

Asia Plastic Recycling Holding Ltd.
and Its Subsidiaries

Consolidated Financial Statements and Audit Report
Year 2020 and 2019

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For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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Audit report

For Asia Plastic Recycling Holding Ltd.:

Opinion

We audited the consolidated balance sheets as at December 31, 2019 and 2020, consolidated statement of changes in equity, consolidated statements of cash flows and notes to the consolidated financial statements (including a summary of major accounting policies) for the period from January 1 to December 31, 2019 and 2020 of Asia Plastic Recycling Holding Ltd. (Asia Plastic Recycle) and its subsidiaries.

In our opinion, the consolidated financial statements above are, in all material aspects, sufficiently prepared as per the Rules of Taiwan for Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards accepted by the Financial Supervisory Commission, the International Accounting Standards, their interpretation and interpretation announcements to fairly reflect the consolidated financial conditions as at December 31, 2019 and 2020 and the consolidated financial performance and consolidated cash flows in the period from January 1 to December 31, 2019 and 2020 of Asia Plastic Recycling Holding Ltd. and its subsidiaries.

Basis of the opinion

We conducted our audit in accordance with the rules of Taiwan on audit of financial statements by auditors and generally accepted auditing standards. Our responsibilities under these rules and standards are further described in “Our responsibilities for the audit of the consolidated financial statements” section of our report. All employees of our employer subject to independence regulation are independent of Asia Plastic Recycle and its subsidiaries in accordance with the Code of Ethics for Professional Accountants. Furthermore, we have complied with the Code with respect to other responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key items of audit

Key items of audit refer to those most important items in the consolidated financial statements 2020 of Asia Plastic Recycle and its subsidiaries to be audited according to our professional judgment. Since such items were considered during audit of the consolidated financial statements and formation of the audit opinion, no separate opinion is given separately on these items.

Key items audited in the consolidated financial statement 2020 of Asia Plastic Recycle and its subsidiaries are hereby described as follows:

Truthfulness of recognized and presented income from sale of special products

According to Note 19 to the consolidated financial statements, Asia Plastic Recycle and its subsidiaries derived primary income from sale of PE-EVA mixed foam products, and suffered a

great decline in business income and significant operating loss due to decrease in sources of raw material and orders for the products, while a sharp rise occurred to the gross profit from sale of special products and unit selling prices of the products. Considering the foregoing and according to provisions of the Statements on Auditing on considering income as a significant risk, the truthfulness of recognized and presented income from sale of special products was included as a key item of audit.

We have implemented due audit procedures regarding the abovementioned key items of audit to a specific extent, including:

- I. Gaining an understanding of and testing the internal control relating to truthfulness of recognized and presented income, such as effectiveness of internal control relating to order handling and shipment, based on which business income was recognized and presented.
- II. Verifying sampled particulars of business income, outbound orders and invoices for consistency in terms of target customers and amounts; visually checking countersignature of outbound orders by customers and other evidence of delivery.
- III. Verifying sampled records on collection of accounts receivable in the particulars of business income, payees and target customers for consistency.

Net value loss assessment of real property, factory buildings and equipment and impairment assessment of their use right

As at December 31, 2020, real property, factory buildings and equipment and their use right owned by Asia Plastic Recycle and its subsidiaries amounted to NTD (unless otherwise indicated) 3,218,378,000 in terms of book value, accounting for 49% in the total assets, and thus were considered as major assets. In light of the continuing operating loss suffered by Asia Plastic Recycle and its subsidiaries, the foregoing assets were assessed and showed a sign of impairment; according to the asset valuation report issued by an external independent expert, the Group and its subsidiaries determined the recoverable amount, with recognized and presented impairment loss of NTD 826,938,000 as at December 31, 2020. Considering material accounting estimates involved in impairment loss assessment and assumptions made by the management, impairment assessment of such assets was included as a key item of audit.

For accounting policies applicable to the foregoing asset impairment assessment and relevant matters disclosed, refer to Notes 4, 5, 11, 12 and 20 to the consolidated financial report.

We have implemented the following audit procedures:

- I. Evaluating the professional experience, competence and independence of independent assessment experts appointed by the management, discussing with the management about their work scope, and reviewing their appointment conditions, so as to ensure nothing present to affect their objectivity or constituting any restriction on their work scope.
- II. Evaluating the reasonableness of methods and major assumptions adopted by the independent experts engaged by the management in preparing the asset assessment report.
- III. Verifying the integrity of data and correctness of impairment loss recognition and presentation assessed by the independent experts engaged by the management.

Responsibilities of the management and those charged with governance for the consolidated financial statements

The management has the responsibility to prepare and fairly present the consolidated financial statements according to the Rules of Taiwan for Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards accepted by the Financial Supervisory Commission, the International Accounting Standards, their interpretation and interpretation announcements, and maintain necessary internal control relating to the consolidated financial statements, so as to ensure the consolidated financial statements are free from material misstatements, whether due to fraud or errors.

As at preparation of the consolidated financial statements, the management also has the responsibility to assess the ability of Asia Plastic Recycle and its subsidiaries to continue as going concerns, disclosure of related matters and the going concern basis of accounting, unless it either intends to liquidate Asia Plastic Recycle and its subsidiaries or cease operations, or has no realistic alternative but to do so.

Those charged with governance of Asia Plastic Recycle and its subsidiaries (including board of auditors) have the responsibility to oversee the financial reporting process.

Our responsibilities for the audit of the consolidated financial statements

Our objective in auditing the consolidated financial statements is to obtain reasonable assurance regarding whether the consolidated financial statements are free from any material misstatement, whether due to fraud or errors, and to issue an auditor's report. Reasonable assurance is a high, but not absolute, level of assurance, which means we may not have detected all material misstatements in the consolidated statement during our audit conducted according to the generally accepted audit standards. Misstatements can arise from fraud or errors, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of the consolidated financial statements.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with the generally accepted auditing standards. We performed the following work:

- I. Identifying and assessing the risks of material misstatement of the consolidated financial statements due to fraud or errors; designing and performing audit procedures responsive to those risks; obtaining 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 one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- II. Obtaining an understanding of internal control relevant to 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 internal control of Asia Plastic Recycle and its subsidiaries.
- III. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- IV. Concluding 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 ability of Asia Plastic Recycle and its subsidiaries to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Asia Plastic Recycle and its subsidiaries ceasing to continue as going concerns.
- V. Evaluating the overall presentation, structure and content of the consolidated financial statements (including notes thereto), and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtaining audit evidence, with respect to financial information of individuals comprising the Group, which is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements. We are also responsible for directing, supervising and performing the group audit, and give our opinion on the group audit.

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 findings in internal control that we identify during our audit.

We also provide those charged with governance an independence statement indicating our compliance with the independence requirement of the Code of Ethics for Professional Accountants, and communicate with them about relationships and other matters (including related protective measures) that may be considered to have an impact on our independence.

We determine, among communications with those charged with governance, key items of audit in the consolidated financial statements 2020 of Asia Plastic Recycle and its subsidiaries. We clearly described such items in the auditor's report, unless disclosure of certain items was prohibited by law, or in rare cases, we decide not to communicate about any special item since according to reasonable anticipation such communication would produce more negative impact than public interest.

Deloitte Touche Tohmatsu Limited

Accountant, Wu Qiuyan

Accountant, Jiang Jialing

Approval number from Securities
and Futures Commission

TCZLZ No. 0920123784

Approval number from Securities
and Futures Commission

TCZLZ No. 0920123784

Date: March 22, 2021

Asia Plastic Recycling Holding Ltd. and Its Subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2020

Unit: *10³ in New Taiwan Currency

Code	Asset	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	\$ 1,297,562	20	\$ 1,329,823	18
1136	Financial assets measured based on amortized cost (Note 7)	1,314,000	20	1,293,000	17
1150	Notes receivable (Notes 8, 19 and 27)	75,601	1	86,256	1
1170	Net accounts receivable (Notes 4, 8 and 19)	214,020	3	206,623	3
1200	Other receivables	3,847	-	6,731	-
1310	Inventory (Notes 4 and 9)	269,982	4	264,440	3
1419	Prepayments	18,590	1	25,162	-
11XX	Total current assets	<u>3,193,602</u>	<u>49</u>	<u>3,212,035</u>	<u>42</u>
	Non-current assets				
1600	Real property, factory buildings and equipment (Notes 4, 5, 11, 26, 27 and 28)	2,415,261	37	3,310,861	44
1755	Right-of-use assets (Notes 4, 5, 12 and 27)	803,117	12	914,173	12
1760	Investment real property (Notes 4, 13 and 26)	118,871	2	144,973	2
1920	Refundable deposits	2,015	-	1,940	-
1990	Other non-current assets	-	-	2,686	-
15XX	Total non-current assets	<u>3,339,264</u>	<u>51</u>	<u>4,374,633</u>	<u>58</u>
1XXX	Total assets	<u>\$ 6,532,866</u>	<u>100</u>	<u>\$ 7,586,668</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2102	Short-term borrowings (Notes 14 and 27)	\$ 188,340	3	\$ 163,780	2
2108	Other short-term borrowings – stakeholders (Note 26)	159,616	2	-	-
2170	Accounts payable (Note 15)	232,502	4	274,373	4
2219	Other payables (Notes 12 and 16)	80,479	1	88,200	1
2399	Other current liabilities	14,622	-	2,739	-
21XX	Total current liabilities	<u>675,559</u>	<u>10</u>	<u>529,092</u>	<u>7</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 4, 5 and 21)	<u>62,317</u>	<u>1</u>	<u>61,321</u>	<u>1</u>
2XXX	Total liabilities	<u>737,876</u>	<u>11</u>	<u>590,413</u>	<u>8</u>
	Interests attributable to owners of the Group (Notes 4 and 18)				
3100	Share capital				
3110	Ordinary share capital	<u>2,689,547</u>	<u>41</u>	<u>2,689,547</u>	<u>35</u>
3200	Capital reserves	<u>3,028,767</u>	<u>46</u>	<u>3,014,618</u>	<u>40</u>
	Retained surplus				
3310	Legal surplus reserves	708,876	11	708,876	9
3320	Special surplus reserve	716,985	11	460,100	6
3350	Undistributed profit (loss to be made up)	(729,588)	(11)	840,099	11
3300	Total retained profit	<u>696,273</u>	<u>11</u>	<u>2,009,075</u>	<u>26</u>
3400	Other interests				
3410	Exchange differences of the translation of the financial statements in foreign operations	(619,597)	(9)	(716,985)	(9)
3XXX	Total equity	<u>5,794,990</u>	<u>89</u>	<u>6,996,255</u>	<u>92</u>
	Total liabilities and equities	<u>\$ 6,532,866</u>	<u>100</u>	<u>\$ 7,586,668</u>	<u>100</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao

Manager: Ding Zhimeng

Accounting officer: Wang Weiming

Asia Plastic Recycling Holding Ltd. And its subsidiaries

Consolidated Income Statement

January 1 – December 31, 2019 and 2020

Unit: *10³ in New Taiwan Currency, if

Per-share loss amounting to NTD

Code		2020		2019	
		Amount	%	Amount	%
	Business income (Notes 4, 19 and 26)				
4100	Sales revenue	\$ 989,190	98	\$1,240,593	99
4300	Lease income	<u>18,967</u>	<u>2</u>	<u>17,807</u>	<u>1</u>
4000	Total operating income	1,008,157	100	1,258,400	100
5000	Operating costs (Notes 9, 11, 12, 20 and 26)	<u>1,486,319</u>	<u>148</u>	<u>1,527,022</u>	<u>122</u>
5900	Gross operating loss	(<u>478,162</u>)	(<u>48</u>)	(<u>268,622</u>)	(<u>22</u>)
	Operating expenses (Notes 11, 12 and 20)				
6100	Marketing expense	50,111	5	56,352	5
6200	Administrative expense	771,922	76	280,102	22
6300	R&D expenses	39,245	4	52,425	4
6450	Expected credit impairment loss	<u>9,810</u>	<u>1</u>	<u>5,460</u>	<u>-</u>
6000	Total operating expenses	<u>871,088</u>	<u>86</u>	<u>394,339</u>	<u>31</u>
6900	Net operating loss	(<u>1,349,250</u>)	(<u>134</u>)	(<u>662,961</u>)	(<u>53</u>)
	Non-business income and non-operating expenditure (Note 20)				
7100	Interest income	32,619	3	34,598	3
7190	Other incomes	14,274	2	1,092	-
7020	Other profits and losses	(<u>2,330</u>)	-	(<u>5,638</u>)	-
7050	Financial cost	(<u>8,115</u>)	(<u>1</u>)	(<u>9,117</u>)	(<u>1</u>)
7000	Total non-business income and non-operating expenditure	<u>36,448</u>	<u>4</u>	<u>20,935</u>	<u>2</u>
7900	Net pre-tax loss	(<u>1,312,802</u>)	(<u>130</u>)	(<u>642,026</u>)	(<u>51</u>)

(To be continued)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7950	Income tax (Notes 4, 5 and 21)	\$ -	-	\$ -	-
8200	Net loss of the current year	(1,312,802)	(130)	(642,026)	(51)
8300	Other consolidated profits and losses				
8310	Items not reclassified into profits or losses				
8341	Currency translation difference (Note 18)	<u>97,388</u>	<u>9</u>	(<u>256,885</u>)	(<u>20</u>)
8500	Total consolidated profits and losses of the year	(<u>\$1,215,414</u>)	(<u>121</u>)	(<u>\$ 898,911</u>)	(<u>71</u>)
8600	Net loss attributable to:				
8610	Owner of the company	(<u>\$1,312,802</u>)	(<u>130</u>)	(<u>\$ 642,026</u>)	(<u>51</u>)
8700	Total consolidated profits and losses attributable to:				
8710	Owner of the company	(<u>\$1,215,414</u>)	(<u>121</u>)	(<u>\$ 898,911</u>)	(<u>71</u>)
	Per-share loss (Note 22)				
9750	General	(<u>\$ 4.88</u>)		(<u>\$ 2.39</u>)	
9850	Dilution	(<u>\$ 4.88</u>)		(<u>\$ 2.39</u>)	

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao

Manager: Ding Zhimeng

Accounting officer: Wang Weiming

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Consolidated statement of changes in equity
January 1 – December 31, 2019 and 2020

Unit: *10³ in New Taiwan Currency

Code		Ordinary share capital	Capital reserves	Legal surplus reserves	Retained surplus		Shareholders' equity Others	Total equity
					Special surplus reserve	Undistributed surplus (Losses to be made up)	Foreign operating agency Conversion of financial statements Exchange difference	
A1	Balance on January 1, 2019	<u>\$2,689,547</u>	<u>\$2,982,534</u>	<u>\$ 708,876</u>	<u>\$ 250,948</u>	<u>\$1,691,277</u>	<u>(\$ 460,100)</u>	<u>\$7,863,082</u>
B3	Profit distribution in 2018 (Note 18) Special surplus reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,152</u>	<u>(209,152)</u>	<u>-</u>	<u>-</u>
D1	Net loss in 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(642,026)</u>	<u>-</u>	<u>(642,026)</u>
D3	Other after-tax consolidated profits and losses in 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,885)</u>	<u>(256,885)</u>
D5	Total consolidated profits and losses in 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(642,026)</u>	<u>(256,885)</u>	<u>(898,911)</u>
N1	Employee stock option cost (Note 23)	<u>-</u>	<u>32,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,084</u>
Z1	Balance on December 31, 2019	<u>2,689,547</u>	<u>3,014,618</u>	<u>708,876</u>	<u>460,100</u>	<u>840,099</u>	<u>(716,985)</u>	<u>6,996,255</u>
B3	Profit distribution in 2019 (Note 18) Special surplus reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,885</u>	<u>(256,885)</u>	<u>-</u>	<u>-</u>
D1	Net loss in 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,312,802)</u>	<u>-</u>	<u>(1,312,802)</u>
D3	Other after-tax consolidated profits and losses in 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,388</u>	<u>97,388</u>
D5	Total consolidated profits and losses in 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,312,802)</u>	<u>97,388</u>	<u>(1,215,414)</u>
N1	Employee stock option cost (Note 23)	<u>-</u>	<u>14,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,149</u>
Z1	Balance on December 31, 2020	<u>\$2,689,547</u>	<u>\$3,028,767</u>	<u>\$ 708,876</u>	<u>\$ 716,985</u>	<u>(\$ 729,588)</u>	<u>(\$ 619,597)</u>	<u>\$5,794,990</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao

Manager: Ding Zhimeng

Accounting officer: Wang Weiming

Asia Plastic Recycling Holding Ltd. And its subsidiaries

Consolidated Cash Flow Statement

January 1 – December 31, 2019 and 2020

Unit: *10³ in New Taiwan Currency

Code		2020	2019
	Cash flow from operating activities		
A10000	Pre-tax net loss of the current year	(\$ 1,312,802)	(\$ 642,026)
A20010	Earnings, expenses and losses		
A20100	Depreciation costs	282,716	299,558
A20200	Amortization expense	-	63
A20300	Expected credit impairment loss	9,810	5,460
A20900	Financial cost	8,115	9,117
A21200	Interest income	(32,619)	(34,598)
A21900	Employee stock option compensation cost	14,149	32,084
A22500	Loss from disposal of real property, factory buildings and equipment (benefit)	(4)	5,334
A23700	Retention (reverse) of allowance for loss from inventory depreciation	19,626	(2,063)
A23700	Non-financial asset impairment loss	826,938	-
A29900	Others	2,655	4,519
	Net change of business assets and liabilities		
A31130	Notes receivable	12,054	(73,299)
A31150	Accounts receivable	(13,797)	22,126
A31180	Other receivables	2,825	(2,490)
A31200	Inventories	(23,570)	(48,451)
A31230	Prepayments	6,982	11,255
A32150	Accounts payable	(46,327)	54,002
A32180	Other payables	(8,747)	(6,861)
A32230	Other current liabilities	11,857	(210)
A33000	Cash outflow from operations	(240,139)	(366,480)
A33100	Collected interest	32,781	34,880
A33300	Paid interest	(8,115)	(9,117)
AAAA	Net cash outflow from operations	(215,473)	(340,717)
	Cash flow from investment activities		
B00040	Acquisition of financial assets measured by post-amortization cost	(1,314,000)	(1,341,000)
B00060	Principal repayment of financial assets measured by post-amortization cost	1,314,000	1,341,000
B02700	Purchase of real property, factory buildings and equipment	(18,094)	(25,639)
B03700	Increase in deposits paid	(44)	-

(To be continued)

(Continued)

<u>Code</u>		<u>2020</u>	<u>2019</u>
B02800	Payments received for disposal of real property, factory buildings and equipment	\$ <u>158</u>	\$ <u>778</u>
BBBB	Net cash outflow from investment activities	(<u>17,980</u>)	(<u>24,861</u>)
	Cash flow of financing activities		
C00100	Increase in short-term borrowings	188,340	169,860
C00200	Decrease in short-term borrowings	(166,440)	(169,860)
C01800	Other borrowings – increase in stakeholders	<u>159,616</u>	<u>-</u>
CCCC	Net cash inflow of financing activities	<u>181,516</u>	<u>-</u>
DDDD	Impact of fluctuations in exchange rate on cash	<u>19,676</u>	(<u>45,357</u>)
EEEE	Net reduction of cash	(32,261)	(410,935)
E00100	Cash balance at beginning of the year	<u>1,329,823</u>	<u>1,740,758</u>
E00200	Year-end cash balance	<u>\$1,297,562</u>	<u>\$1,329,823</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao

Manager: Ding Zhimeng

Accounting officer: Wang Weiming

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Notes to consolidated financial statements
January 1 – December 31, 2019 and 2020
(Unless otherwise specified, the amount shall be in 1,000 TWD)

I. Company history

Asia Plastic Recycling Holding Limited (hereinafter referred to as the “Company”) was founded in the British Cayman Islands on Jan. 08, 2010. It mainly applied for organizational restructuring with respect to the purchase and sale of stocks listed in Taiwan Stock Exchange (TWSE). After restructuring, the Company became a holding company of SANSD (Fujian) Plastic Co., Ltd. (hereinafter referred to as “SANSD Fujian”).

The Company stocks were listed on TWSE for transaction as from August 17, 2011, with the stock symbol of 1337.

The Company and all its subsidiaries have the functional currency in CNY. Since the Company is a listed company in Taiwan, amounts are converted from CNY to TWD in these Consolidated Financial Statements, to improve its comparability and consistency.

II. Date and procedures of financial statements

These Consolidated Financial Statements was released by the Board of Directors on March 22, 2021.

III. Application of new and revised standards and interpretations

- (I) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations and SIC Interpretation Notice (hereinafter referred to as “IFRSs”) recognized and released by the Financial Supervisory Commission (hereinafter referred to as “FSC”) are applied for the first time.

Except as stated below, application of the amended IFRSs recognized and released by FSC shall not lead to material change in accounting policies of the Company and members under its control (hereinafter referred to as the “Consolidated Company”):

“Definition of materiality” in the amendments to IAS 1 and IAS 8

As from Jan. 01, 2020, the Consolidated Company shall apply the amendments, in which the definition of materiality was amended to “may be reasonably expected to affect the user” and in addition, disclosures of the Consolidated Financial Statements were adjusted and non-material information that might possibly fuzz up any material information were deleted.

IAS 1 and IAS 8 are applied for the first time, with no influence on assets, liabilities and equities of the Consolidated Company on Jan. 01, 2020.

(II) IFRSs recognized by FSC and applied in 2021

New/ amended/ revised standards and interpretations	Effective date of International Accounting Standards Board (IASB) publication
Amendment to IFRS 4 [applicable to expansion of temporary exemption of IFRS 9]	Become effective from the date of publication.
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 [interest rate benchmark reform – phase 2]	Become effective within the annual reporting period commenced after Jan. 01, 2021.
Amendment to IFRS 16 [COVID-19 related]	Become effective within the annual reporting period commenced after June 01, 2020.

As of the date issuing these Consolidated Financial Statements, the Consolidated Company has continued to assess the influence of those amendments to other standards & interpretations on its financial conditions and performance; and related effects shall be disclosed upon completion of assessment.

(III) IFRSs released by IASB but has not been recognized and released by FSC

New/ amended/ revised standards and interpretations	Effective date of IASB publication (note 1)
[Annual improvement during 2018~2020]	January 1, 2022 (Note 2)
Amendment to IFRS 3 [update]	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 [sale]	TBD
IFRS 17 [insurance]	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 [classification]	January 1, 2023
Amendment to IAS 1 [disclosure]	January 1, 2023 (Note 6)
Amendment to IAS 8 [definition]	January 1, 2023 (Note 7)
Amendment to IAS 16 [property, plant and equipment: proceeds before intended use]	January 1, 2022 (Note 4)
Amendment to IAS 37 [onerous contract – contract performance cost]	January 1, 2022 (Note 5)

Note 1: Unless otherwise expressly indicated, the foregoing new/ amended/ revised standards and interpretations shall become effective during the annual reporting period after the respective date.

Note 2: Amendment to IFRS 9 shall be applicable to the exchange of financial liabilities or clause revision during the annual reporting period as from Jan. 01, 2022.

Note 3: This amendment is applicable to the business combination with the acquisition date is within the annual reporting period as from Jan. 01, 2022.

Note 4: This amendment is applicable to the property, plant and equipment reaching the necessary place and status as expected by the management as from Jan. 01, 2021.

Note 5: This amendment is applicable to the contract under which all obligations have not been performed on Jan. 01, 2022.

Note 6: This amendment is applicable to the extension of the annual reporting period as from Jan. 01, 2023.

Note 7: This amendment is applicable to the change in accounting estimates and policies happened during the annual reporting period as from Jan. 01, 2023.

Besides the foresaid effects, as of the date issuing these Consolidated Financial Statements, the Consolidated Company has continued to assess the influence of those amendments to other standards & interpretations on its financial conditions and performance; and related effects shall be disclosed upon completion of assessment.

IV. Summary of significant accounting policies

(I) Compliance statement

These Consolidated Financial Statements are prepared in accordance with the guidelines for preparation of financial statements for securities issuer of the Republic of China as well as IFRSs recognized and released by FSC.

(II) Basis of preparation

Except the financial instruments measured at fair value, these Consolidated Financial Statements are prepared on the basis of historic cost.

Fair value measurement can be divided into Classes 1~3 as per the observability and significance of related input values:

1. Class 1 input value: means the quotation (unadjusted) of same assets or liabilities that can be obtained on the measurement date on an active market.
2. Class 2 input value: means the direct (i.e. price) or indirect (i.e. derived from price) observable input value of assets or liabilities, other than the quotation in Class 1.
3. Class 3 input value: means the non-observable input value of assets or liabilities.

(III) Standards for classification of assets and liabilities as current and non-current

Current assets include:

1. Assets mainly held for transaction purpose;
2. Assets expected to be realized within 12 months after the date of balance sheet; and
3. Cash (but excluding cash restricted for exchange or discharging liabilities later than 12 months after the date of balance sheet).

Current liabilities include:

1. Liabilities mainly held for transaction purpose;
2. Liabilities to be discharged within 12 months after the date of balance sheet (even though the long-term refinancing or rescheduling payment agreement that has been completed from the date of balance sheet to the date of financial report is also current liabilities), and
3. Liabilities of which discharge period cannot be unconditionally extended to the period at least within 12 months after the date of balance sheet. Only when the liabilities may possibly be discharged by issuing equity instrument at the choice of the transaction parties, the classification will not be affected.

Those assets or liabilities other than the foregoing shall be classified as non-current assets or liabilities.

(IV) Basis of consolidation

These Consolidated Financial Statements include the financial statements of the Company as well as members (subsidiaries) under its control. Financial statements of the subsidiaries have been properly adjusted, to make their accounting policies consistent with those adopted by the Consolidated Company. When the Consolidated Financial Statements are prepared, transaction between various members, account balance, revenues and expenses have been written off, in full amount.

For detailed information of subsidiaries, shareholding ratio and business items, refer to Note 10 as well as Schedule 4 & 5.

(V) Foreign currency

When financial statements of various members of the Consolidated Company are prepared, as to the transaction conducted in any currency (foreign) other than the functional currency, the foreign currency shall be converted into the functional currency with the exchange rate prevailing on the transaction date, for record.

All items in foreign currency shall be converted with the closing rate on the date of balance sheet. Exchange difference from closing or conversion of monetary items shall be recognized in current profit or loss.

Non-monetary items in foreign currency measured at fair value shall be converted with the exchange rate prevailing on the date determining the fair value; and the exchange difference therefrom shall be listed in the current profits and losses. If the change in fair value is listed in other comprehensive profits and losses, the exchange difference therefrom shall be listed in other comprehensive profits and losses.

When the Consolidated Financial Statements are prepared, assets and liabilities of the foreign operating agency of the Consolidated Company shall be converted in TWD with the exchange rate prevailing on the date of balance sheet. Revenues and expenses shall be converted with the average current rate and the exchange difference therefrom shall be listed in other comprehensive profits and losses.

(VI) Inventories

Inventory shall include raw materials, work-in-process and finished goods. Inventory shall be measured as per the lower value between cost and net realizable value. Except for the inventory of same category, cost and net realizable value shall be compared on the basis of individual items. Net realizable value is the estimated selling price under normal circumstances, less the estimated cost to be invested until completion and the estimated cost associated with the eventual sale. Inventory cost shall be calculated by weighted average method.

(VII) Property, plant and equipment

Property, plant and equipment shall be listed by cost and subsequently, measured by cost minus accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction shall be listed by cost minus accumulated impairment loss. Cost includes the professional fees and the amount from capitalization of borrowing cost conforming to capitalization conditions as well as amortization of land use right during the plant construction (assets listed in the right of use). Those assets that have been completed and reached the expected service state shall be included in the appropriate classification of property, plant and equipment, and started to be listed for depreciation.

Property, plant and equipment shall be listed for depreciation by straight-line method, and every major portion shall be separately listed for depreciation. The Consolidated Company shall inspect the estimated service life, residual value and depreciation method prior to the closing date of every year. Influence from change in accounting estimates shall be handled in a deferred manner.

When the property, plant and equipment are derecognized, balance between the net disposal proceeds and the carrying amount of assets shall be recognized in profit or loss.

(VIII) Investment property

Investment property means the property held for earning rent or for capital appreciation, or for both (including properties under construction for that purpose).

Self-owned investment property shall be initially measured by cost (including transaction cost) and subsequently, measured by cost minus accumulated depreciation and accumulated impairment loss. The Consolidated Company shall use the straight-line depreciation method.

Investment property under construction shall be recognized by cost minus accumulated impairment loss. Cost includes the professional fees and the amount from capitalization of borrowing cost conforming to capitalization conditions as well as amortization of land use right during the plant construction (assets listed in the right of use). Such assets shall be started to be listed for depreciation when they reach the expected service state.

When the investment property is derecognized, balance between the net disposal proceeds and the carrying amount of assets shall be recognized in profit or loss.

(IX) Impairment of property, plant and equipment, right-of-use assets and investment property

On the date of balance sheet, the Consolidated Company shall assess whether there is any indication that property, plant, equipment, right-of-use assets or investment property has been possibly impaired. If there is any indication of impairment, recoverable amount of such assets shall be estimated. Provided that recoverable amount of any individual asset cannot be estimated, the Consolidated Company shall estimate the recoverable amount of the cash generating unit to which such assets belong. Shared-use assets shall be the min cash generating unit apportioned on a reasonable and consensus basis.

Recoverable amount is the fair value minus selling cost or use value (the higher prevails). Provided that recoverable amount of any individual asset or cash generating unit is lower than its carrying amount, decrease the carrying amount of such asset or cash generating unit to the recoverable amount, and impairment loss shall be recognized in profit or loss.

Where the impairment loss will be reversed subsequently, carrying amount of such asset or cash generating unit shall be increased to the recoverable amount after revision, but the amount after increase shall not exceed the carrying amount (less depreciation) of such asset or cash generating unit determined

when impairment loss was not recognized in previous year. Reversal of the impairment loss shall be recognized in profit or loss.

(X) Financial instruments

Financial assets and liabilities shall be recognized in the consolidated balance sheet when the Consolidated Company becomes a party to the contractual provisions of the instruments.

Provided that the financial assets or liabilities are not measured at fair value through profit or loss when they are recognized initially, such assets or liabilities shall be measured by fair value plus transaction cost directly attributable to acquisition or issue of financial assets or liabilities. Transaction cost directly attributable to acquisition or issue of financial assets or liabilities measured at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Regular transaction of financial assets shall be recognized and derecognized on the date of transaction.

(1) Category of measurement

Financial assets held by the Consolidated Company shall be the financial assets measured at amortized cost.

Subsequent to initial recognition, financial assets at amortized cost (including cash, as well as financial assets, notes & accounts receivable, other receivables and refundable deposits measured at amortized cost) shall be measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Any exchange gain or loss of foreign currency shall be recognized in profit or loss.

Interest revenue is calculated by the effective interest rate to the gross carrying amount of the financial assets, except for:

- A. Purchased or originated credit-impaired financial asset, for which interest revenue is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset; and
- B. Financial asset that is other than purchased or originated credit-impaired category but has subsequently become credit-impaired, for which interest revenue is calculated by multiplying the effective interest rate in the next reporting period upon credit impairment to the amortized cost of the financial asset.

Credit-impaired financial asset means that the issuer or the debtor has encountered significant financial difficulty, or violated the contract; the debtor will probably enter bankruptcy or undergo other financial reorganization; or the active market may disappear due to financial difficulty.

(2) Impairment of financial assets

On the date of balance sheet, the Consolidated Company shall recognize the impairment loss of the financial assets (including accounts receivable) measured at amortized cost, as the expected credit losses.

Loss allowance for accounts receivable shall be recognized as per the lifetime expected credit lost. For all other financial assets, firstly assess whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, loss allowance shall be recognized as per 12-month expected credit loss; but in case of significant increase, loss allowance shall be recognized as per the lifetime expected credit loss.

Expected credit loss reflects the weighted average of credit loss with the risk of a default occurring as the weights. 12-month expected credit loss means such loss arising from possible default events that occur within 12 months after the reporting date of the financial instrument; while lifetime expected credit loss means such loss caused by all possible default events over the expected life of the financial instrument.

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

- A. Internal or external information show that the debtor is unlikely to discharge the liabilities.
- B. When a financial asset is overdue for at least 90 days unless there is reasonable and corroborative information to support a more lagged default criterion.

For impairment loss of all financial assets, the carrying amount shall be adjusted through a loss allowance account.

(3) Derecognition of financial assets

The Consolidated Company shall derecognize the financial asset only when the contractual rights to the cash flows from the

financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When the financial asset at amortized cost is derecognized in its entirety, difference between its carrying amount and the sum of consideration received shall be recognized in profit or loss.

2. Equity instrument

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

Equity instrument issued by the Consolidated Company shall be recognized at the proceeds received, net of direct issue costs.

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

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities held by the Consolidated Company shall be measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When the financial liability is derecognized, difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

(XI) Revenue recognition

The Consolidated Company shall recognize the revenue when the performance obligations are identified by the customer, the transaction price is allocated to various performance obligations and all performance obligations are satisfied.

Revenue from sale of goods is EVA blended foam. In accordance with the contract, the customer shall assume the responsibility for resale and bear the risk for commodity obsolescence with respect to the determined price and use right when EVA blended foam etc. are delivered to the customer, and the Consolidated Company shall recognize the revenue and accounts receivable thereupon.

(XII) Leasing

On the date of contract establishment, the Consolidated Company shall assess whether the contract is a lease.

1. The Consolidated Company 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.

Payments for operating leases shall be recognized as revenue on a straight-line basis over the term of the relevant leases.

2. The Consolidated Company as lessee

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

Right-of-use assets are land use rights held by the subsidiaries in the Chinese mainland, and are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated using the straight-line method during the lease term.

(XIII) Retirement benefits

Subsidiaries – SANSD (Fujian) Plastic Co., Ltd. and SANSD (Jiangsu) Environmental Protection Technology Co., Ltd. have participated in the pension plans decided by the local governments in the light of the local laws and regulations, and allocated and deposited the pension in the local governments in definite proportions of the employees' salary at regular intervals. It belongs to the defined contribution pension plan. During the period when the employees render service, the pension amount allocated shall be recognized in current expenses.

(XIV) Employee stock option

Employee stock option means that the optimal estimates equivalent to the sum of fair value of the equity instrument on the grant date and the expected vesting shall be recognized in expenses on a straight-line basis within the vesting period, and meanwhile, capital reserves – employee stock option shall be adjusted. If it is vested immediately on the grant date, all amounts shall be recognized in expenses on the grant date.

On the date of balance sheet, the Consolidated Company shall correct the estimates of the employee stock options for the expected vesting. Provided that the initial estimates are corrected, the amount affected shall be recognized in profit or loss, to make the accumulated cost reflect the estimates corrected and relatively adjust the capital reserves – employee stock option.

(XV) Income tax

Income tax expense represents the sum of current income tax and deferred tax.

1. Current income tax

The Consolidated Company shall decide the current income (loss) in compliance with the local regulations with jurisdiction over corresponding income tax and calculate the income tax payable (recoverable) hereby.

Adjustments of income tax payable in previous years shall be listed in the current income tax.

2. Deferred income tax

Deferred income tax shall be calculated as per the temporary differences between the carrying amount of assets and liabilities stated in the Consolidated Financial Statements and the corresponding tax bases used in the calculation of taxable profits. Deferred income tax liabilities are generally recognized for all taxable temporary differences; while deferred income tax assets are probably recognized for all deductible temporary differences and unused loss carry-forwards to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be used. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred income tax asset or liability shall not be recognized.

The carrying amount of deferred income tax assets shall be reviewed at the date of balance sheet 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 asset to be recovered. A previously unrecognized deferred income tax asset shall also be reviewed at the date of balance sheet and increased to the extent that it is probable that future taxable profits will allow all or part of the asset to be recovered.

Deferred income tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted no later than the date of balance sheet.

The measurement of deferred income tax liabilities and assets reflects the tax consequences based on the manner in which the Consolidated Company expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

V. Main sources of significant accounting judgments, estimates and hypothetical uncertainty

When the Consolidated Company applies the accounting policies, its management must make judgments, estimates and assumptions with respect to related information that is not readily apparent from other sources, on the basis of historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Consolidated Company has considered the economic implications of COVID-19 on critical accounting estimates and the management will review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Impairment of property, plant and equipment, and right-of-use assets

It shall be assessed as per the recoverable amount of property, plant and equipment as well as right-of-use assets (i.e. fair value of such assets minus selling cost). Recoverable amount of such assets will be affected by change in market conditions and in such a case, the Consolidated Company may be required to recognize the impairment loss additionally or reverse the impairment loss recognized.

VI. Cash

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash	\$ 1,236	\$ 336
Demand deposits in bank	<u>1,296,326</u>	<u>1,329,487</u>
	<u>\$1,297,562</u>	<u>\$1,329,823</u>

VII. Financial assets at amortized cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fixed deposit with the original maturity over 3 months	<u>\$ 1,314,000</u>	<u>\$ 1,293,000</u>
Annual interest rate (%)	2.25	2.25

VIII. Net notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable		
Created through operation	<u>\$ 75,601</u>	<u>\$ 86,256</u>

<u>Accounts receivable</u>		
Created through operation – measured at amortized cost		
Gross carrying amount	\$238,147	\$220,766
Less: Loss allowance	<u>24,127</u>	<u>14,143</u>
	<u>\$214,020</u>	<u>\$206,623</u>

(I) Notes receivable

At the date of balance sheet, the Consolidated Company has no any note receivable that has been overdue but allowance for doubtful accounts has not been recognized.

Aging analysis of notes receivable is as below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Within 90 days	\$ 45,825	\$ 48,530
91-180 days	29,689	37,726
More than 180 days	<u>87</u>	<u>-</u>
	<u>\$ 75,601</u>	<u>\$ 86,256</u>

It is aging analysis based on the date of account opening above.

The Consolidated Company has transferred a part of notes receivable of banker's acceptance by endorsement to the supplier for payment. Please refer to Notes 25 and 27.

(II) Accounts receivable

The Consolidated Company offers an average credit period of 30~150 days for commodity sales. To mitigate the credit risk, the Consolidated Company has designated the specialist personnel to decide the credit line and take charge of credit approval and other monitoring procedures, so as to assure that appropriate actions have been taken to recover the overdue receivables. In addition, the Consolidated Company shall review the recoverable amount of all receivables at the date of balance sheet, to assure that appropriate impairment loss has been recognized for the unrecoverable receivables. Therefore, the Consolidated Company management believes that the credit risk has been decreased significantly.

The Consolidated Company shall recognize the loss allowance for receivables as per the lifetime expected credit loss. Lifetime expected credit loss shall give consideration to the past default record and current financial conditions of various customers and further classify the customer groups as per the credit loss of the Consolidated Company. In addition, expected credit loss rate shall be determined according to the aging of receivables.

If it is evidenced that the counterparty is suffering severe financial difficulty and the Consolidated Company cannot reasonably expect the recoverable amount, i.e. the counterparty is winding up, the Consolidated Company shall directly write off related receivables, but recourse will continue and the amount recovered from resource shall be recognized in profit or loss.

Loss allowance for accounts receivable measured by the Consolidated Company is as follows:

1. December 31, 2020

Customer group 1

	1-90 days	91-120 days	121-150 days	151-180 days	180-365 days	More than 365 days	Total
Expected credit loss rate (%)	0.5~1.5	3	5	10	20	100	
Gross carrying amount	\$ 189,342	\$ 14,195	\$ 3,710	\$ 4,530	\$ 5,899	\$ 2,740	\$ 220,416
Loss allowance (lifetime expected credit loss)	(1,412)	(426)	(185)	(453)	(1,180)	(2,740)	(6,396)
Amortized cost	<u>\$ 187,930</u>	<u>\$ 13,769</u>	<u>\$ 3,525</u>	<u>\$ 4,077</u>	<u>\$ 4,719</u>	<u>\$ -</u>	<u>\$ 214,020</u>

Customer group 2

	1-90 days	91-120 days	121-150 days	151-180 days	180-365 days	More than 365 days	Total
Expected credit loss rate (%)	-	-	-	-	100	100	
Gross carrying amount	\$ -	\$ -	\$ -	\$ -	\$ 3,200	\$ 14,531	\$ 17,731
Loss allowance (lifetime expected credit loss)	-	-	-	-	(3,200)	(14,531)	(17,731)
Amortized cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2. December 31, 2019

Customer group 1

	1-90 days	91-120 days	121-150 days	151-180 days	180-365 days	More than 365 days	Total
Expected credit loss rate (%)	0.6~0.11	3	5	10	20	100	
Gross carrying amount	\$ 180,060	\$ 12,533	\$ 9,687	\$ 4,878	\$ 2,967	\$ 2,107	\$ 212,232
Loss allowance (lifetime expected credit loss)	(<u>1,636</u>)	(<u>376</u>)	(<u>484</u>)	(<u>488</u>)	(<u>593</u>)	(<u>2,107</u>)	(<u>5,684</u>)
Amortized cost	<u>\$ 178,424</u>	<u>\$ 12,157</u>	<u>\$ 9,203</u>	<u>\$ 4,390</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ 206,548</u>

Customer group 2

	1-90 days	91-120 days	121-150 days	151-180 days	180-365 days	More than 365 days	Total
Expected credit loss rate (%)	-	-	-	-	100	100	
Gross carrying amount	\$ -	\$ -	\$ -	\$ -	\$ 2,726	\$ 5,808	\$ 8,534
Loss allowance (lifetime expected credit loss)	-	-	-	-	(<u>2,726</u>)	(<u>5,733</u>)	(<u>8,459</u>)
Amortized cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75</u>

Change in loss allowance for accounts receivable is as below:

	2020	2019
Balance at the beginning of the year	\$ 14,143	\$ 9,587
Allowance in current year	9,810	5,460
Write-off in current year	-	(412)
Net exchange difference	<u>174</u>	(<u>492</u>)
Year-end balance	<u>\$ 24,127</u>	<u>\$ 14,143</u>

IX. Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 155,152	\$ 161,204
Work in process	32,364	37,023
Finished products	<u>82,466</u>	<u>66,213</u>
	<u>\$ 269,982</u>	<u>\$ 264,440</u>

Composition of operating costs is as follows:

	2020	2019
Inventory-related selling cost	\$ 1,035,758	\$ 1,392,047
Impairment loss of property, plant and equipment as well as right-of-use assets	287,253	-

Depreciation of leased assets and related taxes	36,509	36,227
Allowance (reversal) for inventory falling price loss	19,626	(2,063)
Idle capacity loss (note)	<u>107,173</u>	<u>100,811</u>
	<u>\$ 1,486,319</u>	<u>\$ 1,527,022</u>

Note: Including related cost during the downtime arising from the influence of COVID-19

X. Subsidiary

Subsidiaries incorporated in the Consolidated Financial Statements

Various entities preparing these Consolidated Financial Statements are as follows:

Investor name	Name of subsidiary	Shareholding ratio		Description
		December 31, 2020	December 31, 2019	
The Company	BVI SANSD	100	100	(I)
BVI SANSD	SANSD (Hong Kong) Co., Ltd.	100	100	(II)
SANSD (Hong Kong) Co., Ltd.	SANSD (Fujian) Plastic Co., Ltd.	100	100	(III)
	SANSD (Jiangsu) Environmental Protection Technology Co., Ltd.	100	100	(IV)
	SANSD (Hong Kong) Trade Co., Ltd.	100	100	(V)

- (I) SANSD (BVI) Holding Co., Ltd (hereinafter referred to as “BVI SANSD”) was founded in British Virgin Islands in December 2009 and mainly engages in investment business.
- (II) SANSD (Hong Kong) Co., Ltd. (hereinafter referred to as “SANSD Hong Kong”) was founded in Hong Kong in January 2010 and mainly engages in investment business.
- (III) SANSD (Fujian) Plastic Co., Ltd. (hereinafter referred to as “SANSD Fujian”) was founded in Jinjiang City, Fujian Province, P.R. of China in August 1994, and mainly engages in the manufacturing and sale of EVA blended foam (including sole sheets, bag sheets, special & ordinary sheets, rubber foam, high elastic foam, anti-static and flame-retardant foam) by recycling of waste plastics.
- (IV) SANSD (Jiangsu) Environmental Protection Technology Co., Ltd. (hereinafter referred to as “SANSD Jiangsu”) was founded in Jurong City, Jiangsu Province, P.R. of China in January 2011, and mainly engages in the manufacturing and sale of EVA blended foam by recycling of waste plastics. SANSD Jiangsu commenced production and operating activities since May 2014.
- (V) SANSD (Hong Kong) Trading Co., Ltd. (hereinafter referred to as “SANSD Hong Kong Trading”) was founded in Hong Kong in July 2012 and mainly engages in trade of bulk chemical raw materials.

XI. Property, plant and equipment

2020

	Houses and buildings	Mechanical equipment	Transportation equipment	Office equipment	Unfinished project and equipment to be inspected	Total
Cost						
Balance on January 1, 2020	\$ 5,368,495	\$ 754,587	\$ 71,213	\$ 109,250	\$ 107,369	\$ 6,410,914
Addition	30,708	22,050	293	132	(35,267)	17,916
Disposal	-	-	(1,519)	(17)	-	(1,536)
Net exchange difference	<u>87,474</u>	<u>12,434</u>	<u>1,099</u>	<u>1,777</u>	<u>1,599</u>	<u>104,383</u>
Balance on December 31, 2020	<u>\$ 5,486,677</u>	<u>\$ 789,071</u>	<u>\$ 71,086</u>	<u>\$ 111,142</u>	<u>\$ 73,701</u>	<u>\$ 6,531,677</u>
Accumulated depreciation						
Balance on January 1, 2020	\$ 1,299,388	\$ 458,097	\$ 63,335	\$ 76,744	\$ -	\$ 1,897,564
Depreciation costs	172,092	55,995	369	3,613	-	232,069
Disposal	-	-	(1,367)	(15)	-	(1,382)
Net exchange difference	<u>25,022</u>	<u>8,714</u>	<u>982</u>	<u>1,345</u>	<u>-</u>	<u>36,063</u>
Balance on December 31, 2020	<u>\$ 1,496,502</u>	<u>\$ 522,806</u>	<u>\$ 63,319</u>	<u>\$ 81,687</u>	<u>\$ -</u>	<u>\$ 2,164,314</u>
Accumulated impairment						
Balance on January 1, 2020	\$ 1,170,682	\$ -	\$ -	\$ 24,739	\$ 7,068	\$ 1,202,489
Impairment loss	623,434	90,645	905	1,554	8,543	725,081
Net exchange difference	<u>23,314</u>	<u>625</u>	<u>6</u>	<u>413</u>	<u>174</u>	<u>24,532</u>
Balance on December 31, 2020	<u>\$ 1,817,430</u>	<u>\$ 91,270</u>	<u>\$ 911</u>	<u>\$ 26,706</u>	<u>\$ 15,785</u>	<u>\$ 1,952,102</u>
Net amount at Dec. 31, 2020	<u>\$ 2,172,745</u>	<u>\$ 174,995</u>	<u>\$ 6,856</u>	<u>\$ 2,749</u>	<u>\$ 57,916</u>	<u>\$ 2,415,261</u>

2019

	Houses and buildings	Mechanical equipment	Transportation equipment	Office equipment	Unfinished project and equipment to be inspected	Total
Cost						
Balance on January 1, 2019	\$ 5,567,337	\$ 792,808	\$ 73,857	\$ 113,144	\$ 104,646	\$ 6,651,792
Addition	452	16,537	-	195	2,294	19,478
Disposal	-	(18,333)	-	(36)	-	(18,369)
Re-classification	-	(7,728)	-	-	4,665	(3,063)
Net exchange difference	(199,294)	(28,697)	(2,644)	(4,053)	(4,236)	(238,924)
Balance on December 31, 2019	<u>\$ 5,368,495</u>	<u>\$ 754,587</u>	<u>\$ 71,213</u>	<u>\$ 109,250</u>	<u>\$ 107,369</u>	<u>\$ 6,410,914</u>
Accumulated depreciation						
Balance on January 1, 2019	\$ 1,167,787	\$ 430,164	\$ 65,112	\$ 73,423	\$ -	\$ 1,736,486
Depreciation costs	179,947	59,928	575	6,213	-	246,663
Disposal	-	(12,225)	-	(32)	-	(12,257)

Re-classification	-	(2,322)	-	-	-	(2,322)
Net exchange difference	(48,346)	(17,448)	(2,352)	(2,860)	-	(71,006)
Balance on December 31, 2019	<u>\$ 1,299,388</u>	<u>\$ 458,097</u>	<u>\$ 63,335</u>	<u>\$ 76,744</u>	<u>\$ -</u>	<u>\$ 1,897,564</u>
Accumulated impairment						
Balance on January 1, 2019	\$ 1,214,142	\$ -	\$ -	\$ 25,658	\$ 7,331	\$ 1,247,131
Net exchange difference	(43,460)	-	-	(919)	(263)	(44,642)
Balance on December 31, 2019	<u>\$ 1,170,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,739</u>	<u>\$ 7,068</u>	<u>\$ 1,202,489</u>
Net amount at Dec. 31, 2019	<u>\$ 2,898,425</u>	<u>\$ 296,490</u>	<u>\$ 7,878</u>	<u>\$ 7,767</u>	<u>\$ 100,301</u>	<u>\$ 3,310,861</u>

Due to significant operating losses, there is an indication that the evaluated asset value of the Consolidated Company has been impaired. The Consolidated Company decides the recoverable amount based on the asset valuation report issued by independent experts, and a part of property, plant and equipment have their recoverable amounts lower than the carrying amount. Therefore, subsidiaries – SANSD Fujian and SANSD Jiangsu recognized the impairment loss totally 725,081 thousands at the end of 2020 and listed such amount in the operating costs and expenses in the consolidated statement of comprehensive income. Asset valuation report issued by the independent experts uses the cost method for valuation and it belongs to Class 3 measurement at fair value.

Depreciation for property, plant and equipment of the Consolidated Company is calculated by using the straight-line method as per the following service life:

Houses and buildings

Main plant buildings 20 years

Plant foundation reinforcement 5 years

Mechanical equipment 5~10 years

Transportation equipment 5 years

Office equipment 5 years

The Consolidated Company commenced the following major activities that affect cash and non-cash items in 2020 and 2019 – information about cash outflow from acquisition of property, plant and equipment is as below:

	2020	2019
Addition of property, plant and equipment	\$ 17,916	\$ 19,478
Decrease in prepaid equipment payment	-	(1,341)
Decrease in equipment payables	178	7,502
Cash payment	<u>\$ 18,094</u>	<u>\$ 25,639</u>

The Consolidated Company set mortgage for property, plant and equipment amount as the loan guarantee. Please refer to note 27.

XII. Right-of-use asset

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Land	<u>\$803,117</u>	<u>\$914,173</u>
	<u>2020</u>	<u>2019</u>
Depreciation expense of right-of-use assets		
Land	<u>\$ 22,825</u>	<u>\$ 23,837</u>

Right-of-use assets refer to the land use rights of various subsidiaries in Chinese mainland.

Land for the original site of the subsidiary – SANSD Fujian was acquired by CNY 81,446 thousands in the previous years. For the purpose of plant expansion, use rights for the land adjacent to the original site was acquired from the Villagers Committee of Jiangtou Village Chendai Township Jinjiang City at the amount of CNY 126,040,000 in September 2011, and construction of new plant and production lines were conducted. With respect to the foresaid land use rights, state-owned land use rights certificates of P.R. of China have been obtained. The economic life is 50 years. Those use rights will be terminated upon the period from December 2056 to June 2064 in succession.

The subsidiary – SANSD Jiangsu acquired the land around 150 mu (among which, 145mu land has obtained the state-owned land use rights certificate) for plant construction from Jurong Economic Development Zone Jiangsu Province, at the amount of CNY 58,609,000 in 2010; and the outstanding payment is CNY 830,000 approximately and listed in other payables. Moreover, SANSD Jiangsu acquired the land about 2 mu for plant construction from Jurong Municipal Bureau of Land and Resources Jiangsu Province, at the amount of CNY 391,000 (including land deed tax) in 2015 and the land use rights certificate has been obtained. The foresaid land use rights have the economic life of 50 years and will be terminated upon the period from June 2062 to August 2065 in succession.

Due to significant operating losses, there is an indication that the evaluated asset value of the Consolidated Company has been impaired. The Consolidated Company decides the recoverable amount based on the asset valuation report issued by independent experts, and a part of land use rights have their recoverable amounts lower than the carrying amount. Therefore, subsidiaries – SANSD Fujian and SANSD Jiangsu recognized the impairment loss totally 101,857,000 at the end of 2020 and listed such

amount in the operating costs and expenses in the consolidated statement of comprehensive income. Asset valuation report issued by the independent experts uses the comparison method by referring to similar properties for valuation and it belongs to Class 3 measurement at fair value.

The Consolidated Company set mortgage for land use rights as the loan guarantee. Please refer to note 27.

XIII. Investment property

	Houses and buildings
2020	
Cost	
Balance on January 1, 2020	\$502,328
Net exchange difference	<u>8,158</u>
Balance on December 31, 2020	<u>\$510,486</u>
Accumulated depreciation	
Balance on January 1, 2020	\$357,355
Depreciation costs	27,822
Net exchange difference	<u>6,438</u>
Balance on December 31, 2020	<u>\$391,615</u>
Net amount at Dec. 31, 2020	<u>\$118,871</u>
2019	
Cost	
Balance on January 1, 2019	\$520,976
Net exchange difference	(<u>18,648</u>)
Balance on December 31, 2019	<u>\$502,328</u>
Accumulated depreciation	
Balance on January 1, 2019	\$341,580
Depreciation costs	29,058
Net exchange difference	(<u>13,283</u>)
Balance on December 31, 2019	<u>\$357,355</u>
Net amount at Dec. 31, 2019	<u>\$144,973</u>

The foresaid investment properties are plants and offices leased to the related parties. For details about the lease, refer to note 26.

Depreciation for investment properties of the Consolidated Company shall be calculated on a straight-line basis as per 20-year service life.

Fair value of investment properties of the Consolidated Company was CNY 170 million and 250 million on Dec. 31, 2020 and Dec. 31, 2019 respectively.

Fair value at Dec. 31, 2020 was appraised by using the asset valuation report issued by independent experts for reference.

Fair value at Dec. 31, 2019 was estimated by using the appraisal of the independent experts involved on Dec. 31, 2018 for reference.

XIV. Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guaranteed loan		
Bank loan (note 27)	<u>\$188,340</u>	<u>\$163,780</u>
Range of annual interest rate (%)	4.35	5.003~5.16

XV. Accounts payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable		
Created through operation	<u>\$232,502</u>	<u>\$274,373</u>

XVI. Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wages and bonuses payable	\$ 34,006	\$ 34,697
Payables on equipment	13,820	13,998
Expenses for land use right payable (note 12)	3,636	3,578
Others	<u>29,017</u>	<u>35,927</u>
	<u>\$ 80,479</u>	<u>\$ 88,200</u>

XVII. Post-employment benefit plan

In accordance with the local government regulations of subsidiaries – SANSD Fujian and SANSD Jiangsu, the endowment insurance amounting to 26% of the local standard wage and salary shall be paid to the competent government departments, among which

18% shall be contributed by the company and 8% shall be contributed by the employees. For details about endowment insurance borne by the Company in each period, please refer to note 20.

XVIII. Equity

(I) Share capital

Ordinary Shares

Unit: 1,000 shares/ thousand TWD

	December 31, 2020	December 31, 2019
Authorized shares	<u>360,000</u>	<u>360,000</u>
Authorized capital stock	<u>\$3,600,000</u>	<u>\$3,600,000</u>
Issued and fully paid-up shares	<u>268,955</u>	<u>268,955</u>
Issued Share Capital	<u>\$2,689,547</u>	<u>\$2,689,547</u>

Issued ordinary shares have the face value of 10 Yuan per share and each share has one right to vote and receive dividends.

(II) Capital reserves

Change in various capital reserves is as follows:

	Premium of share issuance		Employee stock option	
	Used for covering deficit, issuing		Not for	
	cash or capitalization	Only used for	any purpose	
	Share capital	Reparable loss		
	(Note 1)	(Remark 2)	(Note 3)	Total
Balance on January 1, 2020	\$2,959,612	\$ 1,534	\$ 53,472	\$3,014,618
Employee stock option cost (Note 23)	-	-	14,149	14,149
Balance on December 31, 2020	<u>\$2,959,612</u>	<u>\$ 1,534</u>	<u>\$ 67,621</u>	<u>\$3,028,767</u>
Balance on January 1, 2019	\$2,959,612	\$ 1,534	\$ 21,388	\$2,982,534
Employee stock option cost (Note 23)	-	-	32,084	32,084
Balance on December 31, 2019	<u>\$2,959,612</u>	<u>\$ 1,534</u>	<u>\$ 53,472</u>	<u>\$3,014,618</u>

Note 1: This type of capital reserves shall be used for covering deficit and also for issuing cash or capitalization if there is no deficit; but

capitalization shall be restricted to a certain percent of the paid-in capital stock every year. When organizational structure of the Company is included, it is generated from the difference between equity amount of SANSD Fujian and capital stock issued for the base date of restructuring at the establishment date of the Company, the portion of new shares issued for cash increment over the face value, as well as employee stock compensation granted.

Note 2: This type of capital reserves is a compensatory stock option for employees where a part of issued shares shall be reserved in accordance with Taiwan Company Act in case of cash increment.

Note 3: Capital reserves – employee stock option cannot be used for any purpose

(III) Retained earnings and dividend policy

In accordance with the distribution policy of earnings as defined in the Articles of Association of the Company, if there are earnings in the annual settlement, the Company shall firstly withdraw & pay all related taxes, cover accumulated losses and set aside the legal capital reserves (unless the total legal capital reserves equal to the total amount of issued capital of the Company) and special capital reserves in accordance with the listing (OTC) rules; and then, according to the resolution of the regular shareholders meeting, distribute the dividends at 10% of the distributable remaining earnings of the current year to the shareholders as per the shareholding ratio, among which cash dividends shall account for 10% of the total dividends distributed at the least. The Company shall also allocate the dividends by using the undistributed earnings in previous years according to the resolution of the regular shareholders meeting.

In accordance with these Articles of Association of the Company, legal surplus reserves shall be used to cover deficit and if there is no deficit, the portion of legal surplus reserves in excess of 25% of the total paid-in capital stock shall be distributed in cash, besides capitalization.

In accordance with JGZF Zi No. 1010012865 Letter and Rules Related to Setting Aside Special Surplus Reserves after Following IFRSs etc., the Company shall list and reverse the special surplus reserves.

The Company passed the loss make-up proposals for year 2019 and 2018 through the resolution of regular shareholders meeting held on June 15, 2020 and June 14, 2019 respectively, and the listed special surplus reserves were 256,885,000 and 209,152,000 respectively.

The Company passed the loss make-up proposal for year 2020 presented by the Board of Directors on March 22, 2021 and the reversed special surplus reserves

were 97,388,000 (resolution of the regular shareholders meeting held in June 2021 is required).

(IV) Exchange differences of the translation of the financial statements in foreign operations

	2020	2019
Balance at the beginning of the year	(\$716,985)	(\$460,100)
Exchange differences of the translation of the financial statements in foreign operations	97,388	(256,885)
Year-end balance	(\$619,597)	(\$716,985)

Due to the change in exchange rate between CNY – the functional currency and TWD – the reporting currency of the financial statements in 2020 and 2019, from 4.31 and 4.47 at the beginning of the year to 4.38 and 4.31 at the end of the year, shareholders' equity recognized directly were increased by 97,388,000 and decreased by 256,885,000 respectively.

XIX. Income

(I) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Net notes and accounts receivable	\$ 289,621	\$ 292,879	\$ 258,469

(II) Breakdown of customer contract revenue

2020

	Reporting department			Total
	SANSDFujian	SANSDJiangsu	Others	
Income type				
Income from commodity sales	\$ 602,854	\$ 386,336	\$ -	\$ 989,190
Lease income	18,967	-	-	18,967
	\$ 621,821	\$ 386,336	\$ -	\$ 1,008,157

2019

	Reporting department			Total
	SANS Fujian	SANS Jiangsu	Others	
Income type				
Income from commodity sales	\$ 809,902	\$ 430,312	\$ 379	\$1,240,593
Lease income	<u>17,807</u>	<u>-</u>	<u>-</u>	<u>17,807</u>
	<u>\$ 827,709</u>	<u>\$ 430,312</u>	<u>\$ 379</u>	<u>\$1,258,400</u>

XX. Net pre-tax loss

Net pre-tax loss includes the following items:

(I) Interest income

	2020	2019
Bank deposit	\$ 3,712	\$ 4,409
Financial assets at amortized cost	<u>28,907</u>	<u>30,189</u>
	<u>\$ 32,619</u>	<u>\$ 34,598</u>

(II) Other incomes

	2020	2019
Subsidy income	\$ 13,782	\$ -
Others	<u>492</u>	<u>1,092</u>
	<u>\$ 14,274</u>	<u>\$ 1,092</u>

Subsidy income is the reward and subsidy granted by Jiangsu Jurong Economic Development Zone Development & Construction Co., Ltd to the subsidiary –SANS Jiangsu for its contributions to local economic development.

(III) Other profits and losses

	2020	2019
Net profits (losses) on foreign currency exchange	(\$ 20)	\$ 3
Profits (losses) from disposal of property, plant and equipment	4	(5,334)
Others	(2,314)	(307)
	<u>(\$ 2,330)</u>	<u>(\$ 5,638)</u>

(IV) Financial cost

	2020	2019
	<u>\$ 8,115</u>	<u>\$ 9,117</u>
(V) Non-financial asset impairment loss		
	2020	2019
	<u>\$725,081</u>	<u>\$ -</u>
Property, plant and equipment		
Right-of-use asset	<u>101,857</u>	<u>-</u>
	<u>\$826,938</u>	<u>\$ -</u>
Summarized as per functional category		
Operating cost	\$287,253	\$ -
Operating expense	<u>539,685</u>	<u>-</u>
	<u>\$826,938</u>	<u>\$ -</u>
(VI) Depreciation and amortization expenses		
	2020	2019
	<u>\$232,069</u>	<u>\$246,663</u>
Property, plant and equipment		
Right-of-use asset	22,825	23,837
Investment property	27,822	29,058
Other intangible assets	<u>-</u>	<u>63</u>
	<u>\$282,716</u>	<u>\$299,621</u>
Depreciation expenses summarized as per functional category		
Operating cost	\$185,285	\$195,063
Operating expense	<u>97,431</u>	<u>104,495</u>
	<u>\$282,716</u>	<u>\$299,558</u>
Amortization of other intangible assets summarized as per functional category		
Operating expense	<u>\$ -</u>	<u>\$ 63</u>

(VII) Employee benefit

	2020	2019
Short-term benefits	\$218,494	\$235,599
Retirement benefits (note 17)		
Defined distribution plan	<u>1,216</u>	<u>12,192</u>
	219,710	247,791
Share-based payment (note 23)	<u>14,149</u>	<u>32,084</u>
	<u>\$233,859</u>	<u>\$279,875</u>
Summarized as per functional category		
Operating cost	\$119,250	\$160,557
Operating expense	<u>114,609</u>	<u>119,318</u>
	<u>\$233,859</u>	<u>\$279,875</u>

As of Dec. 31, 2020 and Dec. 31, 2019, the Consolidated Company had 819 employees and 777 employees respectively.

The Company allocated the employee & director remunerations by deducting the pre-tax earnings before distribution of employee and director remunerations in the current year, at the ratio no less than 2% and no higher than 1%. The Company had net pre-tax loss in 2020 and 2019 and thus, employee & director remunerations were not estimated and listed.

Information about employee & director remunerations decided by the Company's Board of Directors can be obtained via the market observation post system of TWEX.

(VIII) Profits (losses) on foreign currency exchange

	2020	2019
Total profits on foreign currency exchange	\$ 6,411	\$ 6,939
Total losses on foreign currency exchange	(<u>6,431</u>)	(<u>6,936</u>)
Net profits (losses) on exchange	(<u>\$ 20</u>)	<u>\$ 3</u>

21. Income tax

(I) Income tax recognized in profit or loss

Accounting income and income tax are adjusted as follows:

	2020	2019
Net loss from continuing operations before tax	(<u>\$1,312,802</u>)	(<u>\$ 642,026</u>)
Income tax revenue calculated as per statutory rate, for net pre-tax loss	(\$ 309,903)	(\$ 149,823)
Non-deductible loss when taxable income is decided	10,723	17,917
Loss carry-forwards unrecognized	118,334	153,223
Temporary difference unrecognized	<u>180,846</u>	<u>(21,317)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company as well as its subsidiaries – BVI SANSD and SANSD Hong Kong are free from business income tax in accordance with the local laws. In addition, the subsidiary – SANSD Hong Kong is expected to obtain the dividend revenue from the earnings of subsidiaries in Chinese mainland, at 10% tax rate as defined in related provisions of the P.R. of China, and related deferred income tax liabilities are recognized.

Since the subsidiary – SANSD Hong Kong Trading has no operating activities in Hong Kong, no tax payable shall be paid in accordance with Hong Kong laws.

The subsidiaries – SANSD Fujian and SANSD Jiangsu adopt the statutory tax rate of 25% in accordance with the Enterprise Income Tax Law of the People's Republic of China.

(II) Deferred income tax liabilities

Change in deferred income tax liabilities is as follows:

2020

	Balance at the beginning of the year	Recognized in profit or loss	Net exchange difference	Year-end balance
Deferred income tax liabilities				
Temporary difference				
10% dividend tax from earnings in Chinese mainland	<u>\$ 61,321</u>	<u>\$ -</u>	<u>\$ 996</u>	<u>\$ 62,317</u>

2019

	Balance at the beginning of the year	Recognized in profit or loss	Net exchange difference	Year-end balance
Deferred income tax liabilities				
Temporary difference				
10% dividend tax from earnings in Chinese mainland	<u>\$ 63,598</u>	<u>\$ -</u>	<u>(\$ 2,277)</u>	<u>\$ 61,321</u>

(III) Unused loss carry-forwards and deductible temporary difference of deferred income tax assets unrecognized in the consolidated balance sheet

	2020	2019
Loss carry-forwards		
Due in 2020	\$ -	\$ 56,183
Due in 2021	76,128	74,911
Due in 2022	79,786	78,510
Due in 2023	514,900	506,671
Due in 2024	595,618	590,950
Due in 2025	<u>473,344</u>	<u>-</u>
	<u>\$ 1,739,776</u>	<u>\$ 1,307,225</u>
Deductible temporary difference	<u>\$ 1,910,571</u>	<u>\$ 1,079,816</u>

(IV) Related information about unused loss carry-forwards

As of Dec. 31, 2020, related information about loss carry-forwards is as below:

Balance not deducted	Final deduction year
\$ 76,128	2021
79,786	2022
514,900	2023
595,618	2024
<u>473,344</u>	2025
<u>\$ 1,739,776</u>	

22. Loss per share

Net loss and weighted average number of ordinary shares used by the Company for calculation of loss per share are as follows:

	2020	2019
Net loss of the current year	(<u>\$1,312,802</u>)	(<u>\$ 642,026</u>)

Number of shares

	2020	2019
Weighted average number of ordinary shares	<u>268,955</u>	<u>268,955</u>

Since there were net losses in 2020 and 2019, potential ordinary shares with dilution effect will not be listed.

Provided that the Consolidated Company chooses to give the employee remuneration by stock or in cash, it shall assume that employee remuneration will be given by stock when diluted earnings per share are calculated, and weighted average number of outstanding shares shall be counted when the potential ordinary stock has dilution effects, so as to calculate the diluted earnings per share. When diluted earnings per share are calculated before issuing the shares for employee remuneration as per the resolution for the next year, dilution effect of the potential ordinary shares shall also be taken into consideration.

23. Shared-based payment agreement

The Company granted 20,000 units of employee stock option in April 2018, and each unit allowed the acquisition of 1,000 ordinary shares. They were granted to the employees satisfying the specified conditions of the Company and its subsidiaries. All stock options have the duration of 10 years, and the holders can exercise the stock option at the granted ratio as from 2 years upon issuance. Exercise price of the stock options is the closing price of ordinary shares of the Company at the date of issue, i.e. 11.2 Yuan. Provided that there is any change in ordinary shares of the Company after issuing the stock option, exercise price of the stock options shall be adjusted as per the prescribed formula.

Related information about employee stock option is as below:

	Year 2020 and 2019	
Employee stock option	Unit (thousand)	Weighted average exercise price (Yuan)
Granted in current year	<u>20,000</u>	\$ 11.2
Outstanding at the end of period	<u>20,000</u>	11.2

Exercisable at the end of period	=
Weighted average fair value of stock option granted in the current year (Yuan)	\$ 3.65

Remuneration costs recognized in 2020 and 2019 were 14,149,000 and 32,084,000 respectively.

24. Capital risk management

The Consolidated Company performs the capital management to maximize the shareholders remuneration by optimizing the balance of debts and equity, on the premise that keeping all group members continuing their operations.

Capital structure of the Consolidated Company is comprised of net debt (i.e. loan minus cash) of the Consolidated Company and equities attributable to the Company owners (i.e. capital, capital reserves, retained earnings and other equities).

The Consolidated Company does not have to abide by other provisions for external capital.

25. Financial instruments

- (I) Fair value information – financial instruments that are not measured at fair value

Management of the Consolidated Company believes that the carrying amount of financial assets & liabilities that are measured at fair value is close to their fair value.

- (II) Category of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Measured at amortized cost (note 1)	\$2,907,045	\$2,924,373
<u>Financial liabilities</u>		
Measured at amortized cost (note 2)	660,937	526,353

Note 1: Balance includes cash, financial assets measured at amortized cost, and notes & accounts receivable, other receivables, refundable deposits, and such financial assets measured at amortized cost.

Note 2: Balance includes short-term loan, other short-term loan – related parties, accounts payable, other payables and such financial liabilities measured at amortized cost.

(III) Objectives and policy of financial risk management

Main financial instruments of the Consolidated Company include cash, notes & accounts receivable, accounts payable, other payables and loans. Financial departments of the Consolidated Company shall render services to various business units, and by means of the internal risk reports in accordance with risk analysis as per the risk degree and extent, supervise and control the financial risks related to operation of the Consolidated Company. Those include market risks (including exchange rate and interest rate risks), credit risks and liquidity risks.

The financial departments shall present reports to the management of the Consolidated Company on a regular basis.

1. Market risk

Operating activities of the Consolidated Company will lead to main financial risks such as change in foreign currency exchange rate (see (1) below) and change in interest rate (see (2) below) that should be borne by the Consolidated Company.

(1) Foreign exchange risk

For carrying amount of the monetary assets and liabilities of the Consolidated Company valued in non-functional currency at the date of balance sheet (including monetary items valued in non-functional currency that have been written off in the Consolidated Financial Statements), refer to note 30.

Sensitivity analysis

The Consolidated Company is mainly affected by fluctuation of USD exchange rate.

Sensitivity analysis is conducted for the Consolidated Company when CNY (functional currency) exchange rate to USD is increased and decreased by 1%. Sensitivity analysis only includes the outstanding monetary items in foreign currency and conversion at the end of the period shall be adjusted as per 1% exchange rate change. The scope of sensitivity analysis shall be bank loans.

When CNY exchange rate to USD is increased by 1%, net pre-tax loss of the Consolidated Company was increased by 2,000 and 4,000 Yuan in 2020 and 2019 respectively.

(2) Interest rate risk

Carrying amount of the financial assets and liabilities exposed to interest rate risk at the date of balance sheet is as below:

	December 31, 2020	December 31, 2019
Cash flow interest rate risk		
Financial assets	\$ 1,296,326	\$ 1,329,487
Financial liabilities	188,340	163,780

Sensitivity analysis

The following sensitivity analysis is decided by the interest rate risk of non-derivative instruments at the date of balance sheet. The floating-rate assets and liabilities shall be analyzed by assuming that those outstanding assets and liabilities at the date of balance sheet are still outstanding during the reporting period.

In case that the annual interest rate is increased by 1% and all other variables are changeless, net pre-tax loss of the Consolidated Company shall be decreased by 11,080,000 and 11,657,000 in 2020 and 2019 respectively, mainly for the reason that the Consolidated Company is exposed to the risk of interest rate change for bank deposits and loans.

2. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the group. As of the date of balance sheet, the max credit risk exposed by the Consolidated Company to financial losses arising from possible default of the counterparty is the carrying amount of financial assets recognized in the consolidated balance sheet.

Policies performed by the Consolidated Company are to trade with the counterparty with high reputation and under necessary circumstances, acquire the sufficient guarantee to mitigate the risks of financial losses arising from default. The Consolidated Company shall determine the rating of major customers as per other publicly available financial information and historical records of businesses, distribute the total transaction amount to qualified customers at different credit rating, and review & approve the credit line of the counterparties at fixed intervals, to control the exposure of credit risk.

Accounts receivable are from a variety of customer groups and thus, credit risk has low concentration. The Consolidated Company shall assess the financial conditions of the customers with accounts receivable on an ongoing basis.

3. Liquidity risk

The Consolidated Company supports, by means of management and maintaining sufficient cash, the group operation and mitigates the influence of cash flow fluctuation. Management of the Consolidated Company shall supervise the use of bank facilities and assure the compliance with provisions of the loan contract.

Bank loan is an important source of liquidity for the Consolidated Company. As to the unused bank facilities of the Consolidated Company, refer to the content about financing amount as mentioned in (2) below.

(1) Liquidity of non-derivative financial liabilities and interest rate risk

Contractual maturity analysis on the non-derivative financial liabilities shall be prepared in accordance with the earliest date when the Consolidated Company is possibly required to refund as well as the undiscounted cash flow of the financial liabilities (including principal and estimated interest).

Maturity analysis on the non-derivative financial liabilities of the Consolidated Company shall be prepared in the light of the agreed due date.

Cash flow with interest paid as per floating rate shall have the undiscounted interest estimated at the interest rate at the date of balance sheet.

	1~3 months	3 months - 1 year
December 31, 2020		
Non-derivative financial liabilities		
Non-interest-bearing liabilities	\$259,441	\$213,156
Floating-rate instruments	<u>1,805</u>	<u>190,311</u>
	<u>\$261,246</u>	<u>\$403,467</u>
December 31, 2019		
Non-derivative financial liabilities		
Non-interest-bearing liabilities	\$291,976	\$ 70,597
Floating-rate instruments	<u>58,099</u>	<u>111,366</u>
	<u>\$350,075</u>	<u>\$181,963</u>

Amount of floating-rate instruments for the foresaid non-derivative financial liabilities will vary with the difference between the floating interest rate and the estimated rate at the date of balance sheet.

(2) Financing amount

	Unit: RMB 1,000	
	December 31, 2020	December 31, 2019
Secured bank loan limit		
Used amount	\$ 43,000	\$ 38,000
Unused amount	<u>57,381</u>	<u>62,381</u>
	<u>\$100,381</u>	<u>\$100,381</u>

(IV) Information about transfer financial assets

1. Transferred notes receivable unrecognized

The Consolidated Company has transferred a part of receivable commercial acceptance bill in Chinese mainland by endorsement to the supplier for payment. If the receivable commercial acceptance bill cannot be recovered upon maturity, the transferee is entitled to ask the Consolidated Company to pay the outstanding balance. Therefore, the Consolidated Company does not transfer the major risk and remuneration with respect to the receivable commercial acceptance bill and recognizes all receivable commercial acceptance bills on an ongoing basis.

As of Dec. 31, 2020 and Dec. 31, 2019, carrying amount of the receivable commercial acceptance bill that had been transferred but not recognized was 66,097,000 and 76,270,000 respectively.

2. Transferred notes receivable derecognized

The Consolidated Company has transferred a part of the banker's acceptance bill receivable in Chinese mainland by endorsement to the supplier for payment. Since substantially all the risks and remunerations related to the bill have been transferred, the Consolidated Company derecognizes the receivable banker's acceptance bill transferred and the corresponding accounts payables. But if the banker's acceptance bill unrecognized is not cashed upon maturity, the Supplier is still entitled to ask the Consolidated Company to discharge and thus, the Consolidated Company shall participate in those bills on an ongoing basis.

The max loss from risk exposure suffered by the Consolidated Company for ongoing participating in the banker's acceptance bills unrecognized is the book value of the banker's acceptance bill that has been transferred but not due yet. As of Dec. 31, 2020 and Dec. 31, 2019, the max loss was 13,399,000 and 19,851,000 respectively and those bills would expire within 6 months after the date of balance sheet. Giving consideration the credit risk related to the banker's acceptance bills derecognized, the

Consolidated Company deems that the fair value from its ongoing participation is not high.

In 2020 and 2019, the Consolidated Company did not recognize any profit or loss when the receivable banker's acceptance bill was transferred; amount in current year and accumulated amount from ongoing participating in those bills were not recognized in any profit or loss.

26. Related party transaction

At the time of consolidation, transaction between the consolidated companies, account balance, revenues and expenses have been written-off in full and thus not disclosed in the Notes. Transactions with related parties are as follows:

(I) Name of related party and relationship

Name of related party	Relationship with the Consolidated Company
Jinfada (Fujian) Shoes and Plastic Co., Ltd	Other related parties (responsible person has a relationship within the second degree of kinship with the Board Chairman of the Company)
Fujian Wankai Shoes Co., Ltd.	Other related parties (the Board Chairman of the Company acts as the supervisor of the subsidiary – SANSD Fujian)
Ding Jinzao	Board Chairman of the Company
Ding Zhimeng	General Manager of the Company
Ding Zhiwei	Director of the subsidiary – SANSD Fujian
Ding Jindi	Supervisor of the subsidiary – SANSD Fujian

(II) Operating lease

1. The subsidiary – SANSD Fujian entered the contract of plant & office lease as well as the contract of land & plant lease with Jinfada (Fujian) Shoes and Plastic Co., Ltd, with the lease term expired at the end of December 2021, at the rent calculated based on leased area in accordance with the contract. In 2020 and 2019, rental income was 15,832,000 and 16,534,000 respectively and listed in the rental income item. In 2020 and 2019, the rental expense was 15,832,000 and 16,534,000 respectively and listed in the operating cost item.
2. The subsidiary – SANSD Fujian entered the contract of plant lease with Fujian Wankai Shoes Co., Ltd, with the lease term expired at the end of August 2022, at the rent calculated based on leased area in accordance with the contract. In 2020 and 2019, rental income was 610,000 and 167,000 and listed in the rental income item.

(III) Others

1. The subsidiary – SANSD Fujian offered the residences (listed in property, plant and equipment) to the directors and supervisors for use. As of Dec. 31, 2020 and Dec. 31, 2019, the book value was 2,897,000 and 3,317,000 respectively.
2. The subsidiary – SANSD Fujian entered the commission contract with Fujian Wankai Shoes Co., Ltd. In 2019, the processing cost was 649,000 and listed in the operating cost item. Since it is not entrusted to a related party, the transaction price cannot be compared and the payment shall be made monthly (30 days).

(IV) Borrowing from related parties

	December 31, 2020
Other short-term loans – related parties	
Ding Jinzao	<u>\$159,616</u>

The subsidiary – SANSD Jiangsu borrowed from Ding Jinzao successively as from March 2020 and the agreed borrowing period was expired on March 15, 2021, free from interest and collaterals.

(V) Rewards given to main management

Total remunerations given to the directors and other main management in 2020 and 2019 are as below:

	2020	2019
Short-term benefits	\$ 13,984	\$ 13,351
Share-based payment	<u>11,886</u>	<u>26,951</u>
	<u>\$ 25,870</u>	<u>\$ 40,302</u>

27. Pledged Assets

The Consolidated Company shall provide the following assets as the collaterals for financing and payment of supplier's receivables:

	December 31, 2020	December 31, 2019
Notes receivable	\$ 66,097	\$ 76,270
Property, plant and equipment – buildings and structures	291,527	340,513
Right-of-use assets – land use right	<u>169,643</u>	<u>222,285</u>
	<u>\$527,267</u>	<u>\$639,068</u>

28. Significant unrecognized commitments

Unrecognized commitments of the Consolidated Company are as below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Purchase of real property, factory buildings and equipment	<u>\$ 1,014</u>	<u>\$ 13,282</u>

29. Miscellaneous

Under the effect of COVID-19 pandemic, the subsidiaries – SANSD Fujian and SANSD Jiangsu delayed its resumption of operation and order receiving was affected, thus the consolidated operating revenue was significantly decreased in 2020. With the mitigation of the pandemic, operation of the Consolidated Company has gradually returned to normal.

According to the available information as of the date of balance sheet, the Consolidated Company has considered the economic implications of COVID-19 on critical accounting estimates. For details, refer to note 5 and note 9.

30. Information about foreign-currency financial assets and liabilities with significant influence

The following information was summarized according to the foreign currencies other than the functional currency of various members of the Consolidated Company. The exchange rates disclosed were used to convert the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: USD thousand/ TWD			
Thousand yuan/ exchange rate			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>December 31, 2020</u>			
Financial assets under monetary items			
USD	\$ 8	6.52 (USD: RMB)	\$ 239
<u>December 31, 2019</u>			
Financial assets under monetary items			
USD	12	6.98 (USD: RMB)	371

The Consolidated Company mainly bore the risk of foreign currency exchange rate in USD. Profits and losses on foreign currency exchange (including those realized and unrealized) in 2020 and 2019 are less.

31. Note disclosures

(I) Major transaction matters and (II) information related to re-investment enterprise

1. Financing provided: Schedule I.
2. Endorsement/ guarantee provided: None.
3. Marketable securities held at the end of period (excluding investment in subsidiaries): None.
4. Marketable securities acquired or disposed of at costs or prices of at least TWD 300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least TWD 300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at costs of at least TWD 300 million or 20% of the paid-in capital: None.
7. Amount of purchase and sale with the related parties amounting to at least TWD 100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least TWD 100 million or 20% of the paid-in capital: Schedule II.
9. Derivative transactions: None.
10. Others: Circumstances and amount of business relation and major transactions between parent company and subsidiaries, and between various subsidiaries: Schedule III.
11. Information about invested companies: Schedule IV.

(II) Information related to investment in P.R. China

1. Name of invested companies in Chinese mainland, main business items, paid-in capital, investment method, capital inflow and outflow, shareholding ratio, profit & loss in current year, investment profits and losses recognized, book value of investment at the end of period, investment profit & loss repatriated, and investment norm in Chinese mainland: Schedule V.
2. Major transaction conducted with the invested companies in Chinese mainland directly or indirectly via the third party, and price, payment terms and unrealized profits or losses:

- (1) Purchase amount and percentages, ending balance and percentage of corresponding payables: None.
- (2) Sale amount and percentages, ending balance and percentage of corresponding receivables: None.
- (3) Amount of property transaction and amount of profits and losses from the transaction: None.
- (4) Ending balance of bill endorsement or collaterals and purpose: None.
- (5) Max balance, ending balance, range of interest rate and total current interest of financing: Schedule I.
- (6) Other transaction matters that may substantially affect the current profit or loss or financial conditions: None.

(III) Information about main shareholders

Name, number of shares held and shareholding ratio of the shareholders with the ratio over 5%: Schedule 6

32. Information about departments

It means the information provided to the main operating decision-makers to allocate resources and assess the department performance, laying emphasis on the category of every product or service delivered or rendered. Reporting departments of the Consolidated Company are as below:

- SANSD Fujian – mainly engages in the manufacturing and sale of EVA blended foam by recycling of waste plastics.
- SANSD Jiangsu – mainly engages in the manufacturing and sale of EVA blended foam by recycling of waste plastics.
- Other departments: Asia Plastic Recycling Holding Limited, BVI SANSD, SANSD Hong Kong and SANSD Hong Kong Trading: For the business scope, see note 10.

- (I) Revenue and operating results of the Consolidated Company are analyzed as per the reporting departments as below:

	<u>SANSJ Fujian</u>	<u>SANSJ Jiangsu</u>	<u>Others</u>	<u>Adjustment and write-off</u>	<u>Consolidated</u>
2020					
Revenue from customers other than parent company and consolidated subsidiaries	\$ 621,821	\$ 386,336	\$ -	\$ -	\$ 1,008,157
Revenue from parent company and consolidated subsidiaries	747	-	-	(747)	-
Total income	<u>\$ 622,568</u>	<u>\$ 386,336</u>	<u>\$ -</u>	<u>(\$ 747)</u>	<u>\$ 1,008,157</u>
Department loss	<u>(\$ 1,087,313)</u>	<u>(\$ 233,491)</u>	<u>(\$ 28,446)</u>	<u>\$ -</u>	<u>(\$ 1,349,250)</u>
Interest income					32,619
Other incomes					14,274
Other profits and losses					(2,330)
Financial cost					(8,115)
Net pre-tax loss					(1,312,802)
Income tax					\$ -
Net after-tax loss					<u>(\$ 1,312,802)</u>
Total assets	<u>\$ 6,369,774</u>	<u>\$ 1,086,436</u>	<u>\$ 809,391</u>	<u>(\$ 1,732,735)</u>	<u>\$ 6,532,866</u>
Total liabilities	<u>\$ 778,030</u>	<u>\$ 730,763</u>	<u>\$ 961,818</u>	<u>(\$ 1,732,735)</u>	<u>\$ 737,876</u>
2019					
Revenue from customers other than parent company and consolidated subsidiaries	\$ 827,709	\$ 430,312	\$ 379	\$ -	\$ 1,258,400
Revenue from parent company and consolidated subsidiaries	143,141	18,014	-	(161,155)	-
Total income	<u>\$ 970,850</u>	<u>\$ 448,326</u>	<u>\$ 379</u>	<u>(\$ 161,155)</u>	<u>\$ 1,258,400</u>
Department loss	<u>(\$ 502,773)</u>	<u>(\$ 110,163)</u>	<u>(\$ 50,025)</u>	<u>\$ -</u>	<u>(\$ 662,961)</u>
Interest income					34,598
Other incomes					1,092
Other profits and losses					(5,638)
Financial cost					(9,117)
Net pre-tax loss					(642,026)
Income tax					-
Net after-tax loss					<u>(\$ 642,026)</u>
Total assets	<u>\$ 7,352,603</u>	<u>\$ 1,257,133</u>	<u>\$ 856,636</u>	<u>(\$ 1,879,704)</u>	<u>\$ 7,586,668</u>
Total liabilities	<u>\$ 799,888</u>	<u>\$ 722,188</u>	<u>\$ 948,041</u>	<u>(\$ 1,879,704)</u>	<u>\$ 590,413</u>

Department loss refers to the loss suffered by various departments, exclusive of interest income, financial cost, profit or loss on foreign currency exchange and income tax expenses. This measurement amount is provided to the main operating decision-maker, to allocate resources to various departments and assess their performance.

(II) Other department information – depreciation and amortization

	2020	2019
SANSD Fujian	\$228,550	\$240,538
SANSD Jiangsu	<u>54,166</u>	<u>59,083</u>
	<u>\$282,716</u>	<u>\$299,621</u>

(III) Major product incomes

Main product revenues from continuing operations of the Company and its subsidiaries are analyzed as follows:

	2020	2019
Ordinary sheets	\$ 193,644	\$ 326,446
Bag sheets	188,392	211,872
Special sheets	261,685	318,295
Floor mats	78,273	43,044
High elastic foam	23,882	37,620
Sole sheets	10,111	6,959
Others	<u>252,170</u>	<u>314,164</u>
	<u>\$1,008,157</u>	<u>\$1,258,400</u>

(IV) Information about region category

Revenues of continuing operations from external customers of the Company and its subsidiaries are classified as per the operation regions and the non-current assets are all within China.

(V) Information of major clients

In 2020 and 2019, there is no any revenue from a single customer exceeding 10% of the total revenue of the Consolidated Company.

Asia Plastic Recycling Holding Ltd. And its subsidiaries

Financing provided

Jan. 01, 2020 ~ Dec. 31, 2020

Schedule I

Unit: *10³ in New Taiwan Currency
(Unless otherwise indicated)

No.	Financing company	Counterparty	Financial statement account	Related party	Max balance for the current year	Ending balance	Amount actually drawn (note 3)	Interest rate interval (%)	Nature of financing	Transaction amount	Reason required for short-term financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (note 1)	Max limit of financing (note 2)	Remarks
													Name	Value			
1	SANSO Hong Kong	SANSO (Jiangsu) Environmental Protection Technology Co., Ltd.	Other receivables related parties	Yes	\$ 657,000	\$ 657,000	\$ 196,531	3.5	Short-term financing required	\$	Operating capital and equipment acquisition	\$ -	None	\$	\$ 2,692,383	\$ 2,692,383	
2	SANSO Hong Kong	The Company	Other receivables related parties	Yes	1,314,000	1,314,000	756,445	-	Short-term financing required	-	Operating capital	-	None		2,692,383	2,692,383	
3	SANSO (Fujian) Plastic Co., Ltd.	SANSO Hong Kong	Other receivables related parties	Yes	1,314,000	1,314,000	744,046	-	Short-term financing required	-	Operating capital	-	None		2,236,698	2,236,698	
4	SANSO (Fujian) Plastic Co., Ltd.	SANSO Hong Kong	Other receivables related parties	Yes	109,500	109,500	-	-	Short-term financing required	-	Operating capital	-	None		2,236,698	2,236,698	
5	SANSO (Fujian) Plastic Co., Ltd.	The Company	Other receivables related parties	Yes	219,000	219,000	-	-	Short-term financing required	-	Operating capital	-	None		2,236,698	2,236,698	

Note 1: The amount available for lending to each borrowing company shall not exceed 40% of the net worth of the financing company.

Note 2: The max limit of financing is 40% of the net worth of the financing company.

Note 3: It has been written off when the Consolidated Financial Statements are prepared.

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Accounts receivable from the related parties at least TWD 100 million or 20% of the paid-in capital
December 31, 2020

Schedule II

Unit: *10³ in New Taiwan Currency
(Unless otherwise indicated)

Company name	Name of counterparty	Relationship	Balance of accounts receivable from the related parties (note 4)	Rate of turnover	Overdue accounts receivable from the related parties		Amount recovered after due date of accounts receivable from the related parties	Allowance for bad debt
					Amount	Mode of disposal		
SANSD Hong Kong	The Company	Subsidiary VS parent company	\$ 765,025 (Note 1)	-	\$ -	-	\$ -	\$ -
	SANSD (Fujian) Plastic Co., Ltd.	Subsidiary VS subsidiary	623,171 (Note 2)	-	-	-	-	-
	SANSD (Jiangsu) Environmental Protection Technology Co., Ltd.	Subsidiary VS subsidiary	196,531 (Note 3)	-	-	-	-	-
SANSD (Fujian) Plastic Co., Ltd.	SANSD Hong Kong	Subsidiary VS subsidiary	744,046 (Note 1)	-	-	-	-	-

Note 1: Capital loan and advance

Note 2: Dividends receivable

Note 3: Capital loan

Note 4: It has been written off when the Consolidated Financial Statements are prepared.

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Business relation and major transactions between parent company and subsidiaries
Jan. 01, 2020 ~ Dec. 31, 2020

Schedule III

Unit: *10³ in New Taiwan Currency
(Unless otherwise indicated)

No.	Name of trader	Counterparty	Relationship with the trader	Transaction details			
				Item	Amount	Transaction conditions	% to total consolidated operating revenue (asset)
1	SANSO Hong Kong	The Company	Subsidiary VS parent company	Other receivables	\$ 765,025	Capital loan and advance, as agreed by the parties	12.00
1	SANSO Hong Kong	SANSO (Fujian) Plastic Co., Ltd.	Subsidiary VS subsidiary	Other receivables	623,171	Dividends receivable	10.00
1	SANSO Hong Kong	SANSO (Jiangsu) Environmental Protection Technology Co., Ltd	Subsidiary VS subsidiary	Other receivables	196,531	Capital loan, as agreed by the parties	3.00
1	SANSO Hong Kong	SANSO (Jiangsu) Environmental Protection Technology Co., Ltd	Subsidiary VS subsidiary	Interest income	6,226	Capital loan and interest income	1.00
2	SANSO (Fujian) Plastic Co., Ltd.	The Company	Subsidiary VS parent company	Other receivables	95,395	Advance, as agreed by the parties	1.00
2	SANSO (Fujian) Plastic Co., Ltd.	SANSO Hong Kong	Subsidiary VS subsidiary	Other receivables	744,046	Capital loan, as agreed by the parties	12.00
2	SANSO (Fujian) Plastic Co., Ltd.	SANSO Hong Kong Trading Co., Ltd.	Subsidiary VS subsidiary	Other receivables	58,463	Advance, as agreed by the parties	1.00
2	SANSO (Fujian) Plastic Co., Ltd.	SANSO (Jiangsu) Environmental Protection Technology Co., Ltd.	Subsidiary VS subsidiary	Sales revenue	747	No same category of asset transaction with those other than the related parties	-
2	SANSO (Fujian) Plastic Co., Ltd.	SANSO (Jiangsu) Environmental Protection Technology Co., Ltd.	Subsidiary VS subsidiary	Accounts receivable	12,624	No same category of asset transaction with those other than the related parties	-
3	SANSO (Jiangsu) Environmental Protection Technology Co., Ltd.	SANSO (Fujian) Plastic Co., Ltd.	Subsidiary VS subsidiary	Accounts receivable	2,505	No same category of asset transaction with those other than the related parties	-
4	SANSO Hong Kong Trading Co., Ltd.	The Company	Subsidiary VS parent company	Other receivables	74,925	Advance, as agreed by the parties	1.00

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Related information of invested companies
Jan. 01, 2020 ~ Dec. 31, 2020

Schedule IV

Unit: *10³ in New Taiwan Currency
(Unless otherwise indicated)

Investor name	Name of invested company	Area	Main business items	Initial investment amount (note 1)		Held at the end of year			Loss of the invested company in current year	Investment loss recognized in current year	Remarks
				End of the year	Beginning of the year	No. of shares	Ratio (%)	Carrying amount			
The Company	SANSO Holding Co., Ltd	B.V.I	International investment	\$ -	\$ -	1	100.00	\$ 6,730,754	(\$ 1,289,454)	(\$ 1,289,454)	Notes 2 & 6
SANSO Holding Co., Ltd	SANSO Hong Kong	Hong Kong	International investment	-	-	1	100.00	6,730,957	(1,289,454)	(1,289,454)	Notes 3 & 6
SANSO Hong Kong	SANSO Hong Kong Trading Co., Ltd.	Hong Kong	Trade of bulk chemical raw materials	128,334	126,283	1	100.00	16,790	(5,114)	(5,114)	Notes 4 & 6

Note 1: The Company issued 120,000,000 shares (at the face value of TWD 10 per share), acquired 100% stock rights of SANSO Fujian at the price of HKD 0.675 per share, and applied for organizational restructuring with respect to the purchase and sale of stocks listed in TWSE. After restructuring, the Company indirectly held 100% stock rights of SANSO Fujian via SANSO Holding Co., Ltd and SANSO Hong Kong.

Note 2: The initial investment amount was USD 1 at beginning and end of the current year.

Note 3: The initial investment amount was HKD 1 at beginning and end of the current year.

Note 4: The initial investment amount was RMB 29,300,000 at beginning and end of the current year.

Note 5: For detailed information about the invested companies in Chinese mainland, refer to Schedule 5.

Note 6: It has been written off when the Consolidated Financial Statements are prepared.

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Information related to investment in P.R. China
Jan. 01, 2020 ~ Dec. 31, 2020

Schedule V

Unit: *10³ in New Taiwan Currency
(Unless otherwise indicated)

Name of invested companies in Chinese mainland	Main business items	Paid-in capital	Way of contribution	Cumulative investment amount from Taiwan at the beginning of the current year	Investment amount paid or recovered in the current year		Cumulative investment amount from Taiwan at the end of the current year	Loss of invested company in current year	Shareholding ratio % from direct or indirect investment of the Company	Investment loss recognized in current year	Book value of investment at end of the year	Investment income returned as of end of the current year	Remarks
					Outward remittance	Recovery							
SANSO (Fujian) Plastic Co., Ltd.	Manufacturing and sale of EVA foam related products	\$ 734,000	Re-invest companies in Chinese mainland by investing and setting companies in a third region;	\$ -	\$ -	\$ -	\$ -	(\$ 1,054,561)	100.00	(\$ 1,054,561)	\$ 5,591,744	\$ -	Note 1
SANSO (Jiangsu) Environmental Protection Technology Co., Ltd.	Manufacturing and sale of EVA foam related products	1,424,000	Re-invest companies in Chinese mainland by investing and setting companies in a third region;	-	-	-	-	(185,050)	100.00	(185,050)	355,673	-	Note 2

Investor name	Cumulative investment amount paid from Taiwan to Chinese mainland at the end of the current year	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Investment norm for the Company in Chinese mainland
-	\$ -	\$ -	\$ -

Note 1: The paid-in capital is HKD 200,000,000.

Note 2: The paid-in capital is USD 50,000,000.

Asia Plastic Recycling Holding Ltd. And its subsidiaries

Information about main shareholders

December 31, 2020

Schedule 6

Name of major shareholders	Share	
	Number of shares held	Shareholding ratio (%)
Investment account of Dinshi Holding Group under the custody of Yuanta Bank by entrustment	38,888,293	14.45
Investment account of Ding Jinzao under the custody of Mega International Commercial Bank by entrustment	15,993,089	5.94

Note 1: Information on major shareholders in this table includes all shareholders holding 5% or more of common or preferred stocks (including treasury stocks) of which non-physical entry and delivery have been completed as of the last business day of the current quarter, as calculated by Taiwan Depository & Clearing Corporation. There may be some difference between the capital stock recorded in these Consolidated Financial Statements and the number of shares for which non-physical entry and delivery have been completed actually, possibly arising from different bases of preparation and calculation.

Note 2: Provided that any shareholder delivers its shares for trust, the foresaid information shall be disclosed by individual accounts of the settlor opening the trust account in the name of the trustee. With regard to the insider's declaration for stock rights over 10% in accordance with the securities law (shares held shall include those held by the shareholders themselves, plus shares that have been delivered for trust where the shareholders possess the right of decision over the trust property), refer to the market observation post system.