue	577,172
Interest charged at an effective interest rate of 1.29%	2,890
Liability component at January 1,2021	580,062
Interest charged at an effective interest rate of 1.29%	7,549
Liability component at December 31,2021	<u>\$ 587,611</u>

22. OTHER LIABILITIES

	December 31,2021	December 31,2020
<u>Current</u>		
Other payables		
Payables for purchase of equipment(Note30)	\$ 62,480	\$ 48,631
Payables for salaries and (bonuses including remuneration to employees and directors)	55,259	69,468
Payables for employee benefits	47,765	40,598
Payable for gas and oil expenses	17,391	12,821
Payable for repairs maintenance	12,674	7,395

Payable for freight	25,121	6,811
Payable for utility fees	18,011	10,929
Payable for royalty	15,847	6,262
Payable for service fees	8,653	6,845
Tax payable	2,524	1,972
Others	<u>52,619</u>	<u>45,916</u>
	<u>\$ 318,344</u>	<u>\$ 257,648</u>

23. PROVISIONS

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Current</u>		
Warranties	<u>\$ 16,336</u>	<u>\$ 8,192</u>
		<u>Warranties</u>
Balance at January 1,2021		\$ 8,192
Additional provisions recognized		18,115
Amount used		(9,641)
Effect of foreign currency exchange differences		(330)
Balance at December 31,2021		<u>\$ 16,336</u>

The reserve for liability of warranty represents the present value of the best estimate by the Group's management of the future outflow of economic benefits on the Group's warranty obligation. The estimate is based on historical experience in warranty and may vary as a result of the entry of new materials, altered manufacturing processes or other events affecting product quality.

24. EQUITY

a. Share capital

<u>Ordinary shares</u>	<u>December 31,2021</u>	<u>December 31,2020</u>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>66,059</u>	<u>66,059</u>
Issued capital	<u>\$ 660,590</u>	<u>\$ 660,590</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31,2021</u>	<u>December 31,2020</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	\$ 1,189,103	\$ 1,189,103

Employee share bonus- additional paid-in capital	9,599	9,599
<u>May be used to offset a deficit only(2)</u>		
Employee share bonus- additional paid-in capital	7,265	7,265
<u>May not be used for any purpose</u>		
Share warrants (Note 21)	23,488	23,488
	<u>\$ 1,229,455</u>	<u>\$ 1,229,455</u>

- 1)Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2)Such capital surplus doesn't have cash inflow and, therefore, may only be used to offset a deficit.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 9, 2020 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The definition of the legal reserve in the articles of association, set aside 10 % as legal reserve which is based on the current year's after-tax net profit plus the current year's after-tax net profit and the amount included in the current year's undistributed surplus.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year in the periods in which the Company is listed, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, an appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. The bonus and dividend to shareholders may be distributed in cash or in the form of stock.

Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year in the periods in which the Company is listed, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, an appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The bonus and dividend to

shareholders may be distributed in cash or in the form of stock, and the cash dividend to be distributed shall be no less than 10% of the total bonus and dividend distributed to the shareholders for the year. For the policy for distribution of remuneration to employees and directors under the Company's Articles, please see Note 26(8) for the remuneration to employees and directors.

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The above appropriations for cash dividends were resolved by the Company's board of directors on March 11, 2021 and March 5, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on August 12, 2021 and June 9, 2020,, respectively.

	For the Year Ended, December 31	
	2020	2019
Legal reserve	\$ 27,898	\$ 40,246
Special reserve	(\$ 8,887)	\$ 47,842
Cash dividends	\$ 198,177	\$ 270,842
Cash dividends per share (NT\$)	\$ 3.0	\$ 4.1

The appropriation of earnings for 2021, which were proposed by the Company's board of directors on March 17, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ 6,858
Special reserve	(\$ 48,313)
Cash dividends	\$ 45,975
Cash dividends per share (NT\$)	\$ 0.7

The distribution of cash dividends had been resolved by the Company's board of directors, the appropriation of earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 15, 2022.

d. Other equity items

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

	2021	2020
Balance at January 1	(\$ 144,203)	(\$ 138,545)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(27,929)	(5,658)
Other comprehensive income recognized for the year	(27,929)	(5,658)
Balance at December 31	(\$ 172,132)	(\$ 144,203)

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI .

	2021	2020
Balance at January 1	\$ 25,202	\$ 10,657
Recognized for the year		
Unrealized gain/(loss) - debt instruments	(22,958)	1,583
Unrealized gain/(loss) - equity instruments	(256)	-
Net remeasurement of loss allowance	<u>35</u>	<u>-</u>
	(23,179)	1,583
Reclassification adjustments		
Disposal of investments in debt instruments	<u>2,539</u>	<u>12,962</u>
Other comprehensive income recognized for the year	(20,640)	14,545
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal interests in subsidiaries	<u>256</u>	<u>-</u>
Balance at December 31	<u>\$ 4,818</u>	<u>\$ 25,202</u>

e. Non-controlling interests

	2021	2020
Balance at January 1	\$ 27,480	\$ 29,926
Share in loss for the year	(7,084)	(1,414)
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign entities	(938)	(1,032)
	<u>(8,022)</u>	<u>(2,446)</u>
Non-controlling interests arising from acquisition of subsidiaries	<u>24,302</u>	<u>-</u>
Balance at December 31	<u>\$ 43,760</u>	<u>\$ 27,480</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	-
Increase during the year	380
Decrease during the year	<u> </u>
Number of shares at December 31, 2021	<u>380</u>

On June 9, 2021, the Company's board of directors passed the resolution to buy back up to 750 thousand shares listed on the Taiwan Stock Exchange between June 10, 2021 and August 9, 2021, with the buyback price ranging from \$50 to \$70.

By the end of the repurchase period, the Company had bought back 380 thousand shares at a total amount of \$21,450 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

25. REVENUE

a. Contract information- Revenue from the sale of goods

The Group engages in production and sale of LVT and SPC floors. In consideration of the products keeping innovative and drastic price fluctuation in the market, the discounts offered to few products are estimated based on the expected value within the range of discount offered in the past, while the other products are sold at the fixed price as agreed by contract.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Note receivable (including related party) (Notes 11 and 33)	\$ <u>4,744</u>	\$ <u>1,795</u>	\$ <u>3,205</u>
Trade receivable (including related party) (Notes 11 and 33)	\$ <u>1,462,030</u>	\$ <u>969,451</u>	\$ <u>1,050,251</u>
Contract liabilities			
Sale of goods	\$ <u>22,640</u>	\$ <u>29,967</u>	\$ <u>42,952</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	2021	2020
From contract liabilities at the start of the year		
Sale of goods	\$ <u>22,240</u>	\$ <u>42,024</u>

c. Disaggregation of revenue

Refer to Note 39 for information about the disaggregation of revenue.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 1,043	\$ 2,506
Financial assets at FVTPL	980	3,744
Investments in debt instruments at FVTOCI	<u>13,309</u>	<u>16,462</u>

\$ 15,332 \$ 22,712

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income		
Investment properties	\$ 2,274	\$ 1,413
Government grants	<u>900</u>	<u>9,815</u>
	<u>\$ 3,174</u>	<u>\$ 11,228</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain/(loss) on disposal of financial assets		
Investments in debt instruments at FVTOCI	(\$ 2,539)	(\$ 12,962)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	1,483	805
Financial liabilities held for trading	-	(242)
Loss on disposal of property, plant and equipment	(1,221)	(1,703)
Gains on disposal of investments for using the equity method		-
Net foreign exchange gains/(losses)	(30,250)	(67,604)
Gain on confiscation of refundable deposit (Note 16)	-	282
Others	<u>9,381</u>	<u>13,500</u>
	<u>(\$ 23,146)</u>	<u>(\$ 67,924)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 9,890	\$ 8,697
Interest on convertible bonds (Note 21)	7,549	2,890
Interest on lease liabilities	1,879	757
Less: Amounts included in the cost of qualifying assets	(<u>5,617</u>)	(<u>3,011</u>)
	<u>\$ 13,701</u>	<u>\$ 9,333</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ 5,617	\$ 3,011
Capitalization rate	0.15% ~ 1.45%	1.45% ~ 1.65%

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 120,306	\$ 119,333
Operating expenses	<u>47,024</u>	<u>36,503</u>
	<u>\$ 167,330</u>	<u>\$ 155,836</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 7,945</u>	<u>\$ 8,740</u>

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Investment properties generating rental income		
Depreciation	\$ 3,970	\$ 3,024
Others	<u>593</u>	<u>438</u>
	<u>\$ 4,563</u>	<u>\$ 3,462</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plan(see Note)	\$ 25,468	\$ 4,945
Other employee benefits	<u>427,349</u>	<u>383,721</u>
Total employee benefits expense	<u>\$ 452,817</u>	<u>\$ 388,666</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 271,629	\$ 230,328
Operating expenses	<u>181,188</u>	<u>158,338</u>
	<u>\$ 452,817</u>	<u>\$ 388,666</u>

M. J. Taiwan and Opulent Taiwan Branch of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiary in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the

benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at rates of 1% to 6% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 17, 2022 and March 11, 2021, respectively, are as follows: :

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	4.56%	3.94%
Remuneration of directors	3.80%	3.54%

Amount

	For the Year Ended December 31	
	2021	2020
	cash	cash
Employees' compensation	\$ 3,415	\$ 15,394
Remuneration of directors	2,845	13,862

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 28,420	\$ 24,241
Foreign exchange losses	(58,670)	(91,845)
Net loss	(\$ 30,250)	(\$ 67,604)

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 18,530	\$ 84,243
Income tax on unappropriated earnings	113	278
Adjustments for prior year	(2,636)	(1,969)
	16,007	82,552
Deferred tax		
In respect of the current year	(9,234)	1,684
	(9,234)	1,684
Income tax expense recognized in profit or loss	<u>\$ 6,773</u>	<u>\$ 84,236</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 68,267</u>	<u>\$ 361,807</u>
Income tax expense calculated at the statutory rate	\$ 14,705	\$ 83,270
Tax-exempt income	(4,342)	-
Nondeductible expenses in determining taxable income	7,708	2,856
Income tax on unappropriated earnings	113	278
Unrecognized deductible temporary differences	(8,775)	(199)
Adjustments for prior years' tax	(2,636)	(1,969)
Effect of tax rate changes	<u>\$ 6,773</u>	<u>\$ 84,236</u>

Except M.J. Dongguan and M.J. Guangzhou, the tax rate applicable to subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

M.J. Dongguan. is held qualified as a high and new tech enterprise pursuant to the Enterprise Income Tax Law of the People's Republic of China and Implementation Regulations thereof, and allowed to apply the preferential tax rate until 2022. Any company that is held qualified as a high and new tech enterprise pursuant to said Regulations and related tax revenue requirements is entitled to the preferential tax rate of 15%.

M.J. Guangzhou, in accordance with the Enterprise Income Tax Law of the People's Republic of China and Implementation Regulations meets the tax incentives for small and profit-making enterprises. The taxable income does not exceed RMB 1,000 thousand, and is reduced by 25% to the taxable income Corporate income tax is paid at a tax rate of 20%; for annual taxable income exceeding RMB 1,000 thousand but not exceeding RMB 3,000 thousand, 50% is deducted from the taxable income and corporate income tax is paid at a rate of 20%.

Green Touch Floors Inc., in accordance with the Canadian Tax Law meets the tax rate 26.5% and Ontario Provincial corporation tax 11.5%.

b. Current tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax assets		
Tax refund receivable	<u>\$ 1,997</u>	<u>\$ 1,558</u>
Current tax liabilities		
Income tax payable	<u>\$ 9,828</u>	<u>\$ 65,129</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Exchange Differences</u>	<u>Closing Balance</u>
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 142	(\$ 133)	\$ -	\$ 9
Inventory obsolescence and valuation loss	302	6,121	-	6,423
Unrealized gain or loss on exchange	511	1,768	(23)	2,256
Provisions	1,639	1,695	(66)	3,268
Refund liabilities	<u>373</u>	<u>(217)</u>	<u>(8)</u>	<u>148</u>
	<u>\$ 2,967</u>	<u>\$ 9,234</u>	<u>(\$ 97)</u>	<u>\$ 12,104</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Others	<u>\$ 8,476</u>	<u>\$ -</u>	<u>(\$ 46)</u>	<u>\$ 8,430</u>

For the year ended December 31, 2020

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Exchange Differences</u>	<u>Closing Balance</u>
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 133	\$ 9	\$ -	\$ 142
Inventory obsolescence and valuation loss	302	-	-	302
Unrealized gain or loss on exchange	272	239	-	511
Provisions	2,959	(1,215)	(105)	1,639
Refund liabilities	<u>1,740</u>	<u>(1,328)</u>	<u>(39)</u>	<u>373</u>
	<u>\$ 5,406</u>	<u>(\$ 2,295)</u>	<u>(\$ 144)</u>	<u>\$ 2,967</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Unrealized gain or loss on exchange	\$ 620	(\$ 611)	(\$ 9)	\$ -
Others	<u>8,345</u>	<u>-</u>	<u>131</u>	<u>8,476</u>
	<u>\$ 8,965</u>	<u>(\$ 611)</u>	<u>\$ 122</u>	<u>\$ 8,476</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2021	December 31, 2021
Inventory obsolescence and valuation loss	<u>\$ 24,117</u>	<u>\$ 59,438</u>

- e. Income tax assessments

As of December 31, 2021, the Group had no pending tax litigation cases. The subsidiary companies of the Group, M.J. Taiwan and the the Taiwan branch of Opulent, the income tax returns through 2019, have been assessed by the tax authorities.

28. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2021	2020
Basic earnings per share		
From continuing operations	<u>\$ 1.04</u>	<u>\$ 4.22</u>
Diluted earnings per share		
From continuing operations	<u>\$ 1.02</u>	<u>\$ 4.18</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners of the Company	<u>\$ 68,578</u>	<u>\$ 278,985</u>
Earnings used in the computation of basic earnings per share		
Effect of potentially dilutive ordinary shares :	\$ 68,578	\$ 278,985
Convertible bonds	<u>7,549</u>	<u>2,950</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 76,127</u>	<u>\$ 281,935</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	65,900	66,059
Effect of potentially dilutive ordinary		

	For the Year Ended December 31	
	2021	2020
shares		
Convertible bonds	8,403	1,125
Compensation of employees	<u>112</u>	<u>297</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>74,415</u>	<u>67,481</u>

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. GOVERNMENT GRANTS

Except as disclosed in other notes, the government grants obtained by the Groups are as follows.

The Groups has obtained a government preferential interest rate loan of \$NTD 740,790 and \$NTD 260,200 thousand from the National Development Fund (NDF), Executive Yuan "the Action Plan for Returning Overseas Taiwanese Businesses" for construction of factory buildings and purchase of machinery and equipment during January 27 to December 31, 2021 and July 3 to December 29, 2020, respectively. The loan will be amortized by instalments within 10 years from the date of first use (including a grace period of 3 years). Based on the current market interest rate of 1.65%, the fair value of the borrowing is estimated to be \$NTD 695,004 and \$NTD 242,985 thousand, respectively. The difference between the loan amount and the fair value of the borrowing is 45,786 and 17,215 thousand, respectively as the preferential interest rate of the government grant, and it is recognized as deferred income-non-current. The deferred income will be transferred to other income in accordance with its service life when the plant is completed and the inspection and acceptance of the machinery and equipment are completed. In 2021 and 2020, the Group recognized the interest expense of the loan as \$NTD 8,387 thousand and \$NTD 423 thousand, respectively.

If the Groups fails to meet the key points of the project loan identification during the loan period, and the NDF suspends or stops the loan interest grant, the Groups will change to the original agreed interest rate and return all the fees paid by the NDF for the case.

30. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2021 and 2020, the Group purchased property, plant and equipment amounting to 62,480 thousand and 48,631 thousand have not been paid, presented in other payables.

b. **Changes in liabilities arising from financing activities**
For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes				Others(1)	Closing Balance
			Financial costs	New Leases	Fair Value Adjustments	Exchange Rate Change		
Short-term borrowings	\$ 894	\$ 665,909	\$ -	\$ -	\$ -	(\$ 7,929)	\$ -	\$ 658,874
Lease liabilities	13,973	(9,743)	1,879	83,713	-	(1,601)	(1,879)	86,342
Bonds payable	580,062	-	7,549	-	-	-	-	587,611
Long-term borrowings	597,008	740,790	8,387	-	(47,786)	865	-	1,301,264
Guarantee deposits received	391	4,979	-	-	-	(2)	-	5,368
	<u>\$1,192,328</u>	<u>\$1,401,935</u>	<u>\$ 17,815</u>	<u>\$ 83,713</u>	<u>(\$ 45,786)</u>	<u>(\$ 8,667)</u>	<u>(\$ 1,879)</u>	<u>\$2,639,459</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes				Others(2)	Closing Balance
			Financial costs	New Leases	Fair Value Adjustments	Exchange Rate Change		
Short-term borrowings	\$ 944,000	(\$ 936,448)	\$ -	\$ -	\$ -	(\$ 6,658)	\$ -	\$ 894
Lease liabilities	19,340	(6,761)	757	1,946	-	(552)	(757)	13,973
Bonds payable	-	600,540	2,890	-	-	-	(23,368)	580,062
Long-term borrowings	-	613,800	423	-	(17,215)	-	-	597,008
Guarantee deposits received	358	341	-	-	-	(26)	(282)	391
	<u>\$ 963,698</u>	<u>\$ 271,472</u>	<u>\$ 4,070</u>	<u>\$ 1,946</u>	<u>(\$ 17,215)</u>	<u>(\$ 7,236)</u>	<u>(\$ 24,407)</u>	<u>\$1,192,328</u>

Remark1 : Including the amount of interest paid for the lease liability 1,879 thousand.

Remark2 : Including the amount of interest paid for the lease liability 757 thousand ,gain on confiscation of refundable deposit 282 thousand and issuing convertible corporate bonds to recognize related assets and equity , please refer to note21.

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group can continue to operate, while optimizing debt and equity balances to maximize returns to stakeholders. The overall strategy of the Group remains consistent.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 587,611	\$ 621,000	\$ -	\$ -	\$ 621,000

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 580,062	\$ 629,700	\$ -	\$ -	\$ 629,700

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Hybrid financial assets Structured deposits	\$ -	\$ 26,266	\$ -	\$ 26,266
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments foreign debt instruments	\$ -	\$ 157,198	\$ -	\$ 157,198

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Hybrid financial assets – Dual currency	\$ -	\$ 28,540	\$ -	\$ 28,540
Hybrid financial assets Structured deposits	-	52,452	-	52,452
Redemption rights of convert bonds	-	-	60	60
	\$ -	\$ 80,992	\$ 60	\$ 81,052
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments foreign Unlisted shares	\$ -	\$ -	\$ 475	\$ 475
Investments in debt instruments foreign debt instruments	-	312,616	-	312,616
	\$ -	\$ 312,616	\$ 475	\$ 313,091
<u>Financial liabilities at FVTPL</u>				
Derivatives – foreign exchange option	\$ -	\$ 447	\$ -	\$ 447

The Group assesses the bid-ask spread and trading volume of fixed-income securities to determine whether they are quoted prices in active markets. Therefore, the Company categorizes the measurement of fair value of investment in foreign debt instruments as Level 2. ° There were

no transfers between Levels 1 and 2 in 2021 and 2020.

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL Derivatives	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 60	\$ 475
Recognized in profit or loss (included in other gains and losses)	(60)	(256)
Sales	-	(214)
Effects of foreign currency exchange differences	-	(5)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL Derivatives	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ -	\$ -
Recognized in profit or loss (included in other gains and losses)	(60)	-
Purchase	-	503
Redemption rights of convert bonds	120	-
Effects of foreign currency exchange differences	-	(28)
Balance at December 31, 2021	<u>\$ 60</u>	<u>\$ 475</u>

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates and contractual forward exchange rates, discounted at a rate that reflects the credit risk of various
Hybrid financial assets - structured deposits	Discounted cash flow: Future cash flows are estimated based on the contractual rate of return.
Hybrid financial assets - Dual currency deposits	Discounted cash flow: Future cash flows are estimated based on the contractual rate of return.
Investment in foreign debt instruments	Measured by market quotes provided by third-party pricing services.

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

Financial Instrument	Valuation Technique and Inputs
Foreign Unlisted shares	Market approach : The market approach is a valuation method is based on the value multiples of other similar companies traded in the active market as the value reference of the target entity.
Redemption rights of convert bonds	Valuation model of binomial tree of convertible bond: consider factors such as the duration of the bond, the stock price of the convertible bond and its fluctuation, the conversion price, the risk-free interest rate, the risk discount rate, and the liquidity risk of the convertible bond.

c. Categories of financial instruments

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 26,266	\$ 81,052
Financial assets at amortized cost (1)	1,865,303	1,565,319
Financial assets at FVTOCI		
Equity instruments	-	475
Debt instruments	157,198	312,616
<u>Financial liabilities</u>		
FVTPL		
Held for trading	-	447
Amortized cost (2)	3,192,377	1,597,198

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable notes (including related parties), trade receivable (including related parties), other receivables (exclusive of receivable income tax refund), other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, payable accounts and other payables (including related parties, exclusive of payable salary and bonus, payable accrued tax, payable pension and insurance premium) long-term borrowings, bonds payable.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, investment in equity and debt instruments, structured deposits, option, DCI ,notes receivable (including related parties), trade receivable (including related parties),refundable deposits, trade payables, short-term borrowings , lease liabilities and bonds payable.

The financial risks over said financial instruments relating to operations include market risk (including foreign exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group's financial department reports to the management periodically. The management monitors risks and implement policies ex officio to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Group engages in foreign currency-denominated sales and purchases, which expose the Company to the risk of foreign exchange rate changes. In order to manage the foreign exchange rate risk, insofar as it is permitted by policies, the Company primarily engages in net foreign exchange positions to produce the effect of natural hedging, and utilizes foreign exchange financial derivative instruments to help manage the risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year, please see Note 7 and Note37.

Sensitivity analysis

The Group is mainly exposed to the Currency USD and Currency NTD. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. [The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Impact on USD		Impact on NTD	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or (loss)	\$ 6,029	\$ 4,722	(\$ 98)	(\$ 4,745)

Primarily as a result of the Company's cash equivalents, receivables, payables and short-term borrowing denominated in USD or NTD which are still outstanding on the balance sheet date.

The Group's sensitivity to the US dollar exchange rate decreased during the year, which was mainly due to the decrease in the U.S. dollar net assets held; there has been no major change in the sensitivity to the New Taiwan dollar exchange rate during the year.

b) Interest rate risk

The Group is exposed to the risk of interest rate changes as a result of the Group's bank deposits, investment in debt instruments, DCI , structured deposits, bank borrowings , lease liabilities and bonds payable bearing interest accruing at fixed interest rate and floating interest rate.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
Financial assets	\$ 149,883	\$ 380,794
Financial liabilities	1,166,692	594,929
Cash flow interest rate risk		
Financial assets	357,498	511,931
Financial liabilities	1,467,399	597,008

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease/increase by \$(11,099) thousand and \$(851) thousand, respectively, which was mainly a result of the group's exposure to the risk of interest rate changes on its bank deposits, structured deposits, investment in debt instruments and bank loan at the floating interest rate.

The Group's sensitivity to interest rates decreased during the current year mainly due to the increase of bank loan at floating interest rate.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by \$5 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

According to the Group's policy, the Group only trades with the counterparts with renowned goodwill, and would secure sufficient guarantee to mitigate the risk of financial loss to be caused by delinquent payment, if necessary. The Group rates its key customers based on the customers' credit data files created by it pursuant to the regulations governing customers' credit management, and other financial information accessible to the public and both parties' past trading record. The Group continues to monitor the exposure to credit risk and trading counterparts' credit ratings, and control the exposure to credit risk by the responsible supervisors' double check and the credit limit granted to the trading counterparts.

To minimize credit risk, the Group's management appoints the dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Meanwhile, the Group reviews the recoverable amount of each individual receivable account on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Given this, the Group's management believes that the Group's credit risk should have been significantly reduced.

The Group's credit risk is concentrated on the key customers from which the annual sales revenue amounts to more than 10% of the Group's total revenue. Until December 31, 2021 and 2020, the total receivable accounts from said customers have accounted for 93% and 87% of the Group's total revenue.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As December 31, 2021 and 2020 the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans

with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2021

	1-3 Months	3 Months to 1 Year	1-5 Years	5+years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 638,166	\$ 6,073	\$ 389	\$ -
Lease liabilities	2,389	21,155	67,075	-
Variable interest rate liabilities	1,748	171,977	894,002	544,942
Fixed interest rate liabilities	<u>493,997</u>	<u>5,770</u>	<u>592,353</u>	<u>-</u>
	<u>\$1,136,300</u>	<u>\$ 204,975</u>	<u>\$1,553,819</u>	<u>\$ 544,942</u>

December 31, 2020

	1-3 Months	3 Months to 1 Year	1-5 Years	5+years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 416,786	\$ 2,057	\$ 391	\$ -
Lease liabilities	1,862	5,617	9,390	-
Variable interest rate liabilities	1,378	4,139	243,848	403,000
Fixed interest rate liabilities	<u>894</u>	<u>-</u>	<u>604,500</u>	<u>-</u>
	<u>\$ 420,920</u>	<u>\$ 11,813</u>	<u>\$ 858,129</u>	<u>\$ 403,000</u>

b) Financing facilities

	<u>December 31,2021</u>	<u>December 31,2020</u>
Unsecured bank overdraft facilities		
Amount used	\$ 659,739	\$ 894
Amount unused	<u>1,347,126</u>	<u>1,604,985</u>
	<u>\$ 2,006,865</u>	<u>\$ 1,605,879</u>
Secured bank overdraft facilities		
Amount used	\$ 1,354,590	\$ 613,800
Amount unused	<u>311,810</u>	<u>1,391,995</u>
	<u>\$1,666,400</u>	<u>\$2,005,795</u>

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in

this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Sing Cheng Lin Co., Ltd. (“Sing Cheng”)	Related party in substance
Fu Ming Corporate (“Fu Ming”)	Related party in substance
G.T Floor Co., LTD. (“G.T Floor”)	Related party in substance
DCM International Corporation Limited (“DCM”)	Related party in substance

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2021	2020
sales	Related party in substance	<u>\$ 187,559</u>	<u>\$ 166,680</u>

Since no identical transactions for the sale price are available for comparison, the price and terms were determined in accordance with mutual agreements. The payment terms were O/A 90 days.

c. Receivables from related parties

Line Item	Related Party Category	December 31,2021	December 31,2020
Notes receivable	Related party in substance		
	Sing Cheng	<u>\$ 1,342</u>	<u>\$ -</u>
Trade receivable	Related party in substance		
	Sing Cheng	\$ 26,714	\$ -
	G.T Floor	16,314	18,839
	Fu Ming	2,787	19,703
	DCM	-	251
		<u>\$ 45,815</u>	<u>\$ 38,793</u>

The outstanding receivables from related parties were unsecured. No allowance for loss/bad debt was provided for the receivables from related parties in 2021 and 2020.

d. Compensation of key management personnel

Line Item	Related Party Category	December 31,2021	December 31,2020
Other payables	Related party in substance		
	G.T Floor	<u>\$ 27</u>	<u>\$ -</u>

e. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020年度
Short-term employee benefits	\$ 19,670	\$ 36,876
Post-employment benefits	<u>442</u>	<u>608</u>
	<u>\$ 20,112</u>	<u>\$ 37,484</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings,

	<u>December 31,2021</u>	<u>December 31,2020</u>
Financial assets at fair value through other comprehensive income	\$ 220,135	\$ 220,135
Financial assets at amortized cost	1,387	-
Land	447,202	447,202
Equipment under installation and construction in progress	<u>1,401,381</u>	<u>361,988</u>
	<u>\$1,971,641</u>	<u>\$1,029,325</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2021 and 2020 were as follows:

Unrecognized commitments were as follows:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Acquisition of property, plant and equipment		
In Thousands of RMB	<u>\$ 5,735</u>	<u>\$ 1,967</u>
In Thousands of NTD	<u>\$ 615,704</u>	<u>\$ 812,101</u>

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Due to the impact of the COVID-19 pandemic ,the Group's production plant of China implement control measures in accordance with local government regulations.As at the date of the issuance of this consolidated financial report, there has been no material impact on the production of such plants. However, the degree of impact on the revenue of the Group still depends on the subsequent control of the epidemic.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

<u>Foreign Currency (thousand)</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
--	----------------------	----------------------------

<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 632	27.68 (USD:NTD)	\$ 17,480
USD	22,254	6.3757 (USD:RMB)	615,928
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	659	27.68 (USD:NTD)	18,252
USD	445	6.3757 (USD:RMB)	12,304
NTD	9,801	0.0361 (NTD:USD)	9,801

December 31, 2020

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 590	28.48 (USD:NTD)	\$ 16,808
USD	16,680	6.5249 (USD:RMB)	475,047
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	289	28.48 (USD:NTD)	8,227
USD	401	6.5249 (USD:RMB)	11,424
NTD	474,525	0.0351 (NTD:USD)	474,525

The significant gains or losses on foreign exchange are stated as following:
For the years ended December 31, 2021 and 2020, net foreign exchange gains (losses) were (30,250) thousand and (67,604) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of

the paid-in capital (Table 5)

6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)

8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)

9) Trading in derivative instruments (Note 7 and 21)

10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 9)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders (Table 11)

39. SEGMENT INFORMATION

a. Information about significant transactions and investees:

The units engaged in production and sale of LVT and SPC floors in various districts, each of which is considered a separate operating segment by the chief operating decision maker. For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- a) The nature of the products and production processes are similar.
- b) The product pricing strategies are similar.
- c) The methods used to distribute the products to the customers are the same.

b. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2021	2020
LVT and SPC floors	<u>\$ 3,610,670</u>	<u>\$ 2,882,490</u>

c. Geographical information

The Group operates in two principal geographical areas - Mainland China and Taiwan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Europe	\$ 2,411,952	\$ 1,692,938
North America	515,884	450,880
Mainland China	209,953	192,623
Taiwan	195,250	265,786
Others	<u>277,631</u>	<u>280,263</u>
	<u>\$ 3,610,670</u>	<u>\$ 2,882,490</u>

	Non-current Assets	
	December 31, 2021	December 31, 2020
Mainland China and Hong Kong	\$ 1,108,036	\$ 1,099,425
Taiwan	1,881,343	835,289
Others	<u>35,601</u>	<u>47,190</u>
	<u>\$ 3,024,980</u>	<u>\$ 1,981,904</u>

Non-current assets above exclude deferred tax assets and financial instruments.

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Group P	<u>\$ 2,598,068</u>	<u>\$ 1,890,633</u>

TABLE1

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (2)	Aggregate Financing Limit (2)
													Item	Value		
0	M.J. Group	Opulent(5)	Other receivable -related party	Yes	\$ 453,000	\$ 453,000	-	0%	Short-term financing	\$ -	Repay borrowinf	\$ -	-	-	\$ 973,112	\$ 973,112
0	M.J. Group	M.J. Taiwan	Other receivable -related party	Yes	200,000	200,000	-	0%	Short-term financing	-	Operating capital	-	-	-	973,112	973,112
1	Prolong Dongguan	M.J. Shanghai	Other receivable -related party	Yes	164,977 (RMB 38,000)	164,977 (RMB 38,000)	149,782 (RMB 34,500)	3%	Short-term financing	-	Operating capital	-	-	-	334,826	558,044
		M.J. Dongguan	Other receivable -related party	Yes	130,245 (RMB 30,000)	130,245 (RMB 30,000)	-	3%	Short-term financing	-	Operating capital	-	-	-	334,826	558,044
2	Opulent	M.J. Taiwan	Other receivable -related party	Yes	200,000	200,000	-	1%	Short-term financing	-	Operating capital	-	-	-	264,683	441,138

Note 1 : The number column is organized as follows :

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : (1) The total amount available for lending purpose shall not exceed 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the independent external auditors.

(2) A single financing, if any, should not exceed the amount of purchases or sales between the financing company and trading counterpart for the most recent year or in the current year until the financing is provided, whichever is higher. A single short-term financing, if any, should not exceed 60% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the independent external auditors.

(3) In the case of overseas subsidiaries wholly-owned directly or indirectly by the Company (not incorporated or registered in Taiwan), the financing provided to others shall not exceed 40% of the net worth of the financing company's most recent financial statements.

Note 3 : Intercompany balances and transactions were eliminated upon consolidation.

Note 4 : The interest income of financing provided Prolong Dongguan NT\$4,331 thousand.

Note 5 : The object of actual mobilization amount is the Taiwan branch of Opulent.

Note 6 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date(exchange rate on December 31,2021 was USD/NTD:27.6800, RMB/NTD:4.3415, average rate was USD/NTD:28.009,RMB/NTD:4.3417)

TABLE2

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party(3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount(4)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit(3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (2)										
0	M.J. Group	Opulent	(2)	\$3,649,170	\$1,678,720	\$1,678,720	\$591,874	N/A	69.00	\$7,298,340	Yes	No	No
		M.J. Taiwan	(2)	3,649,170	3,000,000	3,000,000	1,421,590	N/A	123.32	7,298,340	Yes	No	No

Note1: The number column is organized as follows :

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the endorsement/guarantee provider and the endorsed/guaranteed party may be categorized into the following 7 types:

- (1) A company with which the Company does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company holding more than 50 percent of the voting shares of the Company directly and indirectly.
- (4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
- (5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: (1) The total endorsement/guarantee provided by the Company for others shall be no more than 300% of the net worth of the Company's most recent financial statements. The total endorsement/guarantee provided by the Company and its subsidiaries for others shall be no more than 300% of the net worth of the Company's most recent financial statements.

- (2) The total endorsement/guarantee provided by the Company and its subsidiaries to any individual entity shall not exceed 40% of the net worth of the Company's most recent financial statements. Notwithstanding, the total endorsement/guarantee provided for the company's wholly holding the voting shares of the Company directly and indirectly, or among the companies in which the Company wholly hold the voting shares directly or indirectly shall be no more than 150% of the net worth of the Company's most recent financial statements.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note1)	Relationship with the Holding Company(2)	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount (3)	Percentage of Ownership (%)	Fair Value	
Opulent	Banco Santander S.A. 5.179%11/19/2025 DTD 11/19/2015	—	Financial assets at fair value through other comprehensive income – Current	-	\$ 30,751	-	\$ 30,751	Pledged borrowings
	Credit Agricole S.A. London Branch 4.125% 01/10/2027 DTD 01/10/2017	—	"	-	30,415	-	30,415	"
	Societe Generale S.A. 4%01/12/2027 DTD 01/12/2017	—	"	-	29,907	-	29,907	"
	Banque Ouset Africaine de Developpement 5.0%07/27/2027 DTD 07/27/2017	—	"	-	30,598	-	30,598	"
	Golden Legacy Pte. Ltd. 6.875%3/27/2024 DTD 3/27/2017	—	"	-	1,118	-	1,118	(4)
	Indika Energy Capital III Pte-Anleihe 5.875%11/9/2024 DTD 11/9/2017	—	"	-	5,591	-	5,591	"
	Yuzhou Properties Company Limited 6.00%1/25/2022 DTD 1/25/2017	—	"	-	2,690	-	2,690	"
	Times Property Holdings Limited 6.600%3/2/2023 DTD 11/30/2017	—	"	-	<u>4,198</u>	-	<u>4,198</u>	"
					<u>\$ 135,268</u>		<u>\$ 135,268</u>	
	Softbank Group Corp 6.875%Perpetual DTD 7/19/2017	—	Financial assets at fair value through other comprehensive income –noncurrent	-	\$ 5,550	-	\$ 5,550	(4)
	RKP Overseas Finance 2016 (A) Limited 7.95%Perpetual DTD 2/17/2017	—	"	-	4,801	-	4,801	"
	HSBC Holdings PLC, 6%Perpetual DTD 5/22/2017	—	"	-	5,958	-	5,958	"
	Standard Chartered PLC 7.5%Perpetual DTD 8/18/2016	—	"	-	<u>5,621</u>	-	<u>5,621</u>	"
					<u>\$ 21,930</u>		<u>\$ 21,930</u>	

Note 1: The marketable securities referred to herein shall mean the stocks, bonds, beneficiary certificates and securities derivative from said instruments falling in the scope under IFRS 9 “Financial Instruments”.

Note 2: The securities issuer is not a related party.

Note 3: The balance of carrying amount at fair value upon adjustment.

Note 4: The securities as listed are not provided as security or pledge/mortgage for borrowings, or restricted according to any other agreements.

TABLE 4

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition(3)		Disposal				Other Adjustment(2)		Ending Balance	
					Number of Shares	Amount	Number of Shares	Number of Shares	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount	Number of Shares	Amount
M.J. Group	Stock M.J. Taiwan	Investments counted for using the equity method	-	subsidiaries	5	\$ 146,429	25	\$ 250,000	-	\$ -	\$ -	\$ -	-	(\$ 7661)	30	\$ 388,768

Note 1: The marketable securities referred to herein shall mean the stocks, bonds, beneficiary certificates and securities derivative from said instruments .

Note2: Other Adjustment is investment profit or loss recongnized during this period.

Note3: Intercompany balances and transactions were eliminated upon consolidation.

TABLE5

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
M.J. Taiwan	Construction of plant in Tainan	2020/8/17	\$ 1,000,000	\$530,000, By the end of 2021, 830,000 thousand has been paid (Construction in Progress)	Xu Yuan construction Co.,Ltd.	None	N/A	N/A	N/A	N/A	N/A	Manufacturing purpose	None

TABLE6

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/(sale)	Amount (Note1)	% to total purchase (sale)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note1)	% to Total (Note2)	
Opulent	M.J. Taiwan	Associate	(Sale)	(\$ 183,071)	(5%)	120 days after monthly closing days	\$	-	\$ 14,703	1%	5
	M.J. Dongguan	Associate	Purchase	2,058,990	65%	120 days after monthly closing days	-	-	(417,822)	(65%)	5
	Prolong Dongguan	Associate	Purchase	974,723	31%	120 days after monthly closing days	-	-	(198,149)	(31%)	5
M.J. Dongguan	Opulent	Associate	(Sale)	(2,058,990)	(92%)	120 days after monthly closing days	-	-	417,822	89%	3 and 5
Prolong Dongguan	Opulent	Associate	(Sale)	(974,723)	(98%)	120 days after monthly closing days	-	-	198,149	97%	4 and 5
M.J. Taiwan	Opulent	Associate	Purchase	183,071	100%	120 days after monthly closing days	-	-	(14,703)	(97%)	5

Note1: Intercompany balances and transactions were eliminated upon consolidation.

Note2: Computed based on the amount or balance of the transactions with each seller and purchaser.

Note3: Unrealizes gain on transations is 2,182 thousand.

Note4: Unrealizes gain on transations is 1,033 thousand.

Note5: The transaction price is determined by the method of cost markup.

Note 6 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date(exchange rate on December 31,2021 was USD/NTD:27.6800, RMB/NTD:4.3415, average rate was USD/NTD:28.009,RMB/NTD:4.3417)

TABLE7

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note2)	Allowance for Impairment Loss
					Amount	Actions Taken		
M.J. Dongguan	Opulent	Associate	Trade Receivable 417,822	5.69 次	-	—	394,664	-
Prolong Dongguan	Opulent	Associate	Trade Receivable 198,149	5.30 次	-	—	198,149	-
	M.J. Shanghai	Associate	Other receivables 150,531 (Note 3)	-	-	—	-	-

Note 1: Intercompany balances and transactions were eliminated upon consolidation.

Note 2: The amount received in the subsequent period means that the collection was made by March 17, 2022.

Note 3: The amount bears interest receivable 749 thousand.

Note 4: If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date (exchange rate on December 31, 2021 was USD/NTD:27.6800, RMB/NTD:4.3415)

TABLE8

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transactions Details			
				Financial Statements Account	Amount (Notes 4)	PaymentTerms	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	M.J. Group	Opulent	(1)	Endorsement/guarantee	\$ 1,678,720	—	28%
		M.J. Taiwan	(1)	Endorsement/guarantee	3,000,000	—	50%
		M.J. Taiwan	(1)	Cash capital increase	250,000	—	4%
		M.J. Taiwan	(1)	Prepaid Investments	300,426	—	5%
1	Opulent	M.J. Taiwan	(3)	Sales	183,071	the selling price based on the cost,120 days after monthly closing days	5%
		M.J. Taiwan	(3)	Trade receivable	14,703	—	-
		M.J. Group	(2)	Earning Repatriation	184,579	—	5%
		M.J. Dongguan	(3)	Sales	65,690	the selling price based on the cost,120 days after monthly closing days	2%
		Prolong Dongguan	(3)	Sales	61,402	the selling price based on the cost,120 days after monthly closing days	2%
2	M.J. Dongguan	Opulent	(3)	Sales	2,058,990	the selling price based on the cost,120 days after monthly closing days	57%
		Opulent	(3)	Trade receivable	417,822	—	7%
		Prolong Dongguan	(3)	Sales	21,304	the selling price based on the cost,120 days after monthly closing days	1%
		M.J. Beijing	(3)	Sales	17,540	the selling price based on the cost,120 days after monthly closing days	-
		M.J. Beijing	(3)	Trade receivable	17,935	—	-
		M.J. Shanghai	(3)	Sales	43,321	the selling price based on the cost,120 days after monthly closing days	1%
		M.J. Shanghai	(3)	Trade receivable	23,165	—	-
		M.J. Guangzhou	(3)	Sales	42,917	the selling price based on the cost,120 days after monthly closing days	1%
		M.J. Wuhan	(3)	Sales	22,160	the selling price based on the cost,120 days after monthly closing days	1%
		Changchun MH	(3)	Capital increse	60,784	—	1%
		Opulent	(3)	Sales	974,723	the selling price based on the cost,120 days after monthly closing days	27%
3	Prolong Dongguan	Opulent	(3)	Trade receivable	198,149	—	3%
		M.J. Shanghai	(3)	Other receivables	150,531	Financing (including interest receivable 749)	3%
4	M.J. Guangzhou	M.J. Dongguan	(3)	Earning Repatriation	17,366	—	-

The business relationship between the parent and the subsidiaries:

M. J. International Co., Ltd, Prolong HK and Fullhouse Investments Limited are primarily engaged in investment holding. Opulent International Group Limited is primarily engaged in international trading. M.J. International Flooring And Interior Products Inc. is primarily engaged in sale and processing of LVT and SPC floors. M.J. Dongguan and Prolong Dongguan are primarily engaged in processing, production and sale of tiles, decoration materials and new construction materials as well as investment holding. M.J. Chongqing, M. J. Guangzhou, M.J. Beijing, M. J. Shanghai, M.J. Wuhan, M.J. Xian and M.J. Shenyang are primarily engaged in sale of construction and decoration materials. Changchun MH is primarily engaged in production and sale of tiles, decoration materials and construction materials. Green Touch Floors Inc. is engaged in sale of engineered wood floors, LVT floors decoration materials and construction materials.

Note 1: The information about transactions between the parent and the subsidiaries shall be noted in the following manners:

(1) 0 stands for the parent company.

(2) The subsidiaries shall be numbered from 1 in Arabic numeral sequentially by the company.

Note 2: The relationship with the trader may be categorized into the following 3 types. The schedule only discloses the information about unilateral transactions, which were already consolidated and written off when the consolidated financial statements were preparing.

(1) Parent company vs. subsidiary

(2) Subsidiary vs. parent company

(3) Subsidiary vs. subsidiary

Note 3: The percentage of the amount of transaction to the consolidated total operating revenue or total assets shall be computed as the ending balance to the consolidated total assets, in the case of assets and liabilities, or as the interim accumulated amount to the consolidated total operating revenue, in the case of profit or loss.

Note 4 : Intercompany balances and transactions were eliminated upon consolidation.

Note 5 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date (exchange rate on December 31, 2021 was USD/NTD:27.6800, RMB/NTD:4.3415, average rate was USD/NTD:28.009, RMB/NTD:4.3417)

TABLE 9

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands)	%	Carrying Amount			
M.J. Group	Prolong HK	Hong Kong	Investment holding	\$ 400,253 (USD 14,460)	\$ 400,253 (USD 14,460)	-	100	\$ 1,839,999	\$ 26,293	\$ 26,293	1 and 2
	Opulent	Hong Kong	International trading	240,816 (USD 8,700)	240,816 (USD 8,700)	8,700	100	441,130	63,081	63,327	1,2 and 5
	M.J. Taiwan	Taiwan	Sale and processing of plastic tiles, decoration materials and construction materials.	288,000	38,000	30	100	388,768	(7,661)	(7,661)	1,2 and 6
	Fullhouse Investments Limited.	Samoa	Investment holding	48,474 (USD 1,751)	48,474 (USD 1,751)	-	100	47,971	(322)	(322)	1 and 2
	Green Touch Floors Inc.	Canada	Sale of engineered wood floors, LVT floors decoration materials and construction materials.	47,780 (USD 1,726)	47,780 (USD 1,726)	60	60	47,631	7,001	(288)	1,2 and 5

Note 1: The related investment income shall be recognized based on the investees' financial statements ended for the same periods.

Note 2: Intercompany balances and transactions were eliminated upon consolidation.

Note 3: Refer to Table 10 for information on investment in mainland China.

Note 4: In the case of investment denominated in foreign currency, it shall be translated based on the foreign exchange rate on the balance sheet date.

Note 5: The income or loss of investee includes the effect of unrealized gross profit on intercompany transactions, the amortization expenses of intangible assets arising from mergers and acquisitions.

Note 6: On November 5, 2020, the board of directors of the group decided to increase its investment by M.J. Taiwan. The Group invested M.J. Taiwan 250,000 thousand in February 2021.

TABLE 10

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital Note (6)(7)	Method of Investment Note (1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note(2)(b)(2)) and Note(3)	Carrying Amount as of December 31, 2021 Note (3) and (5)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
M.J. Dongguan	Production and sale of tiles, decoration materials and construction materials, and investment holding.	\$ 893,250 (USD 32,271) (Note7)	(b) (1)	\$ -	\$ -	\$ -	\$ -	100	\$ 22,004	\$ 21,411	\$ 1,282,371	\$ -
Prolong Dongguan	Production and sale of tiles, decoration materials and construction materials, and investment holding.	278,732 (HKD 78,538)	(b) (1)	-	-	-	-	100	5,487	4,979	557,021	-
M.J. Chongqing	Sale of plastic tiles, decoration materials and construction materials.	34,732 (RMB 8,000)	(b) (2)	-	-	-	-	100	(1,924)	(1,924)	11,142	-
M.J. Beijing and	Sale of plastic tiles, decoration materials and construction materials	52,098 (RMB 12,000)	(b) (2)	-	-	-	-	100	(9,676)	(9,676)	5,159	-
M. J. Shanghai	Sale of plastic tiles, decoration materials and construction materials	204,050 (RMB 47,000)	(b) (2)	-	-	-	-	100	(5,724)	(5,724)	118,130	-
M. J. Guangzhou	Sale of plastic tiles, decoration materials and construction materials	13,025 (RMB 3,000)	(b) (2)	-	-	-	-	100	(788)	(788)	17,487	-
M.J. Wuhan	Sale of plastic tiles, decoration materials and construction materials	47,757 (RMB 11,000)	(b) (2)	-	-	-	-	100	1,060	1,060	39,661	-
Changchun MH	Production and sale of tiles, decoration materials and construction materials.	85,093 (RMB 19,600)	(b) (2)	-	-	-	-	70	(24,121)	(16,884)	45,304	-
M.J.Xian	Sale of plastic tiles, decoration materials and construction materials	21,708 (RMB 5,000)	(b) (2)	-	-	-	-	100	(2,618)	(2,618)	19,067	-
M.J. Shenyang	Sale of plastic tiles, decoration materials and construction materials	20,808 (RMB 4,793) (Note7)	(b) (2)	-	-	-	-	100	(993)	(993)	14,210	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
Note(4)	Note(4)	Note(4)

Note 1: The mode of investment is categorized into the following three types:

- (a) Direct investment in companies in the territories of mainland China.
- (b) Through investing in an existing company in the third area, which then investing in the investee in Mainland China.
 - (1) Investment in companies in mainland China via the company in a third territory (Prolong International Company Limited).
 - (2) Investment in companies in mainland China via M.J. Dongguan and Prolong Dongguan reinvested by the company in a third territory (Prolong International Company Limited).
- (c) Other modes.

Note 2: In the recognized current investment income section:

- (a) To be noted, if it is under preparation and no investment income has generated therefor.
- (b) The basis for recognition of investment income may be categorized into the following three types. Please identify it.
 - (1) Financial statements audited by the international CPA firm which enters into cooperative relationship with any R.O.C. CPA firm.
 - (2) Financial statement audited by the independent external auditor of the parent company in Taiwan.
 - (3) Others.

Note 3: Intercompany balances and transactions were eliminated upon consolidation.

Note 4: Not applicable, as the Company is not a company incorporated in the R.O.C.

Note 5: Including the unrealized income from side-stream transactions.

Note 6: Translated based on the foreign exchange rate on the balance sheet date.

Note 7: Changes in paid-in capital are mainly due to capital increase and capital reduction. Please refer to Note 13.

Any significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please see Table 6.
2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 6.
3. The amount of property transactions and the amount of the resultant gains or losses: None.
4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please see Table 2.
5. The highest balance, balance at the end of period, interest rate range, and total current period interest with respect to financing of funds: See Table 1.
6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.:None.

TABLE 11

**M. J. INTERNATIONAL CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares Percentage of	Number of Shares Percentage of
CROWN HARVEST COMPANY LIMITED	12,204,000	18.47%
Yunta Bank as Trustee of Luckmore Investment Limited Account	7,779,000	11.77%
Black Dragon Assets Limited	4,478,400	6.77%
Chairman Management Corp.	3,999,000	6.05%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

- V. Entity financial statement and auditing report for the most recent year: N/A.
- VI. If the Company and its affiliates have encountered any financial difficulties in the most recent two years and until the date of publication of the annual report, the impact on the Company's financial condition shall be specified: None.

Seven. Discussion and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Unit: NT\$ thousand; %

Item \ Year	Year2020	Year2021	Variance	
			Amount	%
Current assets	2,454,394	2,872,155	417,761	17.02%
Property, Plant and Equipment	1,822,494	2,785,940	963,446	52.86%
Intangible Assets	28,699	21,551	(7,148)	(24.91%)
Other assets	207,926	303,602	95,676	46.01%
Total assets	4,513,513	5,983,248	1,469,735	32.56%
Current liabilities	642,751	1,476,419	833,668	129.70%
Non-current liabilities	1,210,884	2,030,289	819,405	67.67%
Total liabilities	1,853,635	3,506,708	1,653,073	89.18%
Equity attributable to owners of the parent	2,632,398	2,432,780	(199,618)	(7.58%)
Capital stock	660,590	660,590	-	-
Capital surplus	1,229,455	1,229,455	-	-
Retained earnings	861,354	731,499	(129,855)	(15.08%)
Other equity	(119,001)	(167,314)	(48,313)	40.60%
Treasury Shares	-	(21,450)	(21,450)	-
Non- controlling equity	27,480	43,760	16,280	59.24%
Total equity	2,659,878	2,476,540	(183,338)	(6.89%)

The main reasons where the change scale exceeds 20% above and the amount changed reached more than NT\$10 million are stated as follows:

1. Property, Plant and Equipment: It was caused by the construction project of Tainan new factory and the purchase of machinery and equipment. The project payment and advance payment for machinery and equipment are listed as property, plant and equipment - unfinished project and equipment to be inspected, resulting in the increase of property, plant and equipment.
2. Other assets : This was mainly due to an increase in right-of-use assets
3. Total assets : This was mainly due to the increase in property, plant and equipment
4. Current liabilities : This was mainly due to an increase in short-term borrowings.
5. Non-current liabilities : Mainly due to the increase in long-term borrowings from the construction of the new Tainan plant and the purchase of machinery and equipment.
6. Total liabilities : This was mainly due to an increase in short-term borrowings and long-term borrowings.
7. Other equity : This was mainly due to a decrease in the exchange differences translating the financial statements of foreign operations.

Non- controlling equity : Mainly for the establishment of a new subsidiary, Changchun MH Arts Co., Ltd., a non-controlling interest in the capital increase.

II. Financial performance

1. Analysis on operating results for the most recent two years:

Unit: NT\$ thousand; %

Item \ Year	Year2020	Year2021	Variance	
			Amount	%
Operating revenue	2,882,490	3,610,670	728,180	25.26%
Operating cost	2,096,842	2,986,204	889,362	42.41%
Gross profit	785,648	624,466	(161,182)	(20.52%)
Operating expenses	380,524	537,858	157,334	41.35%
Operating profit	405,124	86,608	(318,516)	(78.62%)
Non-operating revenue and expense	(43,317)	(18,341)	24,976	(57.66%)
Net profit before tax	361,807	68,267	(293,540)	(81.13%)
Income tax expenses	84,236	6,773	(77,463)	(91.96%)
Current operating profit	277,571	61,494	(216,077)	(77.85%)
<p>The main reasons where the change scale exceeds 20% above and the amount changed reached more than NT\$10 million are stated as follows:</p> <ol style="list-style-type: none"> 1. Operating revenue: The sales in 2021 was stable and increase, so the revenue increased. 2. Operating cost: This was due to the increase in sales of products and the sharp increase in the price of PVC, so the cost of sales increased. 3. Gross profit: Mainly due to the increase in the price of raw materials, the gross profit decreased. 4. Operating expenses: Operating expenses increased mainly due to an increase in R&D expenses. 5. Operating profit: Operating profit decreased due to lower gross profit and higher operating expenses. 6. Non-operating revenue and expense: This is due to the decrease in foreign exchange losses in 2021, resulting in a decrease in non-operating income and expenses. 7. Net profit before tax: Net profit before tax decreased mainly due to lower gross profit and higher operating expenses. 8. Income tax expenses: Income tax expense decreased mainly due to a decrease in net profit in 2021. 9. Current operating profit: This was mainly due to lower gross profit and higher operating expenses and lower income tax expense. 				

2. Expected sales volume and the basis thereof, and the possible impact of such changes upon the Company's financial and business affairs, and how the Company plans to respond

For the Company's expected sales volume, the Company sets the annual shipment target based on the previous year's sales performance, the estimation of market demand and customer orders already in place, and also by taking into account such factors as the supply status of major raw materials. Subject to the market demand and changes, the Company will upgrade its market share to increase the profit to be sought by the Company. The Company's business may grow continuously and its financial position is also considered fair.

III. Cash flow

1. The cash flow changes during the most recent year (2021) are analyzed and

explained as following:

Unit: NT\$ thousand; %

Item \ Year	Year2020	Year2021	Increase (decrease)	
			Amount	%
Net cash inflow (outflow) from operating activities	285,795	(450,936)	(736,731)	257.78
Net cash inflow(outflow) from investing activities	(41,395)	(938,380)	(896,985)	2,166.89
Net cash inflow(outflow) from financing activities	630	1,206,610	1,205,980	191,425.40
Analysis of the changes: 1. Net cash inflow of business activities: The accounts receivable at the end of 2021 increased compared to the end of last year, and in 2021 due to the decrease in net profit before tax compared to 2020, resulting in an decrease in net cash inflow from operating activities. 2. Net cash outflow for investments: This is mainly due to the increase in the amount of newly purchased property, plant and equipment in this year compared with that in 2020, resulting in net cash outflow from investing activities. 3. Net cash inflow for financing activity: The increase in borrowings in 2021 is more than that in 2020, resulting in net cash inflows to financing activities were more than in 2020.				

2. Corrective measures to be taken in response to illiquidity: N/A

3. Liquidity analysis for the coming year (2022):

Unit: NT\$ thousand

Cash balance, beginning (1)	Net cash flow from operating activities for the year (2)	Net cash flow from investing and financing activities for the year (3)	Cash balance (1)+(2)+(3)	Corrective measures against projected insufficient cash position	
				Investment plan	Wealth management plan
336,209	276,985	(77,698)	535,496	-	-
Analyze and explain any changes in the Company's projected cash flow in 2022: (1) Net cash inflow from operating activities: Primarily resulting from the cash receipts generated from the projected operating revenue growth in 2022. (2) Net cash flow in investment and financing activities: This is because the Company expected to establish new factories in Tainan, invest in equipment, supply the long-term financing structure at domestic banks and distribute cash dividend of 2021.					

IV. Material capital expenditures in the most recent year and impact on business/finance:

The Company's payment for acquisition of property, plant and equipment amounted to NT\$ 371,283 thousand and NT\$ 1,101,721 thousand in 2020 and 2021, respectively. To distribute production capability and disperse the market, the Company purchased land at Tainan Technology Industrial Park, planned the SPC floor production line in the new Tainan factory and continued to purchase equipment in order to increase automation ratio at the production base in China. The Company's property, plant and equipment turnover was 1.58 and 1.30 in 2020 and 2021, respectively. The reason for the turnover to decrease is because it is expected that the benefits from devotion of capital expenses in the constructing new Tainan factory will consecutively appeared in mid-2022. The Company obtained the qualification for Taiwanese businessman in "Action Plan for Welcoming

Overseas Taiwanese Businesses to Return to Invest in Taiwan” by the investment project of new factory in Tainan, which is accompanied by 10-year credit operation in domestic banks, including 3-year grace period and 5-year interest subsidy from National Development Council. Hence, capital expenses do not have significant impact on the Company’s financial business.

V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year

1. Investment strategies

The Company's investment strategies are set forth in line with the Company’s business needs. The operating revenue of the subsidiaries invested by it appears to grow stably, due to the export to European and US markets. The Company’s current investment strategies and operating procedures follow the “Regulations Governing Acquisition or Disposition of Assets” and “Regulations Governing Supervision and Management of Subsidiaries” passed by the directors’ meeting or shareholders’ meeting, and the investment cycles under the internal control system apply. The various subsidiaries shall comply with the Company’s requirements and shall also engage in adequate internal controls pursuant to the local laws and subject to the actual operations. To distribute production capability and disperse the market, the board of directors approved to invest NT\$2,513 million in the new Tainan factory project by resolution and plan to establish the SPC floor production line on Dec. 17, 2019. Compared to the existing SPC production line in China, there are twice amount of the production line in the new Tainan factory. In addition, newest production equipment will be used in the new Tainan factory to satisfy low procurement costs, low production energy consumption and effectively enhance production efficiency. Due to the price increased in building materials and production equipments, purchase of advanced production equipments and equipments for lightweight products. The total investment amount is planned to increase by NT\$454 million. It was approved by the board of directors on May 12, 2022. Production is expected to begin in the second quarter of 2021. The Company obtained the qualification for Taiwanese businessman in “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” from Ministry of Economic Affairs. In the future, the Company can obtain subsidy for financing interests and other offers to increase the flexibility in the use of operating funds.

VI. Analysis and assessment of risk factors for the most recent year until the date of publication of the annual report

(I) Risk factors

1. Impact of interest rate, exchange rate changes, and inflation on the Company's earnings, and responsive measures:

(1) Interest rate changes

The Company's interest revenue amounted to NT\$15,332 thousand and NT\$2,229 thousand in 2021 and Q1 of 2022 respectively, namely 0.42% and 0.22% of the operating revenue, net. The interest expenses were NT\$13,701 thousand and NT\$4,650 thousand, namely 0.38% and 0.46% of the net operating revenue. The interest revenue and expense accounted for a small proportion of the operating revenue; therefore, the interest rate changes rendered no significant impact on the Company's business and finance. Notwithstanding, the Group will continue to strengthen its communication between it and banks, and closely observe and verify the changes in market interest rates. Meanwhile, it will control the interest rate risk effectively, by sound financial planning, various financial tools, and most favorable fund-raising tools in the capital market.

(2) Exchange rate changes

The Company's main sales revenue is collected in USD, and the mainland China serves as the main production base of the Company. The employees' salary, part of the raw materials and miscellaneous expenses are paid in RMB. Therefore, there is a risk over exchange rate changes for the USD against RMB. Further, after the Company is listed in Taiwan, it will need to distribute the stock dividend to the investors in NTD within the R.O.C. or convert the the fund raised within the R.O.C. from NTD to USD for utilization. Therefore, there is a risk over exchange rate changes for the USD against NTD.

The net foreign currency exchange gains or loss resulting from the operating activities was NT\$30,250 thousand loss and NT\$2,456 thousand gain in 2021 and Q1 of 2022 respectively, namely (0.84%) and 0.24% of the operating revenue for the years.

The Company has already amended the "Regulations Governing Engagement in Derivatives Trading" to require that the derivatives should be managed for the purpose of hedging only in the future. Further, the responsive measures to be taken against the risk over exchange rate changes resulting from operating activities are stated as following:

- ① For the procurement of major raw materials, subject to the foreign exchange rate fluctuation, the Company will negotiate with suppliers for the denomination in USD to increase the effect of natural hedge.
- ② According to the quotation policy toward clients, when the foreign exchange fluctuation is beyond specific range upon assessment, the sale nit shall feed back to the customers immediately and negotiate with the customers to adjust the selling price.
- ③ Negotiate with customers to shorten the days of accounts receivable to reduce the foreign exchange risk arising from the foreign currency accounts receivable due to the time factor.
- ④ Open a foreign currency deposit account to manage the net foreign currency position; have dedicated personnel to assess the Company's capital needs and decide the timing and amount of foreign exchange, so as to reduce the impact of exchange rate changes on the income and also achieve the effect of natural hedge.

- ⑤ Keep close contact with the bank's foreign exchange department and collect market information actively to control the potential exchange rate trend completely; subject to the exchange rate fluctuation and foreign currency position held by the Company, decide whether to underwrite financial derivatives to evade the foreign exchange risk according to the "Regulations Governing Engagement in Derivatives Trading" established by the Company.

(3) Inflation

For the time being, the inflation renders no significant impact on the Company's income. According to the Company's responsive measures, the Company will refer to the economic indicators and research reports provided by domestic and foreign economic research institutions and professional investment institutions from time to time, and provide the same to the management for reference to help the management make decisions.

2. Policies on high-risk and highly leveraged investments, financing provided to others, endorsements/guarantees, and derivatives trading, main causes of any profits or losses incurred, and future responsive measures:

The Company refrains from engaging in high-risk and highly leveraged investments. It engages in financing provided to others, endorsements/guarantees and derivatives trading per the policies and responsive measures established under the Company's "Regulations Governing Financing Provided to Others", "Regulations Governing Endorsement/Guarantee" and "Regulations Governing Engagement in Derivatives Trading". In the future, the Company's derivatives trading policy will still remain conservative and stable to evade the risk over substantial foreign exchange fluctuation.

3. Future research and development plans and projected R&D expenses:

Though the Company engages in the traditional industry, it invests in R&D actively in order to maintain its profitability and industrial competitiveness. Its future R&D plan includes the improvement of process and development of new products. The improvement of process aims to upgrade the automation and cut production costs. Further, in order to be in line with the market trend and satisfy different market users' needs, the Company will continue to develop new products.

Following the growth in turnover, the Company will also increase the annual R&D expenses step by step to roughly about 1% net sales to support the future R&D plans and also upgrade the Company's strength in production and industrial competitiveness.

4. Impact on the Company's business/finance due to changes in domestic or foreign important policies and laws, and responsive measures:

The Company is registered in the Cayman Islands, which refer to a country of open economy and free from foreign exchange control. Therefore, the investment environment is stable locally. The Company carries out its operations primarily in the mainland China, Hong Kong and Taiwan, where the political and economic environment is considered stable. The Company engages in production of various products and carries out its operations in accordance with the national policies and laws & regulations of the countries where it is registered and operates. Meanwhile, the Company will keep watching and controlling the development of policies and changes in laws and the impact thereof on the Company, in order to help the Company, take appropriate responsive measures. No material impact on the Company's business/finance due to changes in domestic or foreign important policies and laws has taken place during the most recent year and until the date of publication of the prospectus.

5. Impact on the Company's business/finance due to technological or industrial

changes, and responsive measures:

The Company's main business lines refer to the development, production and sale of sheet plastic flooring. The sheet plastic flooring is identified as the product emerging later but growing highly on the flooring industry. The Company is committed to the development of new styles, new materials and new processes for sheet flooring, and continues to research and develop oriented toward environmental-friendly and human-friendly materials. Meanwhile, the Company will keep concerning the relevant technological changes in the industry, controlling the latest trends, and assessing the impact thereof on the Company's operations. No material impact on the Company's business/finance due to technological or industrial changes has taken place during the most recent year and until the date of publication of the prospectus.

6. Impact of changes in the corporate identity on the Company's crisis management, and responsive measures:

The Company upholds the management philosophy focusing on "Ethical Management-Based and Customers as First Priority", dedicated to production and sale of sheet plastic flooring, complying with relevant laws and regulations, promoting various certifications actively, and maintaining harmonious labor-management relations at the same time. Since the Company was founded, it has kept its fair industrial position and goodwill. Therefore, there is no change in corporate identity resulting in the Company's corporate crisis management.

7. Expected benefits, possible risks and responsive measures of merger and acquisitions:

The Company had no merger and acquisition project during the most recent year and until the date of publication of the prospectus.

8. Expected benefits, risks and responsive measures associated with plant expansions:
None.
9. Risks and responsive measures associated with concentrated sales or purchases:

- (1) Purchases

The Company is a professional manufacturer engaged in manufacturing sheet plastic flooring. The raw materials purchased by it are mainly PVC powder, transparent materials, printed film and plasticizers. In 2021 and Q1 of 2022, the purchase amount to the largest supplier accounted for 24.36% and 21.29% of the consolidated total purchase amount, net. Therefore, there should be no significant risk over excessively concentrated purchases.

In order to enhance the mobility for the source of supply, the Company purchases main raw materials from more than two suppliers. The source of supply is considered stable, and no interruption or shortage of supply has taken place for the most recent year or period.

- (2) Sales

The Group's sales to the largest customer are 42.24% and 42.63% in 2021 and Q1 of 2022. Further, Group K's subsidiaries were used to negotiating with the Company for the sale conditions independently and placing order individually. Group K is one of the leading brand for PVC flooring in Europe. In consideration of the high production cost in Europe, it was used to contracting the production of PVC flooring to other suppliers. Through the cooperation between both parties for many years, both parties signed an exclusive supply contract, agreeing that the Company should be the exclusive OEM for the products referred to therein sold in countries in Europe and North Africa and the Company should supply said products to Group K only in said countries. The Company keeps maintaining the fair relationship with Group K

and also strives to enhance its competitive strength in pricing by upgrading the production capacity and improving process, and developing new products to seek the opportunity for acting as the OEM of leading suppliers in North America. Meanwhile, the Company also starts operating its private brand and develops distribution channels in the mainland China. By developing new customers and expanding the market in the mainland China, the Company should be able to upgrade its sales effectively and thereby enable the Company's business/finance to be more stable.

10. Impacts, risks and responsive measures following a major transfer or replacement of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:

No business risk has been caused by the major transfer or replacement of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest.

11. Impacts, risks and responsive measures associated with a change of management:

The Company had no change of management during the most recent year and until the date of publication of the prospectus.

The Group has appointed independent directors, established the Audit Committee and strengthened various corporate governance policies. Therefore, the change of management, if any, is not likely to render adverse impact or business risk against the Company.

12. Major litigations and non-contentious cases: Describe the major litigations, non-contentious cases or administrative litigations involving the Company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders' equity or security prices of the Company, and disclose the nature of dispute, the claimed value, the date when the litigation first started, the key parties involved, and progress as of the publication date of the annual report:

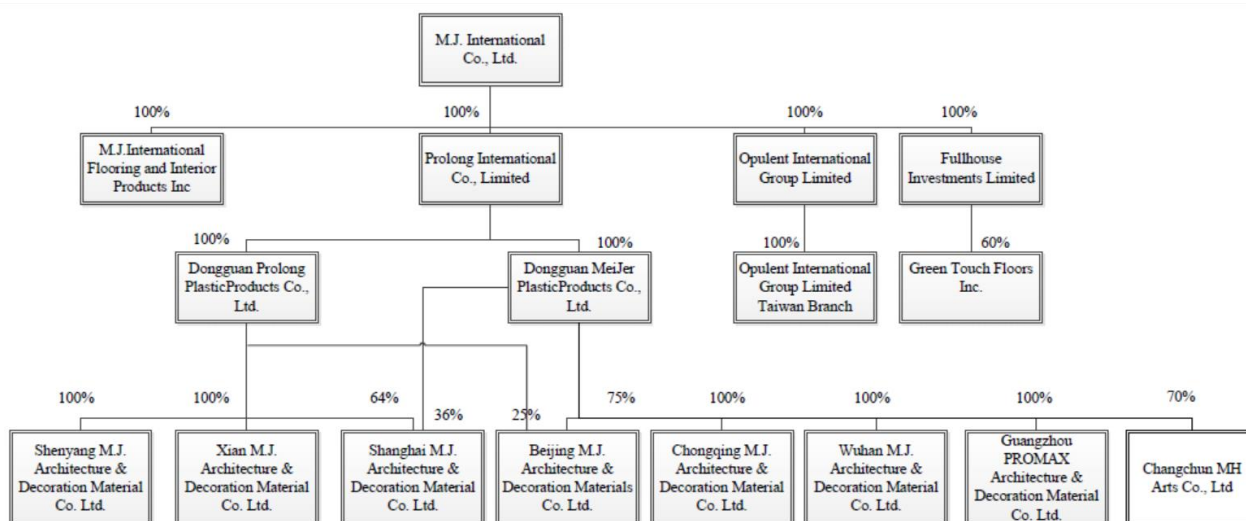
13. Other significant risks and responsive measures: None.

VII. Other important notes: None.

Eight. Special notes

I. Consolidated business reports of affiliated enterprises

(I) Organizational chart of affiliated enterprises



(II) Basic information by affiliated enterprise

Capital unit: NT\$ thousand

Company name	Date of incorporation	Territory	Paid-in capital	Main functions
Prolong International Co., Limited	November 18, 2010	Hong Kong	USD14,460	Investment holding
Opulent International Group Limited	November 15, 2012	Hong Kong	USD8,700	Procurement of raw materials and acceptance of order for export
Opulent International Group Limited Taiwan Branch	January 4, 2013	Taiwan R.O.C.	-	Business location dedicated to accepting orders for export
M.J. International Flooring and Interior Products Inc	May 15, 1982	Taiwan R.O.C..	NTD50,000	Sales and business location in the territories of Taiwan
Fullhouse Investments Limited	November 09, 2018	Samoa	USD1,751	Investment holding
Green Touch Floors Inc.	September 01, 2017	Canada	CAD2,273	Sales and operation sites at Canada
Dongguan Prolong PlasticProducts Co., Ltd.	August 10, 1993	China	HKD78,538	Investment holding, and production of sheet plastic flooring
Dongguan MeiJer PlasticProducts Co., Ltd.	January 1, 2002	China	USD32,271	Investment holding, and production of sheet plastic flooring
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	November 23, 2012	China	RMB8,000	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	January 6, 2013	China	RMB12,000	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	January 7, 2013	China	RMB47,000	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	August 1, 2013	China	RMB3,000	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	June 16, 2016	China	RMB11,000	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd.	August 18, 2017	China	RMB5,000	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	May 27, 2018	China	RMB4,793	Sales and business location in the territories of the mainland China

Changchun MH Arts Co., Ltd.	February 18, 2021	China	RMB19,800	Production of luxury vinyl tile
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(III) Information on shareholders presumed to have a controlling and dependent relationship:
None.

(IV) The industry covered by the business operated by the entire affiliated enterprises

Company name	Main functions within the Group
M.J.International Flooring and Interior Products Inc	Domestic sales and business location in Taiwan
Prolong International Co., Limited	Investment holding
Opulent International Group Limited	Procurement of raw materials
Opulent International Group Limited Taiwan Branch	Business location dedicated to accepting orders for export
Fullhouse Investments Limited	Investment holding
Green Touch Floors Inc.	Sales and operation sites at Canada
Dongguan Prolong PlasticProducts Co., Ltd.	Investment holding, and production of sheet plastic flooring
Dongguan MeiJer PlasticProducts Co., Ltd.	Investment holding, and production of sheet plastic flooring
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Changchun MH Arts Co., Ltd.	production of sheet plastic flooring

(V) Information on directors, supervisors and presidents of the Company's affiliated enterprises

Company name	Director	Supervisor	President
M.J.International Flooring and Interior Products Inc	M.J.International Flooring and Interior Products Inc - representative Chen Pen-Yuan, Kao Chen-Sheng and Lin An-Hsiu	M.J.International Flooring and Interior Products Inc - representative Hsieh Ming-Feng	Chen Pen-Yuan
Prolong International Co., Limited	Chen Pen-Yuan, Kao Chen-Sheng and Lin An-Hsiu	-	Chen Pen-Yuan
Opulent International Group Limited	Chen Pen-Yuan	-	Chen Pen-Yuan
Fullhouse Investments Limited	Chen Pen-Yuan	-	Chen Pen-Yuan
Green Touch Floors Inc.	Chen Pen-Yuan, Chen I-Hsiu, ZEN XU	-	ZEN XU
Dongguan Prolong PlasticProducts Co., Ltd.	Lo Fong-Chu, Chen Chien-Yuen and Kao Chen-Sheng	Hsieh Ming-Feng	Chen Pen-Yuan
Dongguan MeiJer PlasticProducts Co., Ltd.	Lo Fong-Chu, Chen Chien-Yuen and Kao Chen-Sheng	Hsieh Ming-Feng	Chen Pen-Yuan

Chongqing M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Xian M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	Chen Pen-Yuan
Changchun MH Arts Co., Ltd.	Chen I-Hsiu, Chang Chun-Chang , Lee Liang-You,	Chang ,Chun-Tai	Chang Chun-Chang

(VI) Operating overview of affiliated enterprises

Name of enterprise	Currency type	Capital	Worth of total assets	Worth of total liabilities	Net worth	Operating revenue	Operating gain	Current gain (loss)	EPS
								(after tax)	(after tax)
Prolong International Co., Limited	USD	14,460	66,474	0	66,474	0	(3)	(939)	Note 1
Opulent International Group Limited	USD	8,700	63,242	47,305	15,937	119,945	2,415	2,252	Note 1
M.J.International Flooring and Interior Products Inc	NTD	600,426	2,201,342	1,512,148	689,194	240,506	(4,649)	(7,661)	(127.59) Note 2
Fullhouse Investments Limited	USD	1,751	1,740	7	1,733	0	(1)	(11)	Note 1
Green Touch Floors Inc.	CAD	2,273	4,951	1,596	3,355	6,169	319	313	Note 1
Dongguan Prolong PlasticProducts Co., Ltd.	RMB	HKD 78,538	178,852	50,315	128,537	228,146	4,487	1,264	Note 1
Dongguan MeiJer PlasticProducts Co., Ltd.	RMB	USD 32,271	339,160	91,736	307,424	514,505	15,391	8,021	Note 1
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	RMB	8,000	2,621	54	2,567	917	(406)	(443)	Note 1
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	RMB	12,000	7,514	6,326	1,188	5,071	(2,129)	(2,229)	Note 1
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	RMB	47,000	68,677	41,467	27,210	12,816	(2,573)	(1,318)	Note 1
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	RMB	3,000	5,886	1,858	4,028	13,293	(458)	(182)	Note 1
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	RMB	11,000	9,881	746	9,135	6,848	98	244	Note 1
Xian M.J. Architecture & Decoration Material Co. Ltd.	RMB	5,000	4,396	4	4,392	978	(611)	(603)	Note 1
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	RMB	4,793	4,141	868	3,273	190	(226)	(229)	Note 1
Changchun MH Arts Co., Ltd.	RMB	19,600	32,096	18,051	14,045	4	(5,899)	(5,556)	Note 1

Note 1. Not applicable, as it is a limited company.

Note 2. at par value NT\$10,000 per share.

(VII) Consolidated financial statements of affiliated enterprises: Please refer to Pages 105~184, as same as the consolidated financial statements.

(VIII) Affiliation report: N/A.

For the business lines operated by the Company and its affiliates enterprises, except Prolong International Co., Limited, which engages in investment holding, Dongguan MeiJer Plastic Products Co., Ltd. and Dongguan Prolong Plastic Products Co., Ltd. are both responsible for production and manufacturing. The other subsidiaries are responsible for the marketing business in various territories. The business lines operated by them are different from the Company's, provided that their source of supply is the Company only. Each affiliated enterprise engages in operations under the labor division system per the Company's entire business planning.

- II. Any private placement of securities in the recent years up to the publication of the annual report: None.
- III. Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the publication date of the annual report: N/A.
- IV. Other required supplementary notes: None.
- V. Significant matters which might affect shareholders' equity or stock price pursuant to the subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act during the most recent year and until the date of publication of the annual report: None.