



Stock Code: 1337

Asia Plastic Recycling Holding Limited

2023 Annual Report

Website to inquire the annual report:

MOPS: mops.twse.com.tw

Asia Plastic Website: asia-recycle.com

Printed on May 22, 2024

I. Spokesperson

Name of spokesperson: Wang, Wei-Min, CFO	Name of acting spokesperson: Ting, Hua-Hsiung, Deputy general manager
Tel: (07) 269 6099	Tel: (86) 0595-8201-0739
Email: markuhsueh@gmail.com	Email: huaxiong@sansd.cn

II. Head Office, Subsidiary, and Factory's address

(I) Head office

Name: Asia Plastic Recycling Holding Limited	Address: 4 th Floor, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY1-1112, Cayman Islands
	Tel: (86) 0595-8201-0739

(II) Operation Head Office

Name: Sansda (Fujian) Plastic Co., Ltd.	Address: No. 163, Qianjin R. South, Fangjiao Villiage, Chendai Town, Jinjiang City, Fujian Province, China
	Tel: (86) 0595-8519-9888

(III) Subsidiary

Name: Sansda Holding Limited	Address: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
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Name: Sansda (Hong Kong) Co., Ltd.	Address: 5/F, Jardine House 1 Connaught Place Central HK
	Tel: (86) 0595-8201-0739
Name: Sansda (Fujian) Plastic Co., Ltd.	Address: No. 163, Qianjin R. South, Fangjiao Villiage, Chendai Town, Jinjiang City, Fujian Province, China
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Name: Fujian Sansda Recycling Co., Ltd.	Address: No. 163, Qianjin R. South, Fangjiao Villiage, Chendai Town, Jinjiang City, Fujian Province, China
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Name: Sansda Hong Kong Trading Co., Ltd.	Address: Golden Sun Ctr 59-67 Bonham Strand Wwst HK
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Name: Kaohsiung Office	Address: 12F-2, No. 190, Siwei 4th Rd., Lingya District, Kaohsiung City
	Tel: (07) 269-6099

III. Name, Title, Telephone Number, and E-mail address of the Attorney for Litigation and Non-Litigation within the boundaries of the Republic of China

Name: Wang, Wei-Min

Title: Assistant Manager of Finance

Accounting

Tel: (07) 269 6099

Email: weimin831@gmail.com

IV. List of Board of Directors

Title	Name	Nationality	Major experience
Chairman	Ting, Chin-Shan	The Philippines	Chairman, Asia Plastic Recycling Holding Limited.
Director	Ding Holding Limited	British Virgin Islands	No
Director	Chang, Hui-Chun	ROC	Vice Chairman, Asia Plastic Recycling Holding Limited. Ruyi Xiangzhuang Ltd., Chang-Tai County Chairman Ruyi Entertainment Ltd., Chang-Tai County Chairman
Director	Chang, To-Chung	ROC	Ruyi Xiangzhuang Ltd., Chang-Tai County General Manager Ruyi Entertainment Ltd., Chang-Tai County General Manager
Independent Director	Li, Chun-Te	ROC	CFO, Wayi International Digital Entertainment Co., Ltd.
Independent Director	Li, Fan	ROC	Bin Chuan Enterprise Co., Ltd. Deputy general manager for Finance
Independent Director	Liao, Cheng-Pin	China	Honorary Chairman, China Plastics Processing Industry Association

V. Agency Handling Shares Transfer

Name of Securities Broker: Yuanta Securities Co., Address: B1, No. 210, Sec. 3, Chengde
Ltd. Rd.,

Stock Affair Agency
Department

Taipei City

Tel: (886) 2-2586-5859

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

VI. Attesting CPAs Who Duly Audited the Annual Financial Report for the Most Recent Fiscal Year

Name of attesting CPA:

Lin, Chao-Min and Shih, Dai-Ping, CPA

Address: 13F., No. 159, Section 1, Keelung
Road, Taipei City

Website: <http://www.taiwancpa.com.tw/tc/index.php>

Name of accounting firm:

Candor Taiwan CPA

Tel: (886) 2-2763-0434

VII. Name of Any Exchanges Where the Company's Securities are Traded Offshore: None

VIII. Company's Website: asia-recycle.com

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One. Letter to Shareholders

I. 2023 Business results

(I) Result of business plan:

The 2023 consolidated operating revenue of Asia Plastic Recycling Holding Limited (hereafter “the Company”) is NT\$643,603 thousand, down NT\$463,495 thousand, or 41.87%, from NT\$643,603 thousand in 2022; the net consolidated loss after tax in 2023 is NT\$476,892 thousand, down NT\$15,971 thousand or 3.47% from NT\$476,892 thousand for the net consolidated loss after tax in 2022. The full year EPS is -NT\$1.77.

(II) Implementation of 2023 budget:

The Company did not disclose the financial forecast in 2023.

(III) Financial accounts and analysis of profitability:

The cash balance at the end of 2023 is NT\$1,195,479 thousand, down NT\$317,756 thousand from the beginning of the year. Of which, the net cash outflow from operating activities is NT\$329,885 thousand; the net cash outflow from investing activities is NT\$17,886 thousand. The net cash outflow from operating activities is mainly due to the net loss before tax for the year, and the net cash outflow from investing activities is mainly due to the additional and repaired property, plant and equipment for the year. As a conclusion, the debt ratio of the Company is decreased from 3.43% in 2022 to 3.43% in 2022; the current ratio is increased from 2,502.45% in 2022 to 2,502.45% in 2023.

(IV) Research development conditions:

1. As a result of its consistent efforts, the R&D team has developed a new flame-retardant foaming material (PSD) and a purely bio-based and completely degradable forming material. A patent has been granted by China National Intellectual Property Administration on the new flame-retardant forming material (PSD). Following that, an additional patent is also expected to be granted on the purely bio-based and completely degradable foaming material. The completed developments include plasticizer, an high resilient rubber and its preparation, biodegradable plastic for use in production of foam pads for children and its processing method, preparation method and application of highly wearable rubber

composition, SEBS thermoplastic elastomer jigsaw pads for children and its preparation, preparation method and application of maleic anhydride grafted LDPE, non-benzene butanone EVA forming material and its manufacturing method, antimony trioxide compound and its application in highly flame-retardant EVA forming material, and applications and licenses for the inventive patents of dozens of products. In response to the development needs of the industry and the Group, SANSD Fujian has been certified with the “Regulations of Industries Adopting Wasted Plastic Comprehensively” by the Ministry of Industry and Information Technology of China, products are certified with GRS, as well as a provincial level enterprise technical center and municipal R&D center in Fujian Province, with sustained advancement of their national industrial laboratories. Sansda Fujian and Sansda Jiangsu are making continuous efforts in promoting industry-university-research cooperation, facilitating establishment of strategic partnership with the Polymer Research Center of Fuzhou University Jinjiang Research Institute, and boosting research and development of diversified products, process improvement and innovation.

2. Equipment employed by the Group in production of EVA material can be engineered and reconstructed according to product structures, characteristics and quality requirements, and may also be improved based on R&D to better the technological process of production lines and yield. To effectively improve the production efficiency, reduce waste during the process, cut labor and material costs, the Group uses consistent production process from front-end waste plastic recycling, EVA granulation, EVA foam material formulation design and EVA foaming to rear-end formed material rolling and cutting, which helps form a low-cost advantage and provide customers with services of high quality, high efficiency and high economic benefits. While constantly improving the process efficiency, the Group is also active in automating the production process. Sansda Fujian worked closely with Harbin Institute of Technology, a well-reputed automation development institute in China, and jointly developed an automated recycling, foaming and deep processing process. It is expected that the process may effectively

improve the product matching accuracy and production efficiency. It is also listed as a major science and technology project and a benchmarking project of Jinjiang City. Since May 2023, the Company has collaborated with China Ordnance Equipment Group Automation Institute Co., Ltd. to promote an online monitoring system project for foaming machine hydraulic systems. The project aims to use information technology to address quality, equipment maintenance, and repair issues caused by oil leakage in hydraulic systems that are in continuous production with a high production load. In addition, to meet the increasingly tough environmental protection and supervision requirements, Sansda Fujian has set up respective special environment improvement technology and equipment teams to assist environmental protection regulatory authorities and attend to technological improvement of environmental protection equipment, energy saving, emission reduction, clean production and others, so as to constantly improve the environmental conditions of production.

II. Summary of 2024 business plan and future development strategies

(I) Development strategy:

In recent years, local government of the location where the Fujian Plant is located have followed the Central Government's policies regarding environmental protection and carbon reduction, and actively planned the efficiency of land utilization. In light of the common fact that local factories and residences in Jinjiang City are mixed, tending to result in illegal drainage and pollutant discharges that affect the environment. Not only is the city's appearance seriously affected, and inspections are difficult, for the long term, these become hidden risks of fire safety and environmental health.

Pursuant to the "Fifteen Measures to Support the Promotion for Standardized Construction of Industrial Parks" issued by the Office of the Comprehensive Deepening Reform Committee of the Jinjiang Municipal Party Committee, the Jinjiang Municipal Government intends to guide small and medium-sized factories to move to legally compliant plants in the industrial parks and gradually realize the separation of factories and residences. Incentive policies such as increasing the land plot ratio, are used to encourage local large-scale enterprises to increase the efficiency of factory utilization, and expand standard plant buildings, to further absorb the vast local shoemaking industry chain to become tenants.

According to the 2021 national economic and social development statistics of the Jinjiang Municipal Government, the annual production value of the footwear industry is approximately RMB159.2 billion. More than half of the shoe companies in Fujian are located in Jinjiang. There are about 2,350 shoe manufacturers in the city, employing about 230,000 people. The Company is located in the plant area of Jinxin Road, Jinjiang City, covering an area of 228 acres. Other than being adjacent to Quanzhou Airport, it is located in the transportation hub from Jinjiang City to Quanzhou City and Shishi City. There are more than 50 logistics companies in the neighborhood, and it has the development advantages of a medium-sized industrial park.

For the long-term planning of the Company, the Board of Directors' resolved in a board meeting to approve a budget of RMB1,337,339,400 for the “Sansda Shoe and Textile Park” project. The Company constructs standardized industrial factories through entrusted construction of its own land and generates revenue from the development, sale, rental, and other service management of industrial parks as the Company's stable sources of income on top of its core business development.

In addition to effectively improving land utilization efficiency and revitalizing assets, the continuous and stable rental incomes will help to increase shareholders' equity in the long run. The Company intends to absorb downstream manufacturers to move in on the basis of the existing foam material industry position, and integrate the complementary resources of enterprises in the park, to realize the advantages of industrial clusters.

(II) Expected sales volume and basis:

Based on the actual operating performance in 2023, the overall foaming market environment, the upstream and downstream supply and demand conditions of the industry, the expected orders from customers and the Company's production capacity planning to determine the expected sales target of 200,000 cubic meters for 2024.

III. The impact from competitive environment, regulatory environment and overall operating environment:

China's “13th Five-Year Plan for the Plastics Industry” aims to

develop new eco-friendly EVA high-polymer materials and promote green recycling using physical and chemical technologies. The plan also envisages the circular utilization of plastics, the production of new plastic materials through alloying, blending, modification, and other technologies, and the functionalization and high performance of plastics through plastics engineering. Developing high-performance engineering plastics and low-cost plastics is also a trend for the future. Additionally, the potential of EVA foaming materials has not been fully explored, and new emerging fields are expected to expand in the future. Having been deeply engaged in this field for nearly three decades, the Group will continue seeking a stable supply of resources from overseas to sustain its leading position in the industry, with the anticipation to make more achievements.

We wish you

health and prosperity.

Chairman: Ting, Chin-Shan



General Manager: Ting, Chin-Kuang



Accounting Officer: Wang, Wei-Min

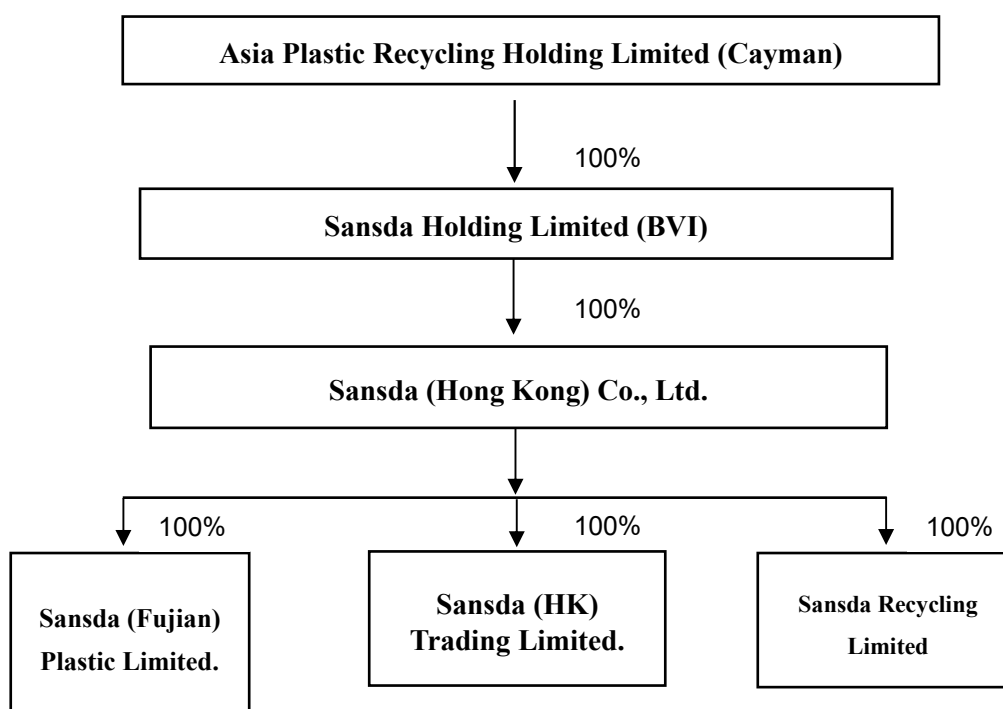


Two. Company Profile

I. Date of Establishment and Group Introduction

The Group was started as Sansda (Fujian) Shoe Industry Limited, which was established in August 1994. The production base is located at Jinjiang City, known as the shoe capital in China. The Company has strived to recycle and reuse the wasted old plastic bags, rubber and plastic scrapes, and invented a series of advanced recycling, reusing, and production technologies and fabrication processes from the researches including recycling to design and manufacturing of improving equipment. The Company mainly engages in the R&D, manufacturing, and sales of ethylene-vinyl acetate copolymer (EVA) foaming materials. The products are widely applied to shoe sole, lining of bags and luggage, sports goods, kids' toys, compound architectural materials, puzzle mats, among other things. On January 8, 2010, the Company established Asia Plastic Recycling Holding Limited at Cayman Islands, as the parent holding company of the Group, and the subject to apply the public offering in Taiwan. The reinvested subsidiaries of the Company include Sansda Holding Limited, Sansda (Hong Kong) Co., Ltd., Sansda (Fujian) Plastic Co., Ltd., Sansda Hong Kong Trading Co., Ltd., and Sansda Recycling Co., Ltd.

II. Group structure



III. Company history

Year	Milestone
1994	Hong Kong Sheng-Cheng (Pacific) Limited established Sansda (Fujian) Shoe Industry Limited as a proprietary company.
1999	Hong Kong Sheng-Cheng (Pacific) Limited transferred the stake of Sansda (Fujian) Shoe Industry Limited to Mr. Ting, Chin-Tsao from the Philippines.
2000	A major breakthrough in wasted plastic R&D that effectively reduced the production costs; six production lines for recycling wasted plastic were established.
2003	Rated as AAA grade credit enterprise by Agriculture Bank of China
2004	Rated as Grade A Taxpayer Enterprise by the National Taxation Bureau, Quanzhou City
2005	Rated as Grade A Taxpayer Enterprise by the National Taxation Bureau, Quanzhou City
2006	Rated as Grade A Taxpayer Enterprise by the National Taxation Bureau, Quanzhou City Selected as the first unit in charge of 2006 technology projects in Jinjiang City Sansda (Fujian)'s new plant, Jiangtou Plant became the key infrastructure project in Fujian Province
2007	Obtained the certifications of ISO14001 (environment management system) and ISO9001 (quality management system) Jiangtou Plant commenced production, and the production equipment increased to 18 units. Rated as AAA grade credit enterprise by Agriculture Bank of China
2008	Rated as AAA grade credit enterprise by Agriculture Bank of China The capacity and performance were greatly improved upon the production commencement of Jiangtou Plant
2009	Renamed as Sansda (Fujian) Plastic Co., Ltd. China Plastics Processing Industry Association awarded the title of "China EVA Circular Recycling Industrialization R&D Base" Rated as AAA grade credit enterprise by Agriculture Bank of China Selected as one of the first 2009 circular economy projects at the provincial level with subsidies Selected by Quanzhou Economic and Trading Commission as the "Project for 2009 Quanzhou City Level 6.18 Project Success Subsidies"

Year	Milestone
	<p>Obtained patent for sterilized and deodorized nutritional adhesive of shoes</p> <p>Subsidiary, Sansda Holding Limited, was established</p> <p>The Expert Committee was established</p>
2010	<p>The Company was established as parent holding company of the Group, and the subject to apply the public offering in Taiwan.</p> <p>Subsidiary, Sansda (Hong Kong) Co., Ltd., was established</p> <p>The Company completed the stake exchange with Ding Holding Limited</p> <p>Obtained the patent of the main screws of the EVA scrap plastic pellet maker and new type of foaming materials</p> <p>The Office of Credit, Ministry of Commerce, PRC and China Plastics Processing Industry Association jointly granted an AAA credit rating to Sansda (Fujian) Plastic, valid from February 1, 2010 to January 31, 2013</p> <p>the “Best Product Innovation Award” in the 3rd term of China (Shenzhen) International Industry Exposition</p> <p>Three independent directors were elected</p>
2011	<p>Registered for trading as emerging market stocks</p> <p>Issued new shares of NT\$144,800 thousand as the capital increase in cash; after the capital increase, the paid-in capital became NT\$1,380,800 thousand</p> <p>The shares were listed in TWSE</p> <p>The subsidiary, Sansda (Jiangsu) Environmental Technology Co., Ltd., was established</p> <p>Obtained seven patents for new type EVA application panels</p> <p>The “Best Eco and Energy-Saving Award” in the “Haixi Top 10 Shoe Material Innovative Enterprises Selection” sponsored by Jinjiang City Government and Haixia News</p>
2012	<p>Transferred NT\$207,120 thousand of surplus as the capital increase; after the capital increase, the paid-in capital became NT\$1,587,920 thousand</p> <p>Subsidiary, Sansda (Hong Kong) Trading Co., Ltd., was established</p> <p>Issued the first tranche of domestic unsecured convertible corporate bonds for NT\$600,000 thousand</p> <p>Issued new shares of NT\$165,000 thousand as the capital increase in cash; after the capital increase, the paid-in capital became NT\$1,752,920 thousand</p> <p>Obtained five application patents for the new type of process improvement, and four protective patents for production and appearance</p>

Year	Milestone
	of slippers.
2013	<p>The Subsidiary, Sansda (Fujian) Plastic Co., Ltd., was rated as the high and new technology enterprise in Fujian Province</p> <p>Transferred NT\$245,409 thousand of surplus as the capital increase; after the capital increase, the paid-in capital became NT\$1,998,329 thousand</p> <p>Obtained 16 protective patents for production and appearance of slippers and floor mats</p>
2014	<p>Transferred of surplus as the capital increase and issued employees' bonus for a total of NT\$503,422 thousand; after the capital increase, the paid-in capital became NT\$2,498,291 thousand (the cancelled treasury shares of NT\$3,460 thousand have been deducted)</p> <p>Obtained patent for the fire-retardant of EVA foaming material</p>

Year	Milestone
2015	<p>Transferred of surplus as the capital increase and issued employees' bonus for a total of NT\$97,593 thousand; after the capital increase, the paid-in capital became NT\$2,595,884 thousand</p> <p>Obtained ten patents for new type EVA application panels</p> <p>Obtained patent for the new type of EVA foaming material</p> <p>Obtained 60 protective patents for production and appearance of floor mats</p>
2016	<p>Transferred of surplus as the capital increase and issued employees' bonus for total NT\$57,797 thousand; after the capital increase, the paid-in capital became NT\$2,653,681 thousand</p> <p>Obtained patent for the new type of EVA foaming material</p> <p>Obtained 13 protective patents for production and appearance of floor mats</p>
2017	Transferred of surplus as the capital increase and issued employees' bonus for a total of NT\$24,080 thousand; after the capital increase, the paid-in capital became NT\$2,677,761 thousand
2018	Transferred of surplus as the capital increase and issued employees' bonus for a total of NT\$11,786 thousand; after the capital increase, the paid-in capital became NT\$2,689,547 thousand
2021	To restructure the organization in the Group, Fujian Sansda Recycling Co., Ltd. was established via the subsidiary, Hong Kong Sansda Ltd. on October 25, 2021; the registered capital is CNY 10,000 thousand.
2021	Sold the subsidiary, Sansda (Jiangsu) Environmental Technology Co., Ltd.,
2023	Subsidiary, Sansda (Fujian) Plastic Co., Ltd. expanded the standard plant industrial park "Sansda Shoe and Textile Park" to increase the plant utilization efficiency.

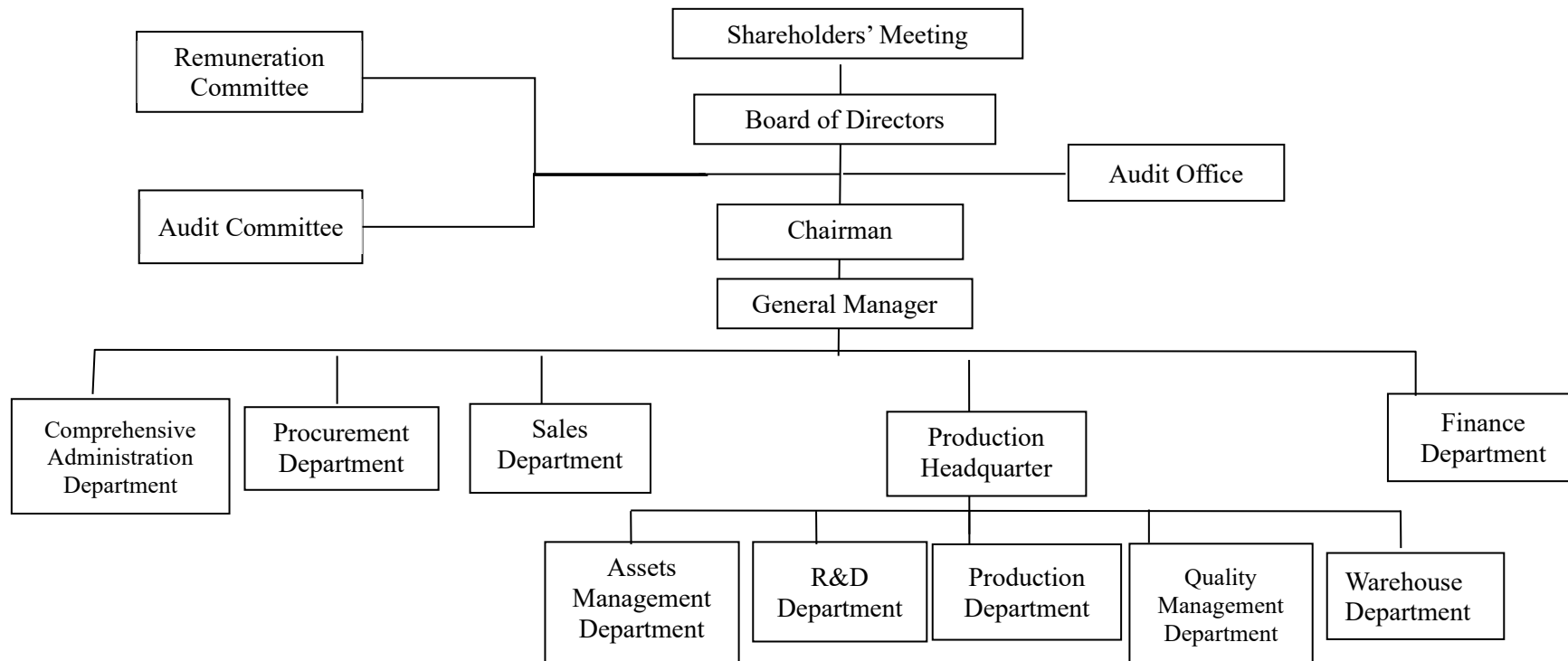
IV. Risks

Please refer to Seven. Review and analysis of the financial status and financial performance and risks

Three. Corporate Governance Report

I. Organizational system

1. Organizational structure



2. Businesses of each major department

Major department	Major functions
Audit Office	Assess the completeness, reasonableness and effectiveness of the internal control system and various management systems; execute the Company's internal audit operations, track the improvement results and the implementation of the Company's self-assessment operations
Audit Committee	Supervision to the Company's business and financial positions, fair presentation of the Company's financial statements, and effective implementation of internal controls
Remuneration Committee	Assisting the board to implement and assess the overall remunerations and benefit policies, as well as the directors' and managerial officers' remunerations
Comprehensive Administration Department	Planning and implementation of logistics management operations, including human resource planning, personnel payroll, recruitment and training, information management, health and safety, and maintenance and planning of general affairs
Procurement Department	Supplier management, planning and implementation of raw materials and fixed assets procurement operations
Sales Department	Business sales planning and implementation, order and market development, market information collection and customer management
Assets Management Department	Fixed asset management and maintenance, workshop building management, among other things
R&D Department	Collection and analysis of new technologies in the industry and market new product information; planning and implementation of new product development and process technology improvement; prototyping, testing and analysis of product performance
Production Department	Production scheduling, product manufacturing, production progress and technical management
Quality Management	Quality policy planning and implementation; raw materials and product quality inspection and

Department	management
Warehouse Department	Raw material in-stock, planning and management of requisition, semi-finished products and finished products in- and out-stock, and warehouse storage space planning management, among other things.
Finance Department	The Company's overall financial planning, fund utilization and deployment, and risk management, the planning of the Company's financial system and operating procedures, and formulation of accounting, taxation, stock affair management and operations, decision-making support analysis and reporting

II. Information on directors, supervisors, general managers, deputy general managers, assistant general managers, and officers of departments and branches

(I) Information on directors and supervisors

(The Company has no supervisor appointed)

Information on directors and supervisors (I)

April 16, 2024; Unit: shares

Title	Nationality or place of registration	Name	Gender/Age	Date elected or appointed	Term of office	Commencement date of elected or appointed	No. of shares held at time of election		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Shares	Shareholding Percentage	Number of Shares (shares)	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares (shares)	Shareholding Percentage			Title	Name	Relationship with the endorser/guarantor	
Chairman	The Philippines	Ting, Chin-Shan	Male/65-70 years old	June 2022	Three years	June 2022	—	—	—	—	—	—	—	—	Chendai Jiangtou Elementary School General manager, Sansda (Fujian) Plastic Co., Ltd.	Director, Ding Holding Limited Director, Sansda Holding Limited Director, Sansda (Hong Kong) Co., Ltd. Chairman, Sansda (Fujian) Plastic Co., Ltd.	—	—	—	—
Director	British Virgin Islands	Ding Holding Limited	-	June 2022.06	Three years	June 2013	59,894,651	23.07%	38,888,293	14.45%	—	—	—	—	—	—	—	—	—	—
	China Mainland China	Representative: Ting, Chin-Kuang	Male/56-60 years old	June 2022	Three years	June 2022.	—	—	—	—	—	—	—	—	Department of Business Administration, China University of Political Science and Law Business Administration, CEO Program, EMBA, Tsing Hua University Special Assistant to Chairman and General manager of Brand Operation Center, Jin Fa Da (Fujian) Shoe Plastic Limited	General manager, Sansda (Fujian) Plastic Co., Ltd.	—	—	—	—
Director	Republic of China	Chang, Hui-Chun	Male/71-75 years old	June 2022	Three years	June 2016	—	—	—	—	—	—	—	—	Department of Business Administration, International Junior College of Business Chairman, Winco Co., Ltd. Vice Chairman, Zhang Zhou City Taiwanese Business Investment Association	Vice Chairman, Asia Plastic Recycling Holding Limited. Chairman, Ruyi Xiangzhuang Ltd., Chang-Tai County Chairman, Ruyi Entertainment Ltd., Chang-Tai County	Director Deputy General Manager	Chang, To-Chung Ting, Hua-Hsiung	Father/son Father/son in law	—
Director	Republic of China	Chang, To-Chung	Male/35-40 years old	June 2022	Three years	May 2010	—	—	—	—	—	—	—	—	Department of Finance, Quanzhou Huaqiao University General manager, Winco Co., Ltd.	General manager, Ruyi Xiangzhuang Ltd., Chang-Tai County General manager, Ruyi Entertainment Ltd., Chang-Tai County	Director Deputy General Manager	Chang, Hui-Chun Ting, Hua-Hsiung	Father/son Brother s in law	—

Title	Nationality or place of registration	Name	Gender/Age	Date elected or appointed	Term of office	Commencement date of elected or appointed	No. of shares held at time of election		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Shares	Shareholding Percentage	Number of Shares (shares)	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares (shares)	Shareholding Percentage			Title	Name	Relationship with the endorser/guarantor	
Independent Director	Republic of China	Li, Chun-Te	Male/ 61-65 years old	June 2022	Three years	June 2016	—	—	—	—	—	—	—	—	Bachelor, Department of Business Administration, Soochow University Master of Business Administration, National Chengchi University PhD, Economics, Fujian Normal University Chief, Department of Planning, Financial Supervisory Commission, Executive Yuan Counselor, Financial Supervisory Commission, Executive Yuan Deputy general manager, the Motor Vehicle Accident Compensation Fund	CFO, Wayi International Digital Entertainment Co., Ltd. Independent Director of Ching Feng Home Fashion Co. Ltd. Independent Director of TOPLUS GLOBAL CO., LTD.	—	—	—	—
Independent Director	Republic of China	Li, Fan	Male/ 51-55 years old	June 2022	Three years	June 2016	—	—	—	—	—	—	—	—	Department of Accounting, Tunghai University Team leader, Deloitte Taiwan Vice Manager, Underwriting Department, Fubon Securities Co., Ltd.	Deputy general manager for Finance, Bin Chuan Enterprise Co., Ltd. Director, Bin Chuan Enterprise Co., Ltd.	—	—	—	—
Independent Director	Mainland China	Liao, Cheng-Pin	Male/ 81~85 years old	June 2022	Three years	March 2010	—	—	—	—	—	—	—	—	Department of Physics, Chengdu University Vice Chief, Office of Plastic, China National Light Industry Council Vice Chairman and Chief Secretary, China Plastics Processing Industry Association President, China Plastics Processing Industry Association Member of Review Panel, National Office for Science & Technology Awards	Honorary Chairman, China Plastics Processing Industry Association	—	—	—	—

Table 1: Major shareholders of corporate shareholders

April 17, 2023

Names of corporate shareholders	Major shareholders of corporate shareholders	Ownership
Ding Holding Limited	Ting, Chin-Shan	32.5%
	Ting, Chin-Tsao	25.0%
	Ting, Chin-Ti	13.5%
	Ting, Chin-Kuang	13.0%

(II) Information of Directors and Supervisors

I. Information on professional qualifications of directors and supervisor, and independence of independent director:

April 16, 2024

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Ting, Chin-Shan	1. Education: Chendai Jiangtou Elementary School 2. Current position: Chairman of Asia Plastic Recycling Holding Limited; Director of Ding Holding Limited; Director of Sansda Holding Limited; Director of Sansda (Hong Kong) Co., Ltd.; and Director of Sansda (Fujian) Plastic Co., Ltd. 3. Experience: former General Manager, Sansda (Fujian) Plastic Co., Ltd. 4. Expertise: Marketing, operation management; plastic recycling and production; plastic processing 5. Possessing working experience in commerce and required for the Company's business, and the professional qualification 6. Not a person with any of the circumstances under Article 30 of the Company Act.	-	0
Ting, Chin-Kuang (Note 3)	1. Education: Department of Business Administration, China University of Political Science and Law; Business Administration, CEO Program, EMBA, Tsing Hua University 2. Current position: General Manager of Asia Plastic Recycling Holding Limited; General Manager of Sansda (Fujian) Plastic Co., Ltd. 3. Experience: Special Assistant to Chairman and General manager of Brand Operation Center, Jin Fa Da (Fujian) Shoe Plastic Limited 4. Expertise: Marketing, operation management; plastic recycling and production; plastic processing; risk management 5. Possessing working experience in commerce and required for the Company's business, and the professional qualification 6. Not a person with any of the circumstances under Article 30 of the Company Act.	-	0

Chang, Hui-Chun	<p>1. Education: Department of Business Administration, International Junior College of Business</p> <p>2. Current position: Vice Chairman of Asia Plastic Recycling Holding Limited; Chairman of Chairman, Ruyi Xiangzhuang Ltd., Chang-Tai County; Chairman of Chairman, Ruyi Entertainment Ltd., Chang-Tai County</p> <p>3. Experience: Chairman, Winco Co., Ltd.; Vice Chairman, Zhang Zhou City Taiwanese Business Investment Association</p> <p>4. Expertise: Marketing, operation management; risk management</p> <p>5. Possessing working experience in commerce and required for the Company's business, and the professional qualification</p> <p>6. Not a person with any of the circumstances under Article 30 of the Company Act.</p>	-	0
Chang, To-Chung	<p>1. Education: Department of Finance, Quanzhou Huaqiao University</p> <p>2. Current position: General Manager, Ruyi Entertainment Ltd., Chang-Tai County</p> <p>3. Experience: General Manager, Winco Co., Ltd.</p> <p>4. Expertise: Operation management; finance</p> <p>5. Possessing working experience in commerce and required for the Company's business, and the professional qualification</p> <p>6. Not a person with any of the circumstances under Article 30 of the Company Act.</p>	-	0
Li, Chun-Te (Note 4)	<p>1. Education: Bachelor, Department of Business Administration, Soochow University, Master of Business Administration, National Chengchi University, PhD, Economics, Fujian Normal University</p> <p>2. Current position: CFO, Wayi International Digital Entertainment Co., Ltd.; Independent Director of Ching Feng Home Fashions Co. Ltd.; Independent Director of Yv Ding International Co., Ltd. Toplus Global Co., Ltd.</p> <p>3. Experience: Chief, Department of Planning, Financial Supervisory Commission, Executive Yuan; Counselor, Financial Supervisory Commission, Executive Yuan; Deputy general manager, the Motor Vehicle Accident Compensation Fund</p> <p>4. Expertise: Insurance; accounting; laws</p> <p>5. Serving as the convener of the Audit Committee and member of the Remuneration Committee</p> <p>6. Possessing working experience in commerce and required for the Company's business, and the professional qualification</p> <p>7. Not a person with any of the circumstances under Article 30 of the Company Act.</p>	Not in any circumstance specified in Article 3, paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during two years prior to the appointment and the term of office.	2
Li, Fan (Note 4)	<p>1. Education: Department of Accounting, Tunghai University</p> <p>2. Current position: Deputy general manager for Finance, Bin Chuan Enterprise Co., Ltd.; Director of Bin Chuan Enterprise Co., Ltd.</p> <p>3. Experience: Team leader, Deloitte Taiwan; Vice Manager, Underwriting Department, Fubon Securities Co., Ltd.</p> <p>4. Expertise: Securities; accounting; laws</p> <p>5. Serving as the member of the Audit Committee and convener of the Remuneration Committee</p> <p>6. Possessing working experience in commerce and required for the Company's business, and the professional qualification</p> <p>7. Not a person with any of the circumstances under Article 30 of the Company Act.</p>	Not in any circumstance specified in Article 3, paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during two years prior to the appointment and the term of office.	0

Liao, Cheng-Pin (Note 4)	1. Education: Department of Physics, Chengdu University 2. Current position: Honorary Chairman, China Plastics Processing Industry Association 3. Experience: Vice Chief, Office of Plastic, China National Light Industry Council; Vice Chairman and Chief Secretary, China Plastics Processing Industry Association; President, China Plastics Processing Industry Association; Member of Review Panel, National Office for Science & Technology Awards 4. Expertise: Plastic recycling and production; plastic processing 5. Serving as the member of the Audit Committee and member of the Remuneration Committee 6. Possessing working experience in commerce and required for the Company's business, and the professional qualification 7. Not a person with any of the circumstances under Article 30 of the Company Act.	Not in any circumstance specified in Article 3, paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during two years prior to the appointment and the term of office.	0
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II. Diversity and Independence of the Board of Directors

(I) Diversity of the board of directors:

1. Diversity policy:

The Board has established the “Corporate Governance Best Practice Principles” and “Procedures for Election of Directors” to specify the diversity policy of the board of directors. Both Article 20 of the “Corporate Governance Best Practice Principles” and Article 3 of “Procedures for Election of Directors” specify that the composition of the board of directors shall be determined by taking diversity into consideration, and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- Basic requirements and values: Gender, age, nationality, and culture.
- Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the abilities that must be present in the board as a whole shall include: the ability to make judgments about operations; accounting and financial analysis ability; business management ability; crisis management ability; knowledge of the industry; an international market perspective; leadership ability; and decision-making ability.

2. Specific goals:

The company's board of directors guides the company's strategy, supervises the management, and is accountable to the company and shareholders. The operations and arrangements of its corporate governance system all play a role in ensuring that the board of directors exercises its powers in accordance with laws, regulations of the company's articles of association, or resolutions of the shareholders' meeting. Our company actively cooperates with the Financial Supervisory Commission to promote the 5 main objectives of the Company Governance 3.0 Sustainable Development Blueprint. The company has taken several steps to ensure good corporate governance. These include meeting the

requirement that at least one-third of the total director seats be held by independent directors, appointing a corporate governance officer, obtaining director liability insurance, approving quarterly financial statements through the audit committee (starting in 2022), implementing electronic voting, and preparing and submitting a 2022 Sustainability Report from 2023 onwards. Additionally, according to regulatory policies, the company plans to appoint at least one female director during the comprehensive director election in 2025.

3. Achievement:

The proportion of directors with employee status is 43%. Currently, seven directors are all male, two directors are 35-40 years old, one is 51-55 years old, two are 61-65 years old, one is 71-75 years old, and one is 76-80 years old. The proportion of independent directors is 43%, and the tenure of the three independent directors is 4 to 8 years. Related implementation are as below:

Core items of diversity Director's name	Basic composition								Industrial experience				Professional background/abilities							
	Nationality	Gender	Concurrently serving as the Company's employee	Age					Terms as an independent director	4-8 years	Securities	Insurance	Marketing	Business management	Plastic recycling and production	Accounting	Laws	Finance	Risk management	Plastic processing
				35-40	51-55	56-60	61-65	65-70	71-75	81-85										
Ting, Chin-Shan	The Philippines	Male	V					V					V	V	V					V
Ding Holding Limited (Representative: Ting, Chin-Kuang)	China	Male	V			V							V	V					V	
Chang, Hui-Chun	ROC	Male	V						V				V	V					V	
Chang, To-Chung	ROC	Male		V										V				V		
Li, Chun-Te	ROC	Male					V				V		V			V	V			

Li, Fan	ROC	Male			V						V	V					V	V			
Liao, Cheng-Pin	China	Male								V	V						V				V

(II) Independence of the board of directors:

1. The sixth Board of Directors of the Company consists of seven directors, three of whom are independent directors, accounting for 43%, and three directors are concurrent employees, accounting for 43%. All independent directors maintain independence when performing business, having no interest in the Company. They also serve as members of the Audit Committee. They are responsible for the fair presentation of the Company's financial statements, the selection (discharge) of CPAs and their independence and performance, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and fulfillment of the supervision duty.
2. There are two directors among the directors are relatives within the second degree of kinship, accounting for 29%. There is no spouse or relatives within the second degree of kinship among independent directors, or between independent directors and directors, complying with Article 26-3, paragraphs 3 and 4 of the Securities Exchange Act.

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 3: Representatives of corporate directors.

Note 4: Independent Director

(II) Information on general managers, deputy general managers, assistant general managers, and officers of departments and branches

Information on general managers, deputy general managers, assistant general managers, and officers of departments and branches

April 16, 2024; Unit: shares

Title	Nationality or place of registration	Name	Gender	Date elected or appointed	Shareholding.		Shareholding of spouse and minor children now		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in other companies now	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship with the endorser/guarantor	
Chairman	The Philippines	Ting, Chin-Shan	Male	June 2022	—	—	—	—	—	—	Department of Geological Exploration, Longyan University General manager, Sansda (Fujian) Plastic Co., Ltd.	Director, Ding Holding Limited Director, Sansda Holding Limited Director, Sansda (Hong Kong) Co., Ltd. Chairman, Sansda (Fujian) Plastic Co., Ltd.	General Manager	Ting, Chin-Kuang	Brother	—
Vice Chairman	ROC	Chang, Hui-Chun	Male	June 2016	—	—	—	—	—	—	Department of Business Administration, International Junior College of Business Chairman, Winco Co., Ltd. Vice Chairman, Zhang Zhou City Taiwanese Business Investment Association	Chairman, Ruyi Xiangzhuang Ltd., Chang-Tai County Chairman, Ruyi Entertainment Ltd., Chang-Tai County	Deputy general manager of Sales	Ting, Hua-Hsiung	Father/son in law	—
General Manager	China	Ting, Chin-Kuang	Male	December 2023	—	—	—	—	—	—	Chendai Minzu Middle School Procurement Manager, Sansda (Fujian) Plastic Co., Ltd. General Manager, Jin Fa Da (Fujian) Shoe Plastic Limited General Manager/ Wankaida Shoes Co., Ltd.	General Manager, Jin Fa Da (Fujian) Shoe Plastic Limited General Manager/ Wankaida Shoes Co., Ltd.	Chairman	Ting, Chin-Shan	Brother	—
General Manager, Sansda (Fujian)	The Philippines	Ting, Chih-Meng	Male	October 2014	—	—	—	—	—	—	Department of Business Administration, China University of Political Science and Law Business Administration, CEO Program, EMBA, National Tsing Hua University Special Assistant to Chairman and General manager of Brand Operation Center, Jin Fa Da (Fujian) Shoe Plastic Limited	General manager, Sansda (Fujian) Plastic Co., Ltd.	—	—	—	—
Deputy general manager of Sales, Sansda (Fujian)	The Philippines	Ting, Hua-Hsiung	Male	January 2006	—	—	—	—	—	—	Department of Marketing, Quanzhou Huaqiao University	—	Vice Chairman	Chang, Hui-Chun	Father/son in law	—
Deputy general manager of Procurement, Sansda (Fujian)	The Philippines	Ting, Chih-Wei	Male	July 2008	—	—	—	—	—	—	Department of Business Administration, Fuzhou University Sansda (Fujian) Plastic Co., Ltd. Manager, Procurement Department	—	—	—	—	—
Assistant VP, Finance and Accounting	ROC	Wang, Wei-Min	Male	September 2013	6	—	—	—	—	—	Department of Accounting, Chung Yuan Christian University Vice Manager, Deloitte Taiwan Finance Manager, Yang's Aquaculture, Shunde District, Foshan City Audit Manager, Asia Plastic Recycling Holding Limited	—	—	—	—	—
Assistant VP of Audit	ROC	Liang, Wei-Jie	Male	May 2015	—	—	—	—	—	—	Department of Accounting, Law and Business College, National Chung Hsing University Manager, Accounting Department, DTE Technologies Corp. Manager, Accounting Department, J touch Corporation	—	—	—	—	—

(III). Remuneration for directors, supervisors, general managers and deputy general managers in the latest year

(1) The remunerations to directors (including independent directors)

Unit: NT\$ thousand, March 31, 2023

Unit: NT\$ thousand, March 31, 2023

Title	Name	Directors' remuneration							A, B, C and D as a % of the net profits after tax	Remuneration for a concurrent position as an employee												A, B, C, D, E, F and G as a % of the net profits after tax		Remuneration from invested enterprises outside subsidiaries or from the parent company		
		Base remuneration (A)		Severance and pension (B)		Remuneration for directors (C)		Business execution expenses (D)		Salary, bonus, allowance (E)		Severance and pension (F)		Remuneration for employees (G)				Number of shares to be subscribed via the employee share subscription warrants (H)		Number of obtained new restricted employee shares (I)						
		All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	The Company		All companies in the financial statements		All companies in the financial statements	The Company	All companies in the financial statements	The Company				
															Cash bonus amount	Dividend bonus amount	Cash bonus amount	Dividend bonus amount								
Chairman	Ting, Chin-Shan	—	—	—	—	—	—	—	—	—	—	1,864	1,864	—	—	—	—	—	—	—	—	—	—	3,323 -0.81%	3,323 -0.81%	No
Director	Ding Holding Limited (Representative: Ting, Chin-Kuang)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	No
Director	Chang, Hui-Chun	—	—	—	—	—	—	88	88	88 -0.02%	88 -0.02%	—	—	—	—	—	—	—	—	—	—	—	—	88 -0.02%	88 -0.02%	No
Director	Chang, To-Chung	—	—	—	—	—	—	88	88	88 -0.02%	88 -0.02%	—	—	—	—	—	—	—	—	—	—	—	—	88 -0.02%	88 -0.02%	No
Independent Director	Li, Chun-Te	—	—	—	—	—	—	110	110	110 -0.03%	110 -0.03%	—	—	—	—	—	—	—	—	—	—	—	—	110 -0.03%	110 -0.03%	No
Independent Director	Li, Fan	—	—	—	—	—	—	110	110	110 -0.03%	110 -0.03%	—	—	—	—	—	—	—	—	—	—	—	—	110 -0.03%	110 -0.03%	No
Independent Director	Liao, Cheng-Pin	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	No
Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: None. The independent director's remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure: the directors are only paid with the transportation subsidies, not linked to the operating performance and future risk exposure; meanwhile, pursuant to the Company's Articles of Incorporation, the Company recorded net loss after tax this year, and thus no directors' remunerations will be paid.																										

Note 1: The fourth term of directors were elected on June 15, 2016, and the Audit Committee was established to replace the supervisors' functions.

Director remuneration ranges

Remuneration ranges paid to each director of the Company	Director's name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Lower than 1,000,000	Ting, Chin-Shan, Ting, Chin-Kuang, Chang, Hui-Chun, Chang, To-Chung, Li, Chun-Te, Li Fan, Liao, Cheng-Pin	Ting, Chin-Shan, Ting, Chin-Kuang, Chang, Hui-Chun, Chang, To-Chung, Li, Chun-Te, Li Fan, Liao, Cheng-Pin	Ting, Chin-Kuang, Chang, Hui-Chun, Chang, To-Chung, Li, Chun-Te, Li Fan, Liao, Cheng-Pin	Ting, Chin-Kuang, Chang, Hui-Chun, Chang, To-Chung, Li, Chun-Te, Li Fan, Liao, Cheng-Pin
1,000,000(inclusive)~2,000,000	—	—	—	—
2,000,000(inclusive)~3,500,000	—	—	Ting, Chin-Shan	Ting, Chin-Shan
3,500,000(inclusive)~5,000,000	—	—	—	—
5,000,000(inclusive)~10,000,000	—	—	—	—
10,000,000(inclusive)~15,000,000	—	—	—	—
15,000,000(inclusive)~30,000,000	—	—	—	—
30,000,000(inclusive)~50,000,000	—	—	—	—
50,000,000(inclusive)~100,000,000	—	—	—	—
More than NT\$100,000,000	—	—	—	—
Total	9	9	9	9

- (2) Remunerations paid to the supervisors in the most recent year: not applicable, as the Company elected the fourth term of directors on June 15, 2016, and the Audit Committee was established to replace the supervisors' functions.

(3) Remuneration paid to the General Manager and Deputy General Manager in the most recent year

Unit: NT\$ thousand, December 31, 2023

Unit: RMB thousand, December 31, 2023																			
Title	Name	Salary (A)		Retirement pay and pension (B)		Bonus and allowance (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Employee stock options obtained		Number of obtained new restricted employee shares		Remuneration from invested enterprises outside subsidiaries or from the parent company	
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities		
								Cash bonus amount	Dividend bonus amount	Cash bonus amount	Dividend bonus amount								
Chairman	Ting, Chin-Shan	3,323	3,323	—	—	—	—	—	—	—	—	3,323 -0.81%	3,323 -0.81%	—	—	—	—	No	
General Manager	Ting, Chin-Kuang	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	No	
General Manager, Fujian Sansda	Ting, Chih-Meng	2,538	2,538	—	—	203	203	—	—	—	—	2,741 -0.67%	2,741 -0.67%	—	—	—	—	No	
Deputy general manager of Sales, Sansda (Fujian)	Ting, Hua-Hsiung	1,498	1,498	—	—	123	123	—	—	—	—	1,545 -0.38%	1,545 -0.38%	—	—	—	—	No	
Deputy general manager of Procurement, Sansda (Fujian)	Ting, Chih-Wei	1,389	1,389	—	—	116	116	—	—	—	—	1,621 -0.39%	1,621 -0.39%	—	—	—	—	No	
Assistant VP, Finance and Accounting	Wang, Wei-Min	1,389	1,389	—	—	116	116	—	—	—	—	1,505 -0.37%	1,505 -0.37%	—	—	—	—	No	
Assistant VP of Audit	Liang, Weh-Jie	1,250	1,250	—	—	104	104	—	—	—	—	1,354 -0.33%	1,354 -0.33%	—	—	—	—	No	

Note: Effective December 23, 2023, the Board of Directors has appointed Ting, Chin-Kuang as the general manager of the Company, and Ting Chih-Meng has been reassigned as the general manager of Sansda (Fujian).

Remuneration ranges for the general managers and deputy general managers

Remuneration ranges paid to each General Manager and Deputy General Manager of the Company	Name of general manager or deputy general manager	
	The Company	All companies in the financial statements
Lower than 1,000,000	Ting, Chin-Kuang	Ting, Chin-Kuang
1,000,000(inclusive)~2,000,000	Ting, Hua-Hsiung, Ting, Chih-Wei, Wang, Wei-Min, Liang, Wen-Chieh	Ting, Hua-Hsiung, Ting, Chih-Wei, Wang, Wei-Min, Liang, Wen-Chieh
2,000,000(inclusive)~3,500,000	Ting, Chin-Shan, Ting, Chih-Meng	Ting, Chin-Shan, Ting, Chih-Meng
3,500,000(inclusive)~5,000,000	—	—
5,000,000(inclusive)~10,000,000	—	—
10,000,000(inclusive)~15,000,000	—	—
15,000,000(inclusive)~30,000,000	—	—
30,000,000(inclusive)~50,000,000	—	—
50,000,000(inclusive)~100,000,000	—	—
More than NT\$100,000,000	—	—
Total	Seven	Seven

(4) The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution for the most recent year

Expressed in Thousands of NTD

Title	Name	Amount of share remuneration	Amount of cash remuneration	Total	Total amount as a % of the net profits after tax (%)
Chairman (Note2)	Ting, Chin-Shan	-	-	-	-
General manager of Procurement, Sansda (Fujian)	Ting, Chih-Meng				
Deputy general manager of Sales, Sansda (Fujian)	Ting, Hua-Hsiung				
Deputy general manager of Procurement, Sansda (Fujian)	Ting, Chih-Wei				
Assistant VP, Finance and Accounting	Wang, Wei-Min				
Assistant VP of Audit	Liang, Weh-Jie				

Note 1: There is a loss in 2023; pursuant to the Company's Articles of Incorporation, no employees' remunerations will be provided.

(5) Remuneration paid to each of its top five management personnel of TWSE or the TPEx listed companies:

Unit: NT\$ thousand, December 31, 2023

Title	Name	Salary (A)		Retirement pay and pension (B)		Bonus and allowance (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration from invested enterprises outside subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash bonus amount	Dividend bonus amount	Cash bonus amount	Dividend bonus amount			
Chairman	Ting, Chin-Shan	3,323	3,323	—	—	—	—	—	—	—	—	3,323 -0.81%	3,323 -0.81%	No
General manager of Procurement, Sansda (Fujian)	Ting, Chih-Meng	2,538	2,538	—	—	203	203	—	—	—	—	2,741 -0.67%	2,741 -0.67%	No
Deputy general manager of Sales, Sansda (Fujian)	Ting, Hua-Hsiung	1,233	1,233	—	—	312	312	—	—	—	—	1,545 -0.38%	1,545 -0.38%	No
Deputy general manager of Procurement, Sansda (Fujian)	Ting, Chih-Wei	1,498	1,498	—	—	123	123	—	—	—	—	1,621 -0.39%	1,621 -0.39%	No
Assistant VP, Finance and Accounting	Wang, Wei-Min	1,389	1,389	—	—	116	116	—	—	—	—	1,505 -0.37%	1,505 -0.37%	No

(IV) Compare and describe the total remuneration paid to directors, supervisors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

1. Analysis of the total remuneration paid to the Company's directors, supervisors, general manager and deputy general manager as a percentage of net income after tax in the parent-only or consolidated financial reports for the last two years by the Company and all companies in the consolidated financial statements:

Expressed in Thousands of NTD

Item	2022				2023			
	Individual remuneration (Note)		Consolidated remuneration		Individual remuneration (Note)		Consolidated remuneration	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	-	-	4,584	-0.96	-	-	3,719	-0.91
Supervisor	-	-	-	-	-	-	-	-
General manager and deputy general manager	-	-	13,232	-2.77	-	-	12,089	-2.95

Note: The Company only prepares the consolidated financial reports of the parent and subsidiaries, and thus this is not applicable.

2. The policy, criteria and composition for the payment of remuneration, the procedures for setting remuneration, and the correlation with operating performance and future risks:

- I. Remuneration policy, standards, and package

1. Pursuant to Article 65 of the Company's Articles of Incorporation, directors' remuneration may vary, and regardless of the Company's profit or loss, the remuneration may be paid annually based on the following factors: (a) the extent of their participation in the Company's operations; (b) the value of their contribution to the Company; (c) with reference to the normal level of the peers; and (d) other relevant factors. Pursuant to Article 105 of the Articles of Incorporation, if the Company has made profits in the current year during the listing period, at least 2% shall be withdrawn as the employee remuneration (unless otherwise specified in Cayman decree or listing (OTC) rules, qualification of those employees shall be determined by the Board of Directors), which shall be distributed to the employees of the Company and (or) subsidiaries by issuing new shares and/or cash, and no higher than 1% shall be withdrawn as the director remuneration and shall be distributed to various directors, provided that at least two-thirds of directors of the Board present and more than half of directors have adopted the resolution. The Company regularly evaluates the remunerations of directors based on the "Rules for Performance

Evaluation of Board of Directors.” The relevant performance appraisal and the reasonableness of remuneration are reviewed by the Remuneration Committee and the Board.

2. For the remunerations to the Company's managerial officers and employees, the work compensations and bonuses are clearly stipulated pursuant to the Company's human resources management manual to demonstrate compassion and reward employees for their hard work. Relevant bonuses are also assessed and paid depending on the Company's annual operating performance, financial status, operational status and personal work performance; in addition, if the Company makes profits for a year, pursuant to Article 105 of the Company's Articles of Incorporation, no less than 2% shall be provided as employees' remuneration. The reference to disburse the bonus to managerial officers and employees is based on the results of performance evaluation conducted pursuant to the HR Management Manual, which are based on the overall consideration of the participation in the Company's operation and performance, as well as the three major aspects, including the implementation of the Company's core values and operational management ability for 40% (the measurements include ethics and integrity, practice of the Company's business philosophy, corporate culture, demonstrating leadership and management capabilities); financial and business performance indicators for 40% (the measurements include profitability, growth rate, market leadership, and product quality), and other special contributions or major negative events account for 20% (other special contributions such as the Company's acquires international certification or awards; major negative events such as major negative news, or improper internal management); these are included in performance evaluation and remuneration considerations. The remuneration system is subject to timely review depending on the actual operations and related laws and regulations.

3. The package of the Company's remuneration is determined pursuant to the Remuneration Committee Charter, including cash compensation, subscription warrant, share bonus, retirement benefits or severance pay, various allowances, and other measures with substantial incentives; its scope shall be identical to the remunerations of directors and managerial officers specified in the Regulations Governing Information to be Published in Annual Reports of Public Companies of Taiwan.

II. Procedures for determining remuneration

1. To evaluate the remunerations of directors and managerial officers periodically, the appraisal results pursuant to the Rules for Performance Evaluation of Board of Directors and the human resources management manual applicable to managerial officers and employees serve as the basis.

2. In 2023, the self-evaluation results for the performance of the Board of Directors, Board members, and members of each functional committee were all excellent. However, in recent years, the Company has been affected by China

lockdown measures for COVID-19, China-US trade war and weak demand, and has continued to make losses, so it has not been provided and distributed directors' remunerations.

3. The relevant performance appraisals and remuneration reasonableness of the Company's directors and managerial officers are regularly evaluated and reviewed by the Remuneration Committee and the Board every year. In addition to referring to the personal performance achievement rate and contribution to the Company, it also considers the Company's overall operating performance, the future risks and development trends of the industry, while reviewing the remuneration system depending on the actual operating conditions and relevant laws and regulations any time. After comprehensively considering the current corporate governance trends, reasonable remunerations will be given to achieve a balance between the Company's sustainable operation and risk control.

III. Linkage to operating performance and future risk exposure

1. The review of the payment standards and system related to the Company's remuneration policy takes the overall operation of the Company as the main consideration, and determines the payment standard based on the performance achievement rate and contribution in order to improve the overall organizational effectiveness of the Board of Directors and managers. Additionally, it also refers to industry remuneration standards to ensure that the remuneration of the Company's management is competitive in the industry, to retain excellent management talents.

2. The performance goals of the Company's managerial officers are integrated with risk control to ensure that possible risks within the scope of duties can be managed and prevented, and the results of ratings based on actual performance are linked to relevant human resources and related remuneration policies. The important decisions of the Company's management are made after comprehensive considerations of various risk factors. The performance of relevant decisions reflects the Company's profit situation, and thus links the remunerations of the management with the performance of risk control.

III. Implementation of corporate governance

(I) The operation of the board of directors

The board of directors convened 5 meetings in 2023. The attendance of the directors is described below:

Title	Name	Actual number of attendances (B)	Number of attendance by proxy	Attendance in person (%) [B/A]	Remarks
Chairman	Ting, Chin-Shan	5		100.00	
Director	Ding Holding Ltd (Representative: Ting, Chin-Kuang)	5		100.00	
Director	Chang, Hui-Chun	5		100.00	
Director	Chang, To-Chung	5		100.00	
Independent Director	Li, Chun-Te	5		100.00	
Independent Director	Li, Fan	5		100.00	
Independent Director	Liao, Cheng-Pin	5		100.00	

Other matters required to be recorded.

- I. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described: The Company has established the Audit Committee and thus Article 14-3 of the Securities and Exchange Act is not applicable; meanwhile, there as no independent director expressing objection or qualified opinions to the board's resolutions.
 - 1) Matters addressed in Article 14-3 of the Securities and Exchange Act:
 - 2) In addition to the previous matters, other board meeting resolutions have been opposed or reserved by independent directors with records or written statements.
- II. In the implementation of a director's recusal for being an interested party in a proposal, the director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated:
 - (I) Board of Directors meeting on December 23, 2023

Agenda: Dismissal and appointment of the Company's general manager.

Directors recused due to conflict of interest: Ting, Chin-Shan, representative appointed by Ding Holding LTD, Ting, Chin-Kuang.

Reason for recusal and vote participation: Except for Director Ting, Chin-Shan and the representative appointed by Ding Holding LTD (Ting, Chin-Kuang), who did not participate in the discussion or vote, the remaining directors unanimously passed the resolution according to Article 206 of the Company Act.
 - (II) Board of Directors meeting on December 23, 2023

Agenda: Proposal to lift the non-compete requirement for managers.

Directors recused due to conflict of interest: Ting, Chin-Shan, representative appointed by Ding Holding LTD, Ting, Chin-Kuang.

Reason for recusal and vote participation: Except for Director Ting, Chin-Shan and the

representative appointed by Ding Holding LTD (Ting, Chin-Kuang), who did not participate in the discussion or vote, the remaining directors unanimously passed the resolution according to Article 206 of the Company Act.

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

Evaluation frequency	Evaluation duration	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	Including performance evaluation for the board as a whole, individual board member, the Audit Committee and Remuneration Committee.	Including the self-evaluation in the board of directors and board member.	<p>(I) Five aspects of the performance evaluation for the board of directors</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; 5. Internal control <p>(II) Six aspects of the performance evaluation for the board members</p> <ol style="list-style-type: none"> 1. Alignment of the Company's objectives and tasks; 2. Perception of directors' responsibilities; 3. Participation in the operation of the company; 4. Internal relationship management and communication; 5. Professionalism and continuing education of directors; 6. Internal control <p>(III) Five aspects of the performance evaluation for the Audit Committee</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Awareness of the duties of the Audit Committee; 3. Improvement of quality of decisions made by the Audit Committee; 4. Makeup of the Audit Committee and election of its members; 5. Internal control <p>(IV) Four aspects of the performance evaluation for the Remuneration Committee</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Awareness of the duties of the Remuneration Committee; 3. Improvement of quality of decisions made by the Remuneration Committee; 4. Makeup of the Remuneration Committee

				and election of its members; 5. Internal control
<p>IV. Evaluation of the objective for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year:</p> <p>(I) The Company has established the Audit Committee in 2016. Please refer to the Audit Committee Operation for the implementation.</p> <p>(II) For the outcome of the 10th Corporate Governance Evaluation, the Company was ranked at the first 60%~80% range of the public companies. In the future, the Company will disclose the related information on the official website and the website designated by the competent authority to improve the information transparency.</p>				

Conduct the training sessions for directors and supervisors, and encourage directors, supervisors, and managerial officers to attend the corporate governance education:

The 2023 continuing education of the directors is as below:

Title	Name	Date of session	Course organizer	Course name	Hours of session
Chairman	Ting, Chin-Shan	December 22, 2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality, and corporate legal compliance	3
				ESG-related legal issues for the Board of Directors to consider	3
Director	Ding Holding Ltd	December 22, 2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality, and corporate legal compliance	3
				Net zero emissions, carbon neutrality, and corporate legal compliance	3
Director	Chang, Hui-Chun	December 22, 2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality, and corporate legal compliance	3
				ESG-related legal issues for the Board of Directors to consider	3
Director	Chang, To-Chung	December 22, 2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality, and corporate legal compliance	3
				ESG-related legal	3

				issues for the Board of Directors to consider	
Independent Director	Li, Chun-Te	July 13, 2023	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies	3
		August 10, 2023	Securities and Futures Institute	Introduction to short-term trading of insiders and case study	3
		November 8, 2023	Taiwan Corporate Governance Association	Corporate M&A options and tax effects	3
Independent Director	Li, Fan	December 22, 2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality, and corporate legal compliance	3
				ESG-related legal issues for the Board of Directors to consider	3
Independent Director	Liao, Cheng-Pin	December 22, 2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality, and corporate legal compliance	3
				ESG-related legal issues for the Board of Directors to consider	3

(II) Operation of the Audit Committee or supervisors' participation in the board of directors

The Audit Committee's participations in the board of directors in 2023 are listed as below:

The Audit Committee convened 5 meetings (A) in 2023. The attendance of the independent directors is described below:

Title	Name	Number of attendance in person (B)	Attendance in person (%) [B/A]	Remarks
Independent Director	Li, Chun-Te	5	100.00	
Independent Director	Li, Fan	5	100.00	

Independent Director	Liao, Cheng-Pin	5	100.00	
<p>The Audit Committee consists of three independent directors; the Committee aims to help the board of directors to fulfill the supervisory duties for implementing the quality and reliability regarding accounting, auditing, financial reporting process and financial control. The professional qualifications and experiences of the members are as follows:</p>				
<div>Criteria</div> <div>Name</div>		Professional qualifications and experience		
Li, Chun-Te		1. Education: Bachelor, Department of Business Administration, Soochow University, Master of Business Administration, National Chengchi University, PhD, Economics, Fujian Normal University 2. Current position: CFO, Wayi International Digital Entertainment Co., Ltd.; Independent Director of Ching Feng Home Fashion Co. Ltd.; Independent Director of TOPLUS GLOBAL CO., LTD. 3. Experience: Chief, Department of Planning, Financial Supervisory Commission, Executive Yuan; Counselor, Financial Supervisory Commission, Executive Yuan; Deputy general manager, the Motor Vehicle Accident Compensation Fund 4. Expertise: Insurance; Accounting; Laws 5. Serving as the convener of the Audit Committee and member of the Remuneration Committee 6. At least 5 years of possessing working experience in commerce and required for the Company's business, and the professional qualification 7. Not a person with any of the circumstances under Article 30 of the Company Act.		
Li, Fan		1. Education: Department of Accounting, Tunghai University 2. Current position: Deputy general manager for Finance, Bin Chuan Enterprise Co., Ltd.; Director of Bin Chuan Enterprise Co., Ltd. 3. Experience: Team leader, Deloitte Taiwan; Vice Manager, Underwriting Department, Fubon Securities Co., Ltd. 4. Expertise: Securities; accounting; laws 5. Serving as the member of the Audit Committee and convener of the Remuneration Committee 6. At least 5 years of possessing working experience in commerce and required for the Company's business, and the professional qualification 7. Not a person with any of the circumstances under Article 30 of the Company Act.		

Liao, Cheng-Pin	<ol style="list-style-type: none"> 1. Education: Department of Physics, Chengdu University 2. Current position: Honorary Chairman, China Plastics Processing Industry Association 3. Experience: Vice Chief, Office of Plastic, China National Light Industry Council; Vice Chairman and Chief Secretary, China Plastics Processing Industry Association; President, China Plastics Processing Industry Association; Member of Review Panel, National Office for Science & Technology Awards 4. Expertise: Plastic recycling and production; plastic processing 5. Serving as the member of the Audit Committee and member of the Remuneration Committee 6. At least 5 years of possessing working experience in commerce and required for the Company's business, and the professional qualification 7. Not a person with any of the circumstances under Article 30 of the Company Act.
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In 2023, the Audit Committee convened 5 meetings. The key tasks are summarized as follows:

- Major deliberations
 1. Audit of financial statements, and accounting policies and procedures.
 2. Internal Control System and Related Policies, Procedures, and Methods, Evaluation of Internal Control Effectiveness, and Annual Audit Plan.
 3. Private Placement of Cash Capital to Issue Common Stock.
 4. Development, Sale, Rental, and Other Service Management Revenue of Industrial Parks is Classified as a Major Operating Item.
 5. Compliance.
 6. Qualifications, independence, and performance appraisal of CPAs.
 7. The hiring or dismissal of a CPA, or their compensation.
 8. Fulfillment of the Audit Committee's duties.
- Review financial reports

The Board of Directors have prepared the 2023 business report, consolidated financial statements, and deficit compensation proposal; of which, the consolidated financial statements were audited by Candor Taiwan CPAs, with the independent auditor's report presented. The Audit Committee has reviewed the said business reports, consolidated financial statements and deficit compensation proposal; no inconsistency is found.
- Assessment of the effectiveness of the internal control system.

The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including control measures of finance, operation, risk management, information security, outsourcing, and legal compliance), and reviews the regular reports from the Company's audit department, CPAs, and management, including risk management and compliance. Referring to the internal control system - the integrated framework of internal control issued by COSO in 2013, the Audit Committee believes that the Company's risk management and internal control systems are effective, and the Company has adopted necessary control mechanisms to monitor and correct violations.
- Appointment of attesting CPAs

The Audit Committee is entrusted with the responsibility of overseeing the independence of the Certified Public Accountants to ensure the impartiality of the financial statements. Generally speaking, except for tax-related services or items specially approved, the attesting accounting firm shall not provide other services to the Company. All services provided by the attesting accounting firm must be approved by the Audit Committee.

The 8th meeting of the Audit Committee of the 3rd term on December 23, 2023, and 9th Board meeting of the 6th term on December 23, 2023, approved to re-appoint CPAs, Lin, Chao-Min

and Shih, Dai-Ping, from Candor Taiwan as the attesting CPAs and their 2024 professional service fees. Both of them meet the independence assessment standards, and are sufficient to serve as the Company's financial attesting public accountants.

Other matters required to be recorded.

I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:

- 1) Matters addressed in Article 14-5 of the Securities and Exchange Act.
- 2) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors.

Audit Committee	Description of proposal	Dissenting or qualified opinion or significant recommendation of the independent directors	Matters listed in Paragraph 14-5 of the Securities and Exchange Act	Resolutions are not approved by the Audit Committee but agreed by more than two-thirds of all directors
4th meeting of the 3rd term March 9, 2023	1. The 2022 business report and consolidated financial report	None such circumstance	V	None such circumstance
	2. The proposal of 2022 deficit compensation.	None such circumstance	V	None such circumstance
	3. Approved the assessment for the effectiveness of the internal control system in the Company, and the subsidiaries including Sansda (Fujian) Plastic Co., Ltd. and Sansda (Hong Kong) Trading Co., Ltd., and presentation of the Statement of Internal Control System.	None such circumstance	V	None such circumstance
	4. Formulated the proposal to amend the Company's "Articles of Incorporation."	None such circumstance	V	None such circumstance
	5. Amendments to the "Corporate Governance Best Practice Principles."	None such circumstance	V	None such circumstance
	6. Amendments to the "Sustainable Development Best Practice Principles."	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (March 9, 2023): Approved by all members of the Audit Committee.			
	The Company's handling of the Audit Committee members' opinions: approved by all attending directors			
	1. The consolidated	None such	V	None such

5th meeting of the 3rd term May 3, 2023	financial report for Q1 2023.	circumstance		circumstance
	2. Intention to update the proposal of 2022 deficit compensation.	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (May 3, 2023): Approved by all members of the Audit Committee.			
	The Company's handling of the Audit Committee members' opinions: Not applicable, as the proposal was approved by all Audit Committee members.			
6th meeting of the 3rd term August 23, 2023	1. The consolidated financial report for the first half of 2023	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (August 23, 2023): Approved by all members of the Audit Committee.			
	The Company's handling of the Audit Committee members' opinions: Not applicable, as the proposal was approved by all Audit Committee members.			
7th meeting of the 3rd term November 9, 2023	1. The consolidated financial report for Q3 2023.	None such circumstance	V	None such circumstance
	2. The Company's industrial park development, sales rental and other service and management incomes are listed as the main business items.	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (November 19, 2023): Approved by all members of the Audit Committee.			
	The Company's handling of the Audit Committee members' opinions: Not applicable, as the proposal was approved by all Audit Committee members.			
8th meeting of the 3rd term December 23, 2023	1. Proposal to formulate the 2024 annual audit plans for the Company and the subsidiaries, Sansda (Fujian) and Sansda (Hong Kong) Trading Co., Ltd.	None such circumstance	V	None such circumstance
	2. Approved the proposal of the 2024 attesting CPA service fees and assessment of the attesting CPAs' independence.	None such circumstance	V	None such circumstance
	3. Proposal for the issuance of common shares for capital increase in cash by private placement.	None such circumstance	V	None such circumstance
	4. Amendments to the Company's "Rules of Procedure for Shareholders' Meetings".	None such circumstance	V	None such circumstance
	5. Proposal for the formulation of the Company's "Rules	None such circumstance	V	None such circumstance

	Governing Finance and Business-Related Operations between Affiliated Enterprises”.			
	6. Proposal for the formulation of the Company's “Procedures for Compilation and Verification of Sustainability Report”.	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (December 23, 2023): Approved by all members of the Audit Committee.			
	Resolutions of the Audit Committee: The fifth proposal was submitted to the Board for discussion, and the General Manager explained the details of future operation planning and other details in the Board meeting.			
	Result of resolution adopted by the Board: the proposal proposed by the Audit Committee was approved unanimously by all seven directors present.			
9th meeting of the 3rd term March 6, 2024	1. Approved the 2023 business report and consolidated financial report	None such circumstance	V	None such circumstance
	2. The proposal of 2023 deficit compensation.	None such circumstance	V	None such circumstance
	3. Approved the assessment for the effectiveness of the internal control system in the Company, and the subsidiaries including Sansda (Fujian) Plastic Co., Ltd. and Sansda (Hong Kong) Trading Co., Ltd., and presentation of the Statement of Internal Control System.	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (March 6, 2024): Approved by all members of the Audit Committee.			
	The Company’s handling of the Audit Committee members’ opinions: Not applicable, as the proposal was approved by all Audit Committee members.			
10th meeting of the 3rd term May 6, 2024	1. The consolidated financial report for Q1 2024.	None such circumstance	V	None such circumstance
	2. Proposal for the Supplementary Explanation on the Private Placement of Cash Capital to Issue Common Stock.	None such circumstance	V	None such circumstance
	Resolutions of the Audit Committee (May 6, 2024): Approved by all members of the Audit Committee.			
	The Company’s handling of the Audit Committee members’ opinions: Not applicable, as the proposal was approved by all Audit Committee members.			

II. In the implementation of an independent director’s recusal for being an interested party in a

proposal, the independent director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated: No such situation.

III. Communication between independent directors, internal audit officer and CPA (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included):

1. Policies communicated:

- (1) The Audit Committee and the CPAs meet regularly at least once a year. The CPAs report to the Audit Committee on the Company's financial status, the financial and overall operation of domestic and overseas subsidiaries, and the audit over their internal control, as well as whether there is major entry adjustment, or any legal amendment impacting accounting for sufficient communication. Meetings may be convened at any time in case of major abnormalities.
- (2) The Audit Committee commissions CPAs to audit the financial statements of the Company, and issues an auditors' report to the Audit Committee for consideration.
- (3) The internal audit officer and the Audit Committee meet regularly at least every quarter, to report on the Company's annual audit plan, internal audit execution status, and internal control operations. Meetings may be convened at any time in case of major abnormalities.

2. Summary of the communications between the Audit Committee and the CPAs in the past:

Elected or appointed	Emphasis of communication	Opinions of the Audit Committee and follow-up
March 9, 2023	1. The accountants report and explain to the Audit Committee the key audit items and report contents of the 2022 consolidated financial report, and reply to the questions raised by the members. 2. CPAs reported on the 2022 internal control audit.	Not applicable.
August 23, 2023	1. The accountants report and explain to the Audit Committee the key audit items and report contents of the first half of 2023 consolidated financial report and reply to the questions raised by the members. 2. CPAs reported on the first half of 2023 internal control audit.	Not applicable.
March 6, 2024	1. The accountants report and explain to the Audit Committee the key audit items and report contents of the 2023 consolidated financial report, and reply to the questions raised by the members. 2. CPAs reported on the 2023 internal control audit.	Not applicable.

3. Summary of the communications between the Audit Committee and the internal audit supervisors in the past:

Elected or appointed	Emphasis of communication	Opinions of the Audit Committee and follow-up
March 9, 2023	1. Report on the audit plan implementation at the parent and subsidiaries. 2. Report on the 2022 CPAs' audit on the internal	Not applicable.

		control. 3. Approved the 2022 assessment for the effectiveness of the internal control system in the Company, and the subsidiaries including Sansda (Fujian) Plastic Co., Ltd. and Sansda (Hong Kong) Trading Co., Ltd., and presentation of the Statement of Internal Control System	
	May 3, 2023	Report on the audit plan implementation at the parent and subsidiaries.	Not applicable.
	August 23, 2023	Report on the audit plan implementation at the parent and subsidiaries.	Not applicable.
	November 9, 2023	Report on the audit plan implementation at the parent and subsidiaries.	Not applicable.
	December 23, 2023	Report on the 2024 annual audit plans for the Company and its subsidiaries, Sansda (Fujian) and Sansda (Hong Kong) Trading Co., Ltd.	Not applicable.
	March 6, 2024	1. Report on the audit plan implementation at the parent and subsidiaries. 2. Report on the 2024 CPAs' audit on the internal control 3. Approved the 2023 assessment for the effectiveness of the internal control system in the Company, and the subsidiaries including Sansda (Fujian) Plastic Co., Ltd. and Sansda (Hong Kong) Trading Co., Ltd., and presentation of the Statement of Internal Control System	Not applicable.
	May 6, 2023	Report on the audit plan implementation at the parent and subsidiaries.	Not applicable.

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reason

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has formulated a set of "Corporate Governance Best Practice Principles" and disclosed it on the Market Observation Post System and the Company website.	No significant difference.
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes, litigations, and implemented them according to the procedures?		V	The Company has not specified operating procedures, and litigations are handled by the spokesperson or acting spokesperson currently. The Taiwan office is responsible for communication on shareholder service. The 12th board meeting of the 5th term on May 12, 2021 approved to appoint the Head of Accounting, Mr. Wang, Wei-Min to concurrently serve as the corporate governance officer, and he may reflect shareholders' opinions any time to the senior management.	No significant difference.
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		Currently, the Company has appointed the dedicated personnel to manage relevant information, so it is able to grasp the major shareholders who actually control the Company and the list of the ultimate controllers of the major shareholders.	No significant difference.
(III) Has the Company established and implemented risk control and firewall	V		The Company has formulated the "Regulations Governing the Intercompany Financial and Business	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
mechanisms between affiliated companies?			Operations between Affiliates of the Company" and disclosed it on the MOPS and the Company's website. The Regulations clear define the operation, business and financial dealings with affiliates, which have achieved the risk control mechanism.	
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		<ol style="list-style-type: none"> 1. The Company has prescribed the "Ethical Corporate Management Best Practice Principles", "Procedures for Handling Material Inside Information", and "Operational Procedures for Prevention of Insider Trading" to stipulate the matters that insiders should observe. 2. The Company conducts education and promotion, at least once a year, for current directors, managers and employees, on the "Operational Procedures for Prevention of Insider Trading", "Procedures for Handling Material Inside Information", and related laws and regulations. For the new directors and managerial officers, the trainings are scheduled within three months of being onboard. The new employees will be educated and promoted by HR during orientations. 3. The Company conducts at least two hours of education and promotion for the incumbent directors, managerial officers and employees every year. The course content includes material information and confidentiality operation, the 	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			reasons for the formation of insider trading and the recognition process and example explanations, the scope of internal material information, confidentiality operation, disclosure operations, and treatment of violations; the presentation and video-audio files are placed on the Company's internal website for reference by all employees, and the implementation of the prevention of insider trading is disclosed on the Company's website every year.	
III. Composition and responsibilities of the Board of Directors				
((I) Does the board of directors formulate diversified policies, and specific management objectives and implementation?	V		1. The Company has approved the amendment to the “Corporate Governance Best Practice Principles” in the 5th meeting, the Board of the 6th term on March 9, 2023. In Chapter 3, “Strengthening the Power of the Board of Directors”, the diversity guidelines were prescribed. The nomination and election of the board members, comply with the provisions of the Company's Articles of Incorporation. The nomination system of candidates shall be adopted for the election of any director. Other than evaluating the qualifications such as education and experience of each candidate, the opinions of stakeholders shall be taken into account, and the "Procedures for	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			<p>Election of Directors" and "Corporate Governance Best Practice Principles" were complied with, to ensure the diversity and independence of directors.</p> <p>2. Currently, the Company's board consists of seven directors (including three independent directors), with rich experience and expertise in accounting, legal, business administration, and plastics. The professional qualification and diversity policy of the Board of Directors, and the implementation thereof, please refer to pages 11-14 of the annual report.</p> <p>3. The diversity policy regarding the board's composition is disclosed on the official website and MOPS.</p>	
(II) Does the Company voluntarily establish functional committees other than the Remuneration Committee and the Audit Committee?		V	The Company establishes the Remuneration Committee and the Audit Committee as required by laws; for other functional committee, the board of directors will authorize the establishment when required.	No significant difference.
(III) Does the Company formulate a performance evaluation method for the Board of Directors, conduct performance evaluation annually and regularly, and report the performance evaluation results to the Board of Directors and apply it as a reference for the	V		The Company's Board of Directors approved the "Rules for Self-Evaluation or Peer Evaluation of the Board of Directors" on August 13, 2016. On November 10, 2020, the Board of Directors has passed the amendment to change the name to the "Rules for Performance Evaluation of Board of Directors". The	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
consideration of remuneration and nomination of each director?			<p>Board of Directors shall conduct the performance evaluation of the Board of Directors, the members of the Board of Directors, the Remuneration Committee, and the Audit Committee at least once a year. The scope, methods, and procedures of the internal evaluation shall be implemented in accordance with the regulations at the end of each year.</p> <p>The measurement items for the performance evaluation of the Board include the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; 5. Internal control <p>The measurement items for the performance evaluation of the Board members include the following aspects:</p> <ol style="list-style-type: none"> 1. Alignment of the Company's objectives and tasks; 2. Perception of directors' responsibilities; 3. Participation in the operation of the company; 4. Internal relationship management and communication; 5. Professionalism and continuing education of directors; 6. Internal control <p>The measurement items for the performance evaluation</p>	

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			<p>of the Audit Committee include the following aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Awareness of the duties of the Audit Committee; 3. Improvement of quality of decisions made by the Audit Committee; 4. Makeup of the Audit Committee and election of its members; 5. Internal control <p>The measurement items for the performance evaluation of the Remuneration Committee include the following aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Awareness of the duties of the Remuneration Committee; 3. Improvement of quality of decisions made by the Remuneration Committee; 4. Makeup of the Remuneration Committee and election of its members; 5. Internal control <p>The evaluation is conducted by the Comprehensive Administration Department and the secretary of the Board, by adopting the internal questionnaires. For the four parts including the Board of Directors' operation, director's participation, operation of the Remuneration Committee and operation of the Audit Committee, the directors evaluate of the Board's operation, their own</p>	

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			<p>participation; the Remuneration Committee members evaluate the operation of the committee, and the Audit Committee members evaluate the operation of the committee. The above-mentioned performance evaluation results will be used as a reference when selecting or nominating directors, and the performance evaluation results of directors and functional committee members will be used as a reference for determining their individual remuneration.</p> <p>After all the questionnaires are collected in January every year, the Company's Comprehensive Administration Department and the secretary of the Board will analyze based on the method previously mentioned, and report the results to the board of directors, and with approaches for improvement are proposed based on the directors' suggestions.</p> <p>The Company completed the 2023 performance evaluations for the overall Board, each Board member, and each functional committee in January 2024; in the Board meeting on March 6, 2024, the evaluation outcomes and the directions for the continual enhancement in 2022 were reported. The evaluation results of this year is ranged from 94 to 96 points, which is good. Suggestions and improvement actions for the Board of Directors and functional committees are as follows:</p>	

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			<p>1. Board of Directors:</p> <p>a. The evaluation result is 94 points, which is good.</p> <p>b. Suggestions for improvement of directors: According to the “Corporate Sustainability Action Plan for TWSE (TPEX) Listed Companies” issued by the Financial Supervisory Commission (FSC), starting in 2024, TWSE- (TPEX)-listed companies must appoint at least one female director upon the expiration of the term of the Board of Directors. The Company currently has no female director. It is recommended that the company select at least one female director when the Board of Directors is fully re-elected in the next term.</p> <p>c. Improvement plan: The Company will undergo a full Board election in 2025, at which time at least one female director shall be selected.</p> <p>2. Remuneration Committee</p> <p>a. The evaluation result is 95 points, which is good.</p> <p>b. No suggestion is furnished by members</p> <p>3. Audit Committee:</p> <p>a. The evaluation result is 96 points, which is good.</p> <p>b. Suggestions for improvement of the directors: No suggestions were made by the committee at this time.</p>	

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(IV). Does the Company regularly evaluate the independence of the attesting CPAs?	V		The Audit Committee of the Company evaluates the independence and competence of the Company's CPAs every year. In addition to requesting the CPAs to provide a statement of independence and audit quality indicators, the evaluation is conducted pursuant to the standards in Note 1 and 13 audit quality indicators. It is confirmed that the CPAs has no other financial interests or business relationship with the Company except for the fee for the attestations, and the family members of the CPAs do not violate the independence requirements. By referring to the audit quality indicators, it is confirmed that the CPAs and the firm are excellent in the five aspects, namely professionalism, quality control, independence, supervision and innovation ability, and 13 audit quality indicators. The latest assessment was deliberated and approved by the Audit Committee on December 23, 2023, and submitted to the Board meeting for deliberation and approval of the assessment of the independence and competence of the CPAs on December 23, 2023.	No significant difference.
IV. Does the Company as a listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters	V		1. Upon the resolution adopted in the 12th board meeting of the 5th term on May 12, 2021, the Head of Accounting, Wang, Wei-Min, was appointed to concurrently serve as the first corporate governance officer, to protect the shareholders' interest and	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?			enhance the board's functions. Mr. Wang Wei-Min has worked as an officer in finance area for public companies more than three years. The main duties of the corporate governance officer are to administer matters related to Board of Directors meetings and shareholders' meetings, prepare minutes of the Board of Directors and shareholders' meetings, assist directors in their appointment and continuing education, provide information necessary for directors to carry out their business, and assist directors in complying with laws and regulations. As Mr. Wang Wei-Min just took office, so he has not yet completed the continuing education for the first term. 2. The assistant vice president, Wang, Wei-Min has finished his 12-hour onboard continuing education in 2023.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The Company has set up a dedicated section for stakeholders on the Company's website, with dedicated personnel and e-mail mailboxes, to handle matters related to the Company's external relations and stakeholder affairs.	No significant difference.
VI. Has the Company appointed a professional	V		The Company commissions Yuanta Securities Co., Ltd.	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
stock affairs agency to handle matters for shareholder meetings?			to handle the shareholders' meeting and stock affairs. Website: http://www.asia-recycle.com	
VII. Information Disclosure				
(I). Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		The Company has built a website for investors to inquire information about finance, business, and corporate governance.	No significant difference.
(II). Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	V		The Company has established a spokesperson system, and has also designated dedicated personnel in charge of the disclosure of material information, and uploading to MOPS and Company website on time. The investor conferences are convened from time to time, and the contents of the investor conferences are announced on MOPS as required.	No significant difference.
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year? The financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		V	The Company has not made any early announcement and filing, but the statutory deadlines are met always.	No significant difference.
VIII. Does the Company have any other important information that helps understand the corporate governance operation (including but not limited to employee rights, employee care, investor relations, supplier relations,	V		1. The Company has always valued the interests of employees, with a harmonious labor-management relationship. In addition, the Company has established an internal control system and various management measures, defining the rights and	No significant difference.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
rights of stakeholders, advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the acquisition of the liability insurance by the Company for directors and supervisors, etc.)?			<p>obligations of employees and benefit items; the content of benefits is regularly reviewed, to protect the interests of employees.</p> <p>2. The Company has arranged the continuing education for the directors and independent directors.</p> <p>3. Other than special circumstances, all directors and independent directors attend meetings, and if directors have interests in any proposal in the agenda, they are not allowed to vote.</p> <p>4. Currently, the board of directors of the Company has no proposals involving directors' interests.</p> <p>5. The Company has dedicated personnel and e-mail mailboxes in place to serve stakeholders, and handle shareholder proposals.</p> <p>6. The Company has prescribed various internal regulations to conduct various risk managements and assessments.</p> <p>7. The Company has purchased liability insurances for the directors.</p> <p>8. All customers are industrial customers, and all business relationships with customers are in compliance with obligations of contract performance.</p> <p>9. The Company understands that the development of the industry requires the cooperation and efforts of</p>	

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			all suppliers. Therefore, the Company insists the principles of co-prosperity and mutual benefits, to create industrial development and enhance self-competitiveness, in order to seek the greatest interests of shareholders.	
<p>IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:</p> <ol style="list-style-type: none"> For the 10th Corporate Governance Evaluation in 2023, the Company had the score of 61.74, and the score for 2021 was 67.25. There was a total of 952 companies were evaluated, and seven ranges were divided for the outcomes. The Company was ranked in the sixth range (66%~80%). The indicators missed scores in the 10th Evaluation, but expected to score in the 11th Evaluations are as follows; other indicators unable to be improved have resulted from the amendment of Articles of Incorporation and regulations, and the costs to implement improvements. The Company will plan the continuing improvement when proper. 				
	No. in the 11th Evaluation	No. in the 10th Evaluation	Indicators:	
	4.15	4.15	Did the Company disclose its ethical corporate management policy passed by the Board of Directors on its website or in its annual report, expressly prescribing its specific ethical management practices and its programs to prevent unethical conduct, and specify the status of implementation?	

Note 1: Evaluation standards of the independence of the CPAs

Evaluation Items	Evaluation result	Status of independence
1. Has the independence statement issued by the CPA and the AQIs been obtained?	Yes	Yes
2. Does the CPA have any direct or material indirect financial interest in the Company?	No	Yes
3. Does the CPA have any financing or guaranteed behaviors with the Company or the directors?	No	Yes
4. Does the CPA have close business relationships or potential employment relationship with the Company?	No	Yes
5. Does the CPA and any audit service team member of the accounting firm serve, or used to be a director, managerial officer of the Company, or employed by the Company in a position to exert significant influence over the subject matter of the audit engagement within the last two years?	No	Yes
6. Does the CPA provide any non-audit service that may directly affect the audit tasks?	No	Yes
7. Does the CPA break the shares or other securities issued by the Company?	No	Yes
8. Does the CPA serve as the defender of the Company, or act on the Company's behalf to coordinate the conflict with other third-party?	No	Yes
9. Does the CPA have any family member who is a director, or managerial officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement?	No	Yes

(IV). If the Company has a remuneration committee, it should disclose its composition, duties and operation.

1. Information on the members of the Remuneration Committee

April 16, 2024

Criteria Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Li, Chun-Te	1. Education: Bachelor, Department of Business Administration, Soochow University, Master of Business Administration, National Chengchi University, PhD, Economics, Fujian Normal University 2. Current position: CFO, Wayi International Digital Entertainment Co., Ltd.; Independent Director of Ching Feng Home Fashion Co. Ltd.; Independent Director of Yv Ding International Co., Ltd. 3. Experience: Chief, Department of Planning, Financial Supervisory Commission, Executive Yuan; Counselor, Financial Supervisory Commission, Executive Yuan; Deputy general manager, the Motor Vehicle Accident Compensation Fund 4. Expertise: Insurance; accounting; laws 5. Serving as the convener of the Audit Committee and member of the Remuneration Committee 6. Possessing working experience in commerce and required for the Company's business, and the professional qualification 7. Not a person with any of the circumstances under Article 30 of the Company Act.	Not in any circumstance specified in Article 3, paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" during two years prior to the appointment and the term of office.	2
Li, Fan	1. Education: Department of Accounting, Tunghai University 2. Current position: Deputy general manager for Finance, Bin Chuan Enterprise Co., Ltd.; Director of Bin Chuan Enterprise Co., Ltd. 3. Experience: Team leader, Deloitte Taiwan; Vice Manager, Underwriting Department, Fubon Securities Co., Ltd. 4. Expertise: Securities; accounting; laws 5. Serving as the member of the Audit Committee and convener of the Remuneration Committee 6. Possessing working experience in commerce and required for the Company's business, and the professional qualification 7. Not a person with any of the circumstances under Article 30 of the Company Act.	Not in any circumstance specified in Article 3, paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" during two years prior to the appointment and the term of office.	0

Liao, Cheng-Pin	<p>1. Education: Department of Physics, Chengdu University</p> <p>2. Current position: Honorary Chairman, China Plastics Processing Industry Association</p> <p>3. Experience: Vice Chief, Office of Plastic, China National Light Industry Council; Vice Chairman and Chief Secretary, China Plastics Processing Industry Association; President, China Plastics Processing Industry Association; Member of Review Panel, National Office for Science & Technology Awards</p> <p>4. Expertise: Plastic recycling and production; plastic processing</p> <p>5. Serving as the member of the Audit Committee and member of the Remuneration Committee</p> <p>6. Possessing working experience in commerce and required for the Company's business, and the professional qualification</p> <p>7. Not a person with any of the circumstances under Article 30 of the Company Act.</p>	Not in any circumstance specified in Article 3, paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during two years prior to the appointment and the term of office.	0
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2. Information on the operations of the Remuneration Committee

There are three members of the Remuneration Committee of the Company.

Current term of office: From June 15, 2022 to June 14, 2025. There were 2 Remuneration Committee meetings (A) held in the most recent year up to the publication date of the annual report, all members attended the meetings in person with an average attendance rate of 100%. The qualifications and attendance of the Remuneration Committee members are as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance (%) (B / A)	Remarks
Convener	Li, Chun-Te	2	0	100.00	
Member	Li, Fan	2	0	100.00	
Member	Liao, Cheng-Pin	2	0	100.00	
The 2023 meeting date, session and the content and results of resolutions of the remuneration committee, as well as the Company's handling of the remuneration committee's opinions.					
Meeting date and session		Description of proposal and follow-up		Resolution	Company's handling of the remuneration committee's opinions
The 3rd meeting, the 5th term November 9, 2023		Deliberated the 2023 current salary structure and remunerations of the Company and the subsidiaries.		Approved by all attending members of the Committee	Submitted to the Board and approved by all attending directors
The 4th meeting, the 5th term December 23, 2023		Deliberated the proposal of distributing 2023 year-end bonus before the Chinese New Year in 2024.		Approved by all attending members of the Committee	Submitted to the board meeting, and approved by all attending directors.
Other matters required to be recorded.					
I. If the Board of Directors does not accept or adjust the suggestions of the Remuneration Committee, the date, term, proposal content, the resolution of the Board of Directors, and the Company’s handling of the opinions of the Remuneration Committee members (such as, the remuneration resolved by the Board of Directors is superior to the suggestion made by the Remuneration Committee) should be described, including the deviation and the reasons: None					
II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, and opinions of all members, its handling of the members’ opinions should be stated: None.					

(V) The implementation of the sustainable development and its deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
I. Has the Company established a governance structure to promote sustainable development, and designated a full-time (part-time) unit to promote sustainable development, which is to be handled by the senior management with the authorization of the Board of Directors, and the actual supervision of the Board of Directors?	V		<ol style="list-style-type: none"> 1. The Company has amended the “Corporate Social Responsibility Best Practice Principles” and renamed it “Sustainable Development Best Practice Principles” upon the approval of the Board meeting on May 3, 2022. 2. In August 2016, the Company appointed the President's Office as a dedicated unit for the promotion of sustainable development. The President serves as the convener, and the “Sustainable Development Task Promotion Team” was established. A number of senior executives from different fields of the company jointly examine the company's core operating capabilities and formulate medium- and long-term sustainable development plans. 3. The "Sustainable Development Task Promotion Team" serves as a cross-departmental communication platform for vertical integration and horizontal connection, and is responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans. Through semi-annual meetings and task groups set up based on the issues, the sustainability issues related to the Company's operations and stakeholders' concerns are identified, corresponding strategies and work 	No significant difference.

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
			<p>guidelines are formulated, budgets related to sustainable development of each organization are prepared, the annual plans are planned and implemented, while tracking the implementation results to ensure that the sustainable development strategies are fully implemented in the Company's daily operations.</p> <p>4. The convener of the “Sustainable Development Task Promotion Team” reports to the Board on the implementation results of sustainable development and future work plans every six months. A total of two meetings were held in 2023. The content of the proposals includes 1. Identifying sustainability issues needing attention, and formulating corresponding strategies and action plans. 2. Goals and policy amendment for sustainability issues. 3. Supervising the implementation of sustainable management issues, and assessing the implementation.</p> <p>5. The Company's Board regularly listens to reports from the management team (including ESG reports) every six months. The management must propose company strategies to the Board. The Board must judge the possibility of success of these strategies and urge the management team to make adjustments when necessary.</p>	
II. Does the company conduct risk assessments on	V		1. This information disclosure covers the	No significant difference.

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:						
	Yes	No	Summary Description							
environmental, social, and corporate governance issues related to the Company’s operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?			<p>Company's sustainable development performance in major locations from January 2023 to December 2023. The risk assessment boundary mainly covers the Company, including the existing bases in China, and is based on the relevance to the operation of the industry and the degree of impact on material topics; the subsidiary, Sansda (Fujian) Plastic Co., Ltd. is included in the scope.</p> <p>2. The Company's Sustainable Development Task Promotion Team conducts analysis based on the principle of materiality, and communicates with internal and external stakeholders, while by reviewing domestic and foreign research reports, literature, and integrating assessment data from various departments and subsidiaries, to evaluate material ESG issues, formulate risk management policies for effective identification, measurement and assessment, supervision and control, and take specific action plans to reduce the impact of related risks. Based on the assessed risks, the related risk management policies and strategies are established as following:</p> <table><tr><th>Key issues</th><th>Risk assessment item</th><th>Risk management policies or strategies</th></tr><tr><td>Environment</td><td>Environmental impact and management</td><td>1. Through the implementation of process safety</td></tr></table>	Key issues	Risk assessment item	Risk management policies or strategies	Environment	Environmental impact and management	1. Through the implementation of process safety	
Key issues	Risk assessment item	Risk management policies or strategies								
Environment	Environmental impact and management	1. Through the implementation of process safety								

Evaluation Items	The State of Operations					Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description			
					<div>management and systematic management cycle, the Company effectively reduces pollution emissions and impact on the environment.</div> <div>2. As the products are required to comply with environmental protection regulations, the Company has obtained the ISO 14001 environmental management system certification, with regular acquisition of the certifications subsequently.</div> <div>3. The Company is committed to environmental protection and supports green and clean</div>	

Evaluation Items	The State of Operations					Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description			
					production. In the regard of process, other than replacing coal-burning boilers with natural gas boilers, a dust collector has been added, to effectively reduce polluting emissions and impacts on the environment, and reduce carbon dioxide emissions as an implementation of environmental protection of the sustainable development. The environment protection projects are formulated every year, and the goals are regularly tracked and reviewed, to	

Evaluation Items	The State of Operations					Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description			
					4. ensure the achievement of the goals. The annual internal audit plans are planned, aiming at the Company's compliance with the relevant environmental laws and regulations, and audits if each operation process has complied with the regulations.	
			Social	Occupational safety	1. All of the Company's plants and subsidiaries have completed and obtained the ISO 45001 occupational health and safety management system certification. For the protection	

Evaluation Items	The State of Operations				Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description		
					measures for the working environment and personal safety of employees, please refer to the description of the labor-management relations in “Five. Operation Overview” of the annual report. 2. Regular fire drills and industrial safety education and training are held every year to cultivate employees' emergency response and self safety management capabilities.
				Product safety	The Company obtained the ISO9001 quality management system certification (the latest issuance

Evaluation Items	The State of Operations					Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description			
					date of the certification is March 10, 2020, and valid until January 8, 2023). All products comply with the government's regulations on products and services, and through rigorous quality system management, the customers are provided with stable product quality for improving customer satisfaction. Customer satisfaction surveys are conducted annually to strengthen the relationship with customers.	
			Corporate governance	Socioeconomic and compliance	1. By establishing a governance organization and implementing the internal control mechanism, it is ensured that all personnel and operations of the	

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
				<p>Company fully comply with relevant laws and regulations.</p> <p>2. The products developed by the Company apply for patents to protect the rights and interests of the Company.</p>
			Enhance the functions of directors	<p>1. Plan relevant continuing education topics for directors, and provide directors with the latest regulations, system development and policies every year.</p> <p>2. Insure directors with the directors' liability insurance to protect them from lawsuits or claims.</p>
			Communication	1. To prevent

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:		
	Yes	No	Summary Description			
				with stakeholders	stakeholders from taking different position from the Company's, and causing misunderstandings that result in business or litigation risks, the Company analyzes important stakeholders and important issues they concern every year. 2. Establish various communication channels to communicate actively, and reduce confrontation and misunderstanding. Set up an investor mailbox to be handled and responded to by the spokesperson.	

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
III. Environmental issues				
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		The Company has always emphasized environmental protection and energy saving. In order to fulfill the corporate responsibility for environmental protection, the pollution prevention and control equipment is installed as required by laws, and all the plants and subsidiaries have established the environment management system pursuant to ISO14001 with continuous passage of third-party verification. The environment protection is especially implemented in the regards of environmental management programs, pollution prevention, waste reduction, seeking contributions to the global environment protection.	The Company has obtained ISO 14001 certification and has established greenhouse gas inventory and verification procedures. We will track emission reduction results according to the schedule and disclose them in the sustainability report and the Company’s website.
(II) Is the Company committed to improving energy utilization efficiency and using recycled materials with low impact on the environment?	V		The Company mainly uses EVA raw materials and recycled plastics to regenerate into EVA foaming materials. During the process, the recycled plastics must be cleansed, and the water in the cleansing system is recycled, so there is no sewage discharge. The gas generated in the process is collected via the gas gathering equipment for central treatment before emitting it. The Company has obtained the pollution discharge permit for the operating sites, and the gas emission complies with the regulations.	The Company has developed policies to improve energy efficiency and recycled material utilization according to the greenhouse gas inventory and verification procedures established. The items include data statistics, promotion measures, targets, and achievement status.
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?		V	Although the Company has not established the energy saving, carbon reduction and greenhouse gas reduction strategies, the unique process of recycling plastics not only reduces the Company's cost of procuring materials, mitigating the shortage of	The Company has developed a detailed explanation of climate change risk and opportunity analysis according to the established greenhouse gas

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
			plastic raw materials, but also lowers the pollution of waste plastic materials to the environment, as a fulfillment of the responsibility for environmental protection.	inventory and verification procedures.
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?		V	Although the Company has not established the energy saving, carbon reduction and greenhouse gas reduction strategies, the unique process of recycling plastics not only reduces the Company's cost of procuring materials, mitigating the shortage of plastic raw materials, the water in the cleansing system is recycled, so there is no sewage discharge. The gas generated in the process is collected via the gas gathering equipment for central treatment before emitting it. The Company has obtained the pollution discharge permit for the operating sites, and the gas emission complies with the regulations. The pollution of waste plastic materials to the environment is also lowered, as a fulfillment of the responsibility for environment protection.	The Company has developed greenhouse gas reduction, water reduction, and other waste management policies according to the established greenhouse gas inventory and verification procedures. The items include data statistics, reduction targets, promotion measures, and achievement status.
IV. Social issues				
(I) Has the Company formulated relevant management policies and procedures according to relevant laws and regulations and the International Bill of Human Rights?	V		The Company observes all relevant laws and regulations to ensure the principles of labor’s human rights, and protect the legitimate interests of employees.	No significant difference.
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee	V		1. The Company has established and implemented reasonable employee benefit measures, and appropriately reflects the operating performance or results in employee remuneration. Please refer to the "Five.	No significant difference.

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
remuneration?			<p>Operation Overview" for the labor-management relations and "Four. Financing Status" for the dividend policy and implementation status of this annual report.</p> <p>2. Regarding workplace diversity and equality, the Company has the equal pay for equal work, and equal promotion opportunities for both genders, to enhance the sustainable and inclusive economic growth. In 2023, the average proportion of female employees was about 30%, and the average proportion of female managers was about 8%.</p>	
(III) Operating performance or results are also appropriately reflected in the compensation of employees (annual salary adjustment and promotion based on performance appraisal)?	V		<p>1. All plants and subsidiaries have passed the certification of ISO45001: 2018 occupational health and safety management system, with the registration number: 23S0143R2M-ZJ/008, issued on February 27, 2023, and valid until January 8, 2026. The work flow has passed the certification of “Work Safety Standardization” organized by the local government, striving to maintain a healthy working environment for employees and safeguard work safety of employees.</p> <p>2. The employees pay much attention to safety and health management, as follows: A. Provide employees with specialized labor protection appliances such as safety helmets, masks, special uniforms and rain boots, to safeguard the health and safety of employees.</p>	No significant difference.

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
			<p>B. Regularly review and amend (if needed) the safety and health rules every year, and formulate the standard operating procedures of all machinery and equipment to ensure standard operation by employees.</p> <p>C. Carry out a spot check for machinery and equipment according to rules, and apply to the authority in charge of dangerous machinery and equipment for regular inspection every year to ensure the safe operation of machinery and equipment.</p> <p>D. Perform 5S management to improve the working environment and efficiency, and perform operating environment monitoring at least twice a year.</p> <p>E. Provide necessary education and training for new employees, equipment operators and special operation personnel every year according to law, and urge them to obtain relevant certificates and permits.</p> <p>F. Arrange for employees to receive medical examinations from time to time and make health files for employees to serve all employees.</p> <p>G. Set up a complete fire control system, and regularly inspect and report the system according to fire laws and regulations.</p> <p>3. In 2023, the Company did not have an employee’s occupational accident, but the</p>	

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
			Company takes disaster prevention and disaster forestall as the core concept, to integrate the occupational safety issues in the plant areas, propose effective countermeasures, and continuously improve the occupational safety culture. In case of any occupational accident, the Company will thoroughly review the improvement measures and implement such, and activate supervisors to care about the physical and mental state of the employees to ensure the safety of the employees during work.	
(IV) Does the company have an effective career development training program planned for employees?	V		The Company provides relevant internal and external trainings for employees to choose as the continuing education, to replenish their occupational skills.	No significant difference.
(V) Does the Company comply with relevant laws and international standards, and formulate relevant consumer right and interest protection policies and grievance procedures to deal with customers for products and services, such as customer health and safety, customer privacy, marketing and labelling, etc.?	V		1. In addition to the passage of the ISO14001 environmental management system certification, which covers the relevant environmental management activities involved in the production of EVA foam materials and recycled pellets, the Company has also passed the ISO9001 quality management system certification, covering the production of EVA foam materials and recycled pellets. Furthermore, the China Compulsory Certification is passed, focusing on product quality, safety and service marketing labels. 2. The Company has a customer service hotline,	No significant difference.

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
			and the relevant personnel are responsible for handling customers’ questions to protect the interests of customers. 3. The Company has a personal data protection management system and policy in place to manage and protect customer privacy, and to guard customer data through crisis prevention and education and training.	
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?		V	Although the Company has not yet established any supplier management policy that clearly requires suppliers to observe the regulations related to environment protection, occupational health and safety, or labor rights, currently, suppliers are assessed annually. Their records of impacting society and environment will be assessed and reviewed in the future, and depending on the situation, the agreements entered with the major suppliers may include clauses terminating or rescinding the agreement at any time if it involves a violation of the corporate social responsibility policy and has a significant impact on the environment and society.	The Company is discussing to formulate the supplier management policies and related compliance regulations, which has ambitious and specific requirements for suppliers in terms of environmental protection, occupational safety and health, or labor human rights; and through self-assessment, coaching or education, and performance evaluation of suppliers for their implementation.
V. Does the Company refer to the internationally accepted reporting standards or guidelines to prepare the sustainability reports for disclosing the Company’s non-financial information? Has the assurance or opinion from third-party certifying institutions been obtained for the aforementioned reports?	V		In 2023, the Company compiled the 2022 Sustainability Report according to the widely accepted Global Reporting Initiative (GRI) Standards for sustainability reporting. This report has been duly submitted as required. The sustainability report has been independently and limitedly assured by Candor Taiwan CPAs	No significant difference.

Evaluation Items	The State of Operations			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary Description	
			<p>according to the Assurance Standard Bulletin No. 1: “Assurance Engagements on Non-Historical Financial Information” formulated by the Accounting Research and Development Foundation in accordance with the guidelines outlined in the International Standards on Assurance Engagements (ISAE) 3000. The report is publicly available on the Company’s website. http://www.asia-recycle.com/governance/responsibility/. In addition, the Company has passed ISO14001 (environmental management system certification, registration number: 23E0171R2M-ZJ/008, date of issuance February 27, 2023, valid until January 8, 2026); ISO9001 (quality management system certification, registration number: 07623Q0306R2M-ZJ/008, issued date February 27, 2023, valid until January 8, 2026); ISO45001 (occupational health and safety management system certification, registration number: 23S0143R2M-ZJ/008, issued date February 27, 2023, valid until January 8, 2026); and EVA plastic toy floor mats have passed China Compulsory Certification (referred to as CCC certification) and other certifications.</p>	
<p>VI. If the Company has the sustainable development best practice principles formulated in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the differences between its operation and the principles: No significant difference.</p>				
<p>VII. Other Important Information to Help Understand Sustainable Development: The Company and each subsidiary engage in community activities with passion, promote and encourage the employees to participate, too, for the harmonious relationship with communities. In addition, when emergencies occur in the society, it also makes generous donations, and encourages the employees of the Company to join the donation ranks to give back to the society.</p>				

(VI) The Practice of Ethical Corporate Management and Related Policies and Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Company” and the Reasons.
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policy and proposal				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company’s regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	V		The Company has established the "Ethical Corporate Management Best Practice Principles", which was approved by the 5th meeting of the board of directors of the 5th term on March 13, 2020, and submitted to the 2020 AGM, as well as uploaded to the MOPS and the Company's website, expressing the policy of ethical management, practices, and the commitment of the board of directors and senior management, to actively implement operational policies.	No significant difference.
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		The Company has considered and assessed the risk of unethical conduct, and clearly specified the programs and scope of preventing ethical conduct in Article 7 of the "Ethical Corporate Management Best Practice Principles.”	No significant difference.
(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as	V		The Company has clearly specified in the "Ethical Corporate Management Best Practice Principles," "prohibiting unethical conducts and objects," "prohibiting from accepting various forms of	No significant difference.

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
regular reviews and amends it?			bribery", "prohibition of disguised bribery" and "prohibiting from offering or accepting unreasonable gifts, entertainment or other undue benefits," with the counter programs and operational procedures. The “Handling Procedure for Reporting Illegal, Immoral and Unethical Conduct" has been established as the guidelines for conduct, punishment and complaint system for violations, with implementations. The said programs are reviewed and amended annually. In order to create a highly ethical management philosophy, the Company incorporates the ethical management policy into the "Performance Appraisal Management Measures" and integrates it with employee performance appraisal to establish a clear and effective reward and punishment system.	
II. Implementation of Ethical Corporate Management				
(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		The Company's "Ethical Corporate Management Best Practice Principles" specify the preventive programs and scope of unethical conduct; for the suppliers, customers and business transaction counterparty involved in unethical conduct, the business relationship should be terminated. It is also advisable to incorporate ethical management into the contractual terms or specifying ethical matters.	No significant difference.
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management	V		1. In August 2016, the Company appointed the general manager's office as a dedicated unit for promoting ethical management. The general manager serves as the convener, with the	No significant difference.

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
policy and plan to prevent unethical conduct and monitor their implementation?			<p>subordinating “Ethical Management Promotion Panel” formed among Sales, Comprehensive Administration, Finance, and Procurement. By the functions and scope of each department, the panel is in charge of assisting the board and management to establish and supervise the implementation of the ethical management policies and preventive programs, to ensure the implementation of the Ethical Corporate Management Best Practice Principles, and the general manager reports its implementation to the board of directors at least once a year.</p> <p>2. In order to prevent conflicts of interest and provide appropriate channels for opinion expression, the Company has amended the "Ethical Corporate Management Best Practice Principles" in 2020.</p> <p>3. The Company implements the ethical management policy, and the relevant implementations in 2023 were as follows: A. Trainings In line with our commitment to ethical business practices, we conducted a total of 1,236 training sessions for 3,682 employees in 2023, covering both internal and external aspects of ethical business operations. These training sessions encompassed compliance with ethical business laws and regulations, accounting systems, and internal controls.</p>	

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
			<p>B. Promotion of compliance The "Ethical Management Promotion Pane" promotes the promotional education. In 2023, with the theme of "Implementing Ethical Management", it promoted the matters needing attention when conducting business through videos. The number of participants was 528, with a total of 1,056 person-hours.</p> <p>C. Whistleblowing system and protection to whistle blowers The Company has established a specific whistleblowing system in the “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, and “Handling Procedures for Reporting on Illegal and Unethical or Immoral Conducts” to actively prevent unethical conduct, and encourage internal and external personnel to report unethical or misconduct. The Comprehensive Administration Department is appointed as the unit responsible for accepting reports of unethical conduct involving the employees. The investor relations section of the Company’s website provides effective communication methods for employees, shareholders, stakeholders, and outsiders, and the whistleblower protection system is established to keep the identity of whistleblowers and the content of whistle-</p>	

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
			<p>blowing confidential and promise to protect whistleblowers from being improperly treated due to whistleblowing. No whistleblowing case was filed in 2023.</p> <p>D. Periodical inspection The Company conducts risk assessments of corruption-related situations for all operating bases, through self-assessment of Sales Department, Comprehensive Administration Department, Finance Department, and Procurement Department every six months, as well as the self-assessment of legal compliance, audited independently by the audit unit, to ensure the overall operation of the mechanism, to jointly manage and prevent unethical conducts. In 2023, there were no corruption, anti-competitive behavior, and unethical conduct.</p>	
(III) Does the Company have the policy to prevent conflict of interest, provide appropriate channels for an explanation, and implement it?	V		In the “Ethical Corporate Management Best Practice Principles” and the “Rules of Procedure for Board of Directors Meetings,” it is specifically required when the relationship of a director or the corporate shareholder he/she represents is likely to prejudice the interests of the Company, the director may state his/her opinions and answer questions and may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights	No significant difference.

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
			on that matter.	
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		The Company's accounting system refers to the Securities and Exchange Act, the Company Act, the Business Entity Accounting Act, the International Financial Reporting Standards, the International Accounting Standards, Interpretation, Interpretation Announcements and other relevant laws and regulations approved by the Financial Supervisory Commission; the internal control system refers to the "Regulations Governing Establishment of Internal Control Systems by Public Companies." All are implemented thoroughly. The Company's "Ethical Corporate Management Best Practice Principles" clearly stipulates that no external accounts or secret accounts retained; in addition to the regular audits on the compliance of the aforesaid system by the internal auditors, and the audit reports are prepared and submitted to the board of directors, the quarterly financial statements are also commissioned to the CPAs for audit (or review) before issuance.	No significant difference.
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		In addition to the "Ethical Corporate Management Best Practice Principles", the Company also regularly organizes internal training on ethical management every year, and promotes such at various meetings from time to time, so that employees may clearly understand the ethical management philosophy and regulations.	No significant difference.

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
III. The operation of the Company's whistleblower reporting system				
(I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		The Company has established the “Handling Procedures for Reporting on Illegal and Unethical or Immoral Conducts” to establish the internal and external whistleblowing channel, and disclose such on the official website	No significant difference.
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		The Company has established the “Handling Procedures for Reporting on Illegal and Unethical or Immoral Conducts” to establish the internal and external whistleblowing channel, and disclose such on the official website	No significant difference.
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting? improperly handled due to reporting?	V		The Company has set up the “Handling Procedures for Reporting on Illegal and Unethical or Immoral Conducts”, which is responsible for the confidentiality of the whistleblower, and the whistleblower will not be improperly treated due to whistleblowing.	No significant difference.
IV. Intensification of Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	V		The Company has disclosed the content of the "Ethical Corporate Management Best Practice Principles" on the Company's website, and has set up an external mailbox, so the channels for information disclosure and reporting are smooth.	No significant difference.
V. If the Company has its own Ethical Code of Conduct established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies ", please describe the differences between the two: the two are not materially different, please refer to the above.				
VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management operating status (e.g. the status of review and amend its policies): The Company always monitor the development of relevant regulations of ethical management at home and abroad, and encourages directors, managerial officers and employees to make suggestions, for reviewing and improving the Ethical Corporate Management Best Practice Principles prescribed by the Company, to enhance the effectiveness of the Company's ethical management. The Company also requires all				

Evaluation item	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Company” and the Reasons.
	Yes	No	Summary Description	
			employees to operate ethically pursuant to local laws and regulations when conducting business. In accordance with the working rules, employment contracts, labor agreements or relevant internal management measures between the Company and its employees, the Company requires all employees to respect the trade secrets of customers and others, and everyone is obliged to protect the Company's property from loss, damage, improper use, undue reading and theft, while complying with all bylaws and regulations related to the management and use of the Company's properties. In addition, since the preparation for listing, the Company has implemented the educational sessions to the board of directors and management regarding laws and regulations for the public companies, and the corporate governance, to enhance the board and management's understanding of securities trading-related laws and regulations, as well as effectively comply with laws and regulations. So far, the implementation is good.	

(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: the

Company has established the corporate governance best-practice principles and related bylaws, and such may be searched at:

Please refer to the official website: <http://www.asia-recycle.com/governance/rules/> (corporate governance/key bylaws)

Or refer to MOPS: mops.twse.com.tw (corporate governance)

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed.

Please refer to the official website: <http://www.asia-recycle.com/governance/organized/index.html> (corporate governance)

Or refer to MOPS: mops.twse.com.tw (corporate governance)

(IX) Implementation of internal control system

1. Statement of internal control system

Asia Plastic Recycling Holding Limited.

Statement of internal control system

March 6, 2024

The Company bases on the result of the self-assessment performed on the 2023 internal control system to make declaration as follows:

- I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of the internal control system adopted in the "Regulations" are based on the process of managerial control and divide the internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of the internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. The Company bases on the evaluation results in the preceding paragraph to conclude that the internal control system on December 31, 2023 (including the supervision and management of subsidiaries), including understanding the operational effect and the extent of efficiency realization, the reporting is reliable, timely, transparent, and complying with the relevant norms and relevant laws and regulations, the compliance with governing laws and regulations, and other design and implementation, is effective, which can reasonably ensure the achievement of the aforementioned objectives.

- VI. This statement will become the main content of the Company's annual report and prospectus and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Board of Directors on March 6, 2024 by the seven directors present unanimously and it is so stated for the said purpose.

Asia Plastic Recycling Holding Limited.



Chairman: Ting, Chin-Shan Seal/Signature

President: Ting, Chih-Kung



Seal/Signature

2. The review report of the CPAs should be disclosed if the internal control system is reviewed by the CPAs: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the penalty, the main shortcomings, and condition of improvement: None.

(XI) Major resolutions of the shareholder and board meetings in the most recent year to the day this Annual Report was printed:

1. The content and implementation of important resolutions of the shareholders' meeting

Elected or appointed	Important resolutions
June 15, 2023	1. 2022 business report and consolidated financial statements. 2. Proposal of 2022 deficit offsetting. 3. Proposal to amend the Company's "Articles of Incorporation". Implementation: The key company regulations regarding corporate governance are announced on the official website.

2. Important resolutions of the Board of Directors

Elected or appointed	Important resolutions
March 9, 2023	1. Approved the 2022 business report and consolidated financial report 2. Approved the 2022 deficit compensation proposal. 3. Approved the assessment for the effectiveness of the internal control system in the Company, and the subsidiaries including Sansda (Fujian) Plastic Co., Ltd. and Sansda (Hong Kong) Trading Co., Ltd., and presentation of the Statement of Internal Control System. 4. Approved the proposal to amend the Company's "Articles of Incorporation". 5. Approved to the amendments to the "Corporate Governance Best Practice Principles". 6. Approved the amendments to the "Sustainable Development Best Practice Principles". 7. Approved the convention of the 2023 regular shareholders' meeting
May 3, 2023	1. Approved the consolidated financial report for Q1 2023. 2. Approved update of the proposal for 2022 deficit compensation.
June 15, 2022	Approved the consolidated financial report for the first half of 2023.
August 23, 2023	1. Approved the consolidated financial report for Q3 2023. 2. Approved the 2023 current salary structure and remunerations of the Company and the subsidiaries.
November 9, 2023	1. Approved the consolidated financial report for Q3 2023. 2. Approved the 2023 current salary structure and remunerations of the Company and the subsidiaries.

Elected or appointed	Important resolutions
December 23, 2023	<ol style="list-style-type: none"> 1. Approved the formulation of the 2024 annual audit plans for the Company and the subsidiaries, Sansda (Fujian) and Sansda (Hong Kong) Trading Co., Ltd. 2. Approved the 2024 budgets 3. Approved the proposal of distributing 2023 year-end bonus before the Chinese New Year in 2024. 4. Approved the proposal of the 2024 attesting CPA service fees and assessment of the attesting CPAs' independence. 5. Approved the dismissal and appointment of the President of the Company. 6. Approved the lifting of non-compete restrictions imposed on managers. 7. Approved the issuance of common shares for capital increase in cash by private placement. 8. Approved the accounts write-off of the Group's subsidiaries, Sansda (Hong Kong) Co., Ltd. (hereinafter referred to as Sansda Hong Kong) and Fujian Sansda Recycling Limited (hereinafter referred to as Sansda Recycling). 9. Approved the amendments to the Company's "Rules of Procedure for Shareholders' Meetings". 10. Approved the formulation of the Company's "Rules Governing Finance and Business-Related Operations between Affiliated Enterprises". 11. Approved the formulation of the Company's "Procedures for Compilation and Verification of Sustainability Report". 12. Approved the motion for the re-election of directors of the subsidiary, Sansda (Hong Kong) Co., Ltd.
March 6, 2023	<ol style="list-style-type: none"> 1. Approved the 2023 business report and consolidated financial report 2. Approved the proposal of 2023 deficit compensation. 3. Approved the assessment for the effectiveness of the internal control system in the Company, and the subsidiaries including Sansda (Fujian) Plastic Co., Ltd. and Sansda (Hong Kong) Trading Co., Ltd., and presentation of the Statement of Internal Control System. 4. Approved the proposal to release the elected directors from non-compete clauses. 5. Approved the convention of 2024 regular shareholders' meeting
May 6, 2024	<ol style="list-style-type: none"> 1. Approved the consolidated financial report for Q1 2024. 2. Passed the proposal on supplementary instructions for the private placement of cash capital increases and ordinary share issuance.

(XII) During the most recent year or the current year up to the date of publication of the annual report, if board directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIII) Summary of relevant resignations and dismissals during the most recent year and during the current year up to the date of publication of the annual report:

January 1, 2023 - May 25, 2024

Title	Name	Inauguration date	Date of resignation	Reasons for resignation or dismissal
General Manager	Ting, Chih-Meng	October 2014	2023.12	Change of position

IV. Information on CPA professional fees

Accountant's Fee Information Interval Table

CPA firm	CPA name		Audit Period	Note
Candor Taiwan CPA	Lin, Chao-Min	Shih, Dai-Ping	From January 1, 2023 to December 31, 2023	

Unit: Thousand NTD

Unit: Thousand NT\$

Professional fee items		Audit fee	Non-audit fee	Total
Amount range				
1	Below NT\$ 2,000,000		✓	
2	NT\$2,000,000 (included) ~ NT\$ 4,000,000	✓		✓
3	NT\$4,000,000 (included) ~ NT\$6,000,000			
4	NT\$6,000,000 (included) ~ NT\$8,000,000			
5	NT\$8,000,000 (included) ~ NT\$10,000,000			
6	Over NT\$ 10,000,000 (included)			

Unit: Thousand NTD

CPA firm	CPA Name	Audit fee	Non-audit fee					CPA audit period	Note
			System design	Business registration	Human resources	Others (note)	Subtotal		
Candor Taiwan CPA	Lin, Chao-Min	3,400	-	-	-	-	-	January 1, 2023 to December 31, 2023	
	Shih, Dai-Ping								

(II) The audit fee paid for the change of the accounting firm and the year of the change is less than the audit fees of the previous year, and the amount, proportion and reasons for the reduction of the audit fee: No such situation.

(III) The audit fee which has been reduced by more than 10% compared with the previous year: No such situation.

V. Information on the replacement of CPAs: No such situation.

VI. The chairman, general manager, or officer in charge of financial or accounting matters of the Company, who has worked in the firm of the CPAs or its affiliated companies within the last year: None.

VII. Particulars about changes in shareholding and equity pledge of directors, supervisors, managerial officers and shareholders holding

more than 10% in the past year and as of the date of publication of the annual report:

- (1) Changes in shareholdings of directors, supervisors, managerial officers and major shareholders

Unit: shares

Title	Name	2023		Up to April 16, 2024	
		Number of Shares Held Increase (decrease)	Number of pledged shares Increase (decrease)	Number of Shares Held Increase (decrease)	Number of pledged shares Increase (decrease)
Chairman	Ting, Chin-Shan	—	—	—	—
Director Shareholders with 10% or more stake	Ding Holding Limited	—	—	—	—
	(Representative: Ting, Chin-Kuang)	—	—	—	—
Director	Chang, Hui-Chun	—	—	—	—
Director	Chang, To-Chung	—	—	—	—
Independent Director	Li, Chun-Te	—	—	—	—
Independent Director	Li, Fan	—	—	—	—
Independent Director	Liao, Cheng-Pin	—	—	—	—
General manager of Procurement, Sansda (Fujian)	Ting, Chih-Meng	—	—	—	—
Deputy general manager of Sales, Sansda (Fujian)	Ting, Hua-Hsiung	—	—	—	—
Deputy general manager of Procurement, Sansda (Fujian)	Ting, Chih-Wei	—	—	—	—

- (2) Equity transfer information: None.

- (3) Equity pledge information: None.

VIII. Information on the top ten shareholders who are related to each other or as spouses or relatives within the second degree of kinship as defined in IAS No. 6

April 16, 2024; Unit: shares

Name		Shareholdings of the Principal		Shareholding of spouse and minor children now		Total shares held in the names of others		The title or names and relationships of the top-ten shareholders who are related parties, spouse, and relatives within the second degree of kinship as defined in the R.O.C. Financial Accounting Standards No. 6 should be disclosed.		Note
		Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title or Name of Directors	Relationship with the endorser/guarantor	
1	Ding Holding Limited	38,888,293	14.45%	—	—	—	—	Ting, Chin-Tsao	Note	—
	(Representative: Ting, Chin-Kuang)	—	—	—	—	—	—	—	—	—
2	Ting, Chin-Tsao	15,993,089	5.94%	—	—	—	—	Ding Holding Limited	Note	—
3	Cheng, Chin-Hung	12,184,000	4.53%	—	—	—	—	—	—	—
4	Ou, Shu-Ching	6,132,000	2.28%	—	—	—	—	—	—	—
5	Phillip Securities Ltd.	5,842,140	2.17%	—	—	—	—	—	—	—
6	Tseng, Ming-Hsiu	3,170,520	1.18%	—	—	—	—	—	—	—
7	Hsu, Hang-Chien	2,456,930	0.91%	—	—	—	—	—	—	—
8	Kuo, Ting-Chun	1,952,000	0.73%	—	—	—	—	—	—	—
9	Lin, Kao-Mu	1,500,000	0.56%	—	—	—	—	—	—	—
10	Hsu, Shih-Chieh	1,480,000	0.55%	—	—	—	—	—	—	—
Total		85,491,972	31.78%	—	—	—	—	—	—	—

Note: Ting, Chin-Tsao is a shareholder of Ding Holding Limited.

IX. Number of shares held by the Company, the Company's directors, supervisors, managers and directly or indirectly controlled entities on the same investee, and comprehensive shareholding percentage calculated in a consolidated manner:

Invested enterprises	The Company's investment		The investment of directors, supervisors, managers, and businesses directly or indirectly controlled by the Company		Total investments	
	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership
Sansda Holding Limited	1	100%	-	-	1	100%
Sansda (Hong Kong) Co., Ltd.	1	100%	-	-	1	100%
Sansda (Fujian) Plastic Co., Ltd.	Note	100%	-	-	Note	100%
Fujian Sansda Recycling Co., Ltd.	Note	100%	-	-	Note	100%
Sansda (Hong Kong) Trading Co., Ltd.	1	100%	-	-	1	100%

Note: The subsidiaries in Mainland China are limited companies and have no shares.

Four. Capital Raising

I. Capital and shares

(I) Source of share capital

1. The formation of share capital

April 16, 2024

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousand)	Number of Shares (thousand shares)	Amount (NT\$ thousand)	Share capital Source	Using property other than cash as payment of shares	Others
January 2010	US\$1	50	US\$50	—	—	—	—	—
March 2010	US\$1	50	US\$50	—	—	—	—	—
March 2010	NT\$10	360,000	NT\$3,600,000	120,000	NT\$1,200,000	Note	Note	—
October 2010	NT\$78	360,000	NT\$3,600,000	120,840	NT\$1,208,400	Cash capital increase	—	—
July 2011	NT\$84	360,000	NT\$3,600,000	123,600	NT\$1,236,000	Cash capital increase	—	July 19, 2011 Tai-Zheng-Shang-Er-Zhi. No.1001702521
August 2011	NTD \$95	360,000	NT\$3,600,000	138,080	NT\$1,380,800	Cash capital increase	—	August 16, 2011 Tai-Zheng-Shang-Er-Zhi. No.10000272241
July 2012	NT\$10	360,000	NT\$3,600,000	158,792	NT\$1,587,920	Earning capitalization	—	—
October 2012	NTD \$83	360,000	NT\$3,600,000	175,292	NT\$1,752,920	Cash capital increase	—	September 20, 2012 Jin-Guan-Zheng-Fa-Zi No.1010042289
July 2013	NT\$10	360,000	NT\$3,600,000	199,833	NT\$1,998,329	Earning capitalization	—	—
July 2014	NT\$10	360,000	NT\$3,600,000	250,175	NT\$2,501,751	Earning capitalization	—	—
August 2014	NT\$10	360,000	NT\$3,600,000	249,829	NT\$2,498,291	Cancellation of Treasury shares	—	—
August 2015	NT\$10	360,000	NT\$3,600,000	259,588	NT\$2,595,884	Earning capitalization	—	—
November 2016	NT\$10	360,000	NT\$3,600,000	265,368	NT\$2,653,681	Earning capitalization	—	—
September 2017	NT\$10	360,000	NT\$3,600,000	267,776	NT\$2,677,761	Earning capitalization	—	—
September 2018	NT\$10	360,000	NT\$3,600,000	268,955	NT\$2,689,547	Earning capitalization	—	—

Note: In order to apply for the first listing in Taiwan, the Company agreed to exchange equity with the holding company which wholly owns Sansda (Fujian) Plastic Co., Ltd., and indirectly acquired 100% ownership of Sansda (Fujian) Plastic Co., Ltd. (equivalent to using 1 common share of the company to exchange for HKD 0.675 of the capital of Sansda (Fujian) Plastic Co., Ltd.).

2. Types of issued shares

April 16, 2024; Unit: shares

Type of share	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	268,954,729	91,045,271	360,000,000	Shares of listing company

3. Summary of information related to the shelf registration: Not applicable.

(II) Shareholder structure

April 16, 2024; Unit: shares

Shareholder structure	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and legal person	Total
Number of people	—	—	172	43,498	28	43,698
Number of Shares Held	—	—	2,986,539	198,319,075	67,649,115	268,954,729
Ownership	—	—	1.11%	73.74%	25.15%	100.00%

Note: Shareholding percentage by mainland Chinese is 0%.

(III) The situation of equity dispersion

The denomination per share is NT\$10; April 16, 2024; Unit: shares

Classification of shareholding	Number of shareholders	Number of Shares Held	Shareholding ratio (%)
1 to 999	28,166	2,346,094	0.87
1,000 to 5,000	10,013	21,728,871	8.08
5,001 to 10,000	2,438	17,608,008	6.55
10,001 to 15,000	1,011	12,274,499	4.56
15,001 to 20,000	538	9,537,035	3.55
20,001 to 30,000	538	13,016,426	4.84
30,001 to 40,000	259	8,908,537	3.31
40,001 to 50,000	159	7,140,383	2.65
50,001 to 100,000	330	23,464,936	8.72
100,001 to 200,000	139	19,284,794	7.17
200,001 to 400,000	57	15,662,302	5.82
400,001 to 600,000	17	7,779,167	2.89
600,001 to 800,000	11	7,437,487	2.77
800,001 to 1,000,000	3	2,581,907	0.96
More than 1,000,001	19	100,184,283	37.26
Total	43,698	268,954,729	100

(IV) List of major shareholders: List the name, number of shares held and shareholding ratio of the shareholders with the ratio over 5% or the top ten shareholders

April 16, 2024; Unit: shares

Shares Names of major shareholders	Number of Shares Held	Ownership
Ding Holding Limited	38,888,293	14.46%
Ting, Chin-Tsao	15,993,089	5.95%
Cheng, Chin-Hung	12,184,000	4.53%
Ou, Shu-Ching	6,132,000	2.28%
Phillip Securities Ltd.	5,842,140	2.17%
Tseng, Ming-Hsiu	3,170,520	1.18%
Hsu, Hang-Chien	2,456,930	0.91%
Kuo, Ting-Chun	1,952,000	0.73%
Lin, Kao-Mu	1,500,000	0.56%
Hsu, Shih-Chieh	1,480,000	0.55%

(V) Information on market price, net worth, earnings and dividends of each share

Unit: NT\$ thousand; thousand shares

Item \ Year		2022	2023	March 31, 2024 (Note 4)
per share Market price	Highest	8.32	9.49	8.29
	Lowest	5.90	6.85	7.01
	Average	6.80	7.50	7.51
Net worth per share	Before distribution	18.19	16.36	16.30
	After distribution	18.19	16.36	16.30
Earnings per share	Weighted average shares	Before adjustment	268,955	268,955
		After adjustment	268,955	268,955
	Earnings per share	Before adjustment	(1.77)	(1.53)
		After adjustment	(1.77)	(1.53)
Dividend per share	Cash dividend		-	-
	Stock dividends	-	-	-
		-	-	-
	Cumulative undistributed dividends		-	-
Analysis of return on investment	Price to earnings ratio (Note 1)		(3.84)	(4.90)
	Price to dividends ratio (Note 2)		-	-
	Cash dividends yield (Note 3)		-	-

Note 1: Price-to-earnings ratio = average closing price per share for the year/earnings per share.

Note 2: Price-to-dividends ratio = average closing price per share for the year/cash dividend per share.

Note 3: Cash dividends yield = cash dividend per share/average closing price per share for the year.

Note 4: Financial statements for the first quarter of 2024 reviewed by accountants.

(VI) Dividend policy and implementation

1. Dividend policy defined by the Articles of Association:

- (1) In accordance with Cayman decree, listing (OTC) rules and these Articles, the Company shall not distribute dividends and bonuses if there are no earnings. But if the statutory surplus reserves have exceeded 50% of the paid-in capital of the Company, the exceeded amount shall be distributed in full or in part, as the dividends and bonuses according to the ordinary resolution of the shareholders' meeting. During the listing period of the Company, dividends shall be distributed in New Taiwan Dollar.
- (2) A. Unless otherwise specified in Cayman decree, listing (OTC) rules or these Articles, if the Company has made profits in the current year during the listing period, at least two percent (2%) shall be withdrawn as the employee remuneration (unless otherwise specified in Cayman decree or listing (OTC) rules, qualification of those employees shall be determined by the Board of Directors), which shall be distributed to the employees of the Company and (or) subsidiaries by issuing new shares and/ or cash, and no higher than one percent (1%) shall be withdrawn as the director remuneration and shall be distributed to various directors, provided that at least 2/3 directors of the Board present and more than 1/2 directors have adopted the resolution. But if the Company has some accumulated losses, the amount for making up such losses shall be reserved firstly, and employee and director remuneration shall be withdrawn from the remaining amount as per the foregoing percentages. Distribution plan for employee and director remuneration shall be submitted to the Board of Shareholders. Unless otherwise specified in listing (OTC) rules, director remuneration shall not be distributed by issuing new shares.
B. Except as otherwise provided in the Cayman acts, listing (OTC) regulations or the Articles of Association, if the Company has a surplus at the end of a fiscal year, it shall pay all relevant taxes, make up for the loss (including the loss of the previous year). After allocating the statutory surplus reserve in accordance with the listing (OTC) regulations (but not applicable if the total statutory surplus reserve has reached the total issued capital of the Company) and the special surplus reserve (if any), the ordinary resolution of the shareholders meeting shall be passed to pay dividends or bonuses to shareholders at 10% of the remaining surplus of the current year based on each shareholder's shareholding ratio, and the amount of cash dividends shall not be less than 10% of the total dividends and bonuses paid.

C. The Company shall also distribute the dividends and bonuses by making use of the unappropriated earnings from the previous years, in accordance with the ordinary resolution of the regular shareholders' meeting.

D. The Board of Directors shall deduct any amount (if any) that is due and should be paid by the shareholder to the Company, from any dividend, bonus or other account payable related to the shares.

E. Unless otherwise specified in Cayman decree and listing (OTC) rules, any special reserves shall be reversed into the unappropriated earnings of the Company.

2. The proposed dividend distribution for this year:

Due to the after-tax loss in 2023, the Company does not plan to distribute dividends.

3. Expected material changes in dividend policy: None.

(VII) The effect of the proposed stock dividends of shares at the shareholders' meeting on the Company's operating results and earnings per share:

The Company has not distributed bonus share in 2023, so it is not applicable.

(VIII) Remuneration of employees and remuneration of directors and supervisors

1. The number or scope of the remuneration of employees and the remuneration of directors and supervisors stated in the Articles of Incorporation

If the Company has made profits in the current year during the listing period, at least two percent (2%) shall be withdrawn as the employee remuneration (unless otherwise specified in Cayman decree or listing (OTC) rules, qualification of those employees shall be determined by the Board of Directors), which shall be distributed to the employees of the Company and (or) subsidiaries by issuing new shares and/ or cash, and no higher than one percent (1%) shall be withdrawn as the director remuneration and shall be distributed to various directors, provided that at least 2/3 directors of the Board present and more than 1/2 directors have adopted the resolution. But if the Company has some accumulated losses, the amount for making up such losses shall be reserved firstly, and employee and director remuneration shall be withdrawn from the remaining amount as per the foregoing percentages. Distribution plan for employee and director remuneration shall be submitted to the Board of Shareholders. Unless otherwise specified in listing (OTC) rules, director remuneration shall not be distributed by issuing new shares.

2. The Company's estimation basis of estimated amounts of employees' remuneration and directors' and supervisors' remuneration, the basis for calculating the number of shares of employee remuneration distributed by stocks, and the accounting treatment in the event that the actual allotment amount differs from the estimated amount in the current period:

- (1) The estimation basis of current estimated amounts of employees' remuneration and directors' and supervisors' remuneration: Please refer to the description of dividend policy in (VI) 1. above.

- (2) The basis for calculating the number of shares of remuneration distributed by stocks in the current period: The number of issued shares is calculated based on the closing price of the Board of Directors on the previous day and by considering the effects of ex-rights and ex-dividends. The remuneration of employees calculated as less than one share is paid in cash.

- (3) The accounting treatment in the event that the actual allotment amount

differs from the estimated amount in the current period: When there is a major change in the issuing amount of the Board of Directors' resolution, the change will adjust the original annual expenses. If the amount still changes at the date of the shareholders' meeting, it will be treated as the changes in accounting estimates and recorded in the statement in the year of the resolution of the shareholders' meeting.

3. Remuneration distribution approved by the Board of Directors

(1) If the amount of employees' remuneration and directors' and supervisors' remuneration distributed in cash or shares is different from the annual estimated amounts of expenses, such difference, reason and treatment should be disclosed. Due to the after-tax loss in 2022, the Company does not plan to distribute the remuneration of employees and remuneration of directors and supervisors.

(2) The amount of employees' remuneration distributed by stocks and its proportion to the total amount of after-tax net profit and total employee remuneration for the current period: Due to the after-tax loss in 2022, the Company does not distribute stock dividends to employees, so it is not applicable.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of allotted shares, amount and stock price), and if there is any difference between it and the recognized remuneration, and the number of difference, reason and treatment should be stated: Due to the after-tax loss in 2022, the Company does not distribute the remuneration of employees, directors and supervisors, so it is not applicable.

(IX) Repurchase shares of the Company by the Company

No application for repurchase of shares of the Company has been made in the most recent year and as of the printing date of the annual report

II. Corporate bond: None

III. Preferred stock: None

IV. Global depositary receipt: None

V. Employee share subscription warrants and new restricted employee stocks:

(I) The Company's employee stock options have not yet expired

May 22, 2024

Type	2017 First time employee share subscription warrants		
Date of approval by the competent authority	April 13, 2018		
Issuing (handling) date	April 30, 2018		
Number of units issued	20,000,000 shares		
Number of issued options to be subscribed as a percentage of the total number of shares issued	7.44%		
Duration of subscription	10 years		
Contract Performance Method	Issuance of new shares		
Restricted stock period and percentage (%)	Upon two years after the expiration of the share subscription warrants granted to employees by the Company, the warrant holders can exercise the subscription rights according to the following schedule		
	Schedule	Seniority	Exercisable subscription ratio (cumulative)
	After two full years (from the third year)	After four full years	30%
		After six full years	60%
		After eight full years	100%
Number of shares exercised	0		
Amount of shares exercised	0		
Number of unexercised stock options	20,000,000 shares		
Subscription price per share for unexecuted subscriptions	NT\$11.2/share		
Ratio of number of unexecuted subscription for shares to total issued shares (%)	7.44%		
Effect on shareholders' equity	No significant influence		

(II) The name, acquisition and subscription status of managers who have obtained the employee stock option certificates and the top ten employees who have obtained the number of subscription for shares of stock option certificates

May 22, 2024

Title	Name	Number of stock options acquired	Number of stock options acquired as a percentage of the total number of shares issued	Executed				Unexecuted			
				Number of stock options	Price of stock options	Amount of stock options	Number of stock options as a percentage of the total number of shares	Subscription Quantity	Price of stock options	Subscription Amount	Number of stock options as a percentage of the total number of shares issued
Chairman	Ting, Chin-Shan	13,000,000	4.83%	-	-	-	-	13,000,000	11.2	145,600,000	4.83%
Deputy general manager of Sansda (Fujian)	Ting, Hua-Hsiung										
Deputy general manager of Sansda (Fujian)	Ting, Chih-Wei										
Special Assistant to Chairman	Xue, You-Wei										
Assistant VP, Finance and Accountin	Wang, Wei-Min										
General Manager, Sansda (Fujian)	Ting, Chih-Meng										
Assistant VP of Audit	Liang, Weh-Jie	5,000,000	1.86%	-	-	-	-	5,000,000	11.2	56,000,000	1.86%
Chairman's Secretary	Huang, Chiu-Po										
Finance manager of Sansda (Fujian)	Huang, Ssu-Kuan										
Deputy general manager of Marketing, Sansda (Fujian)	Ting, Chin-Hua										
R&D manager of Sansda (Fujian)	Ting, Chin-Fu										
Quality control manager of Sansda (Fujian)	Wei, Chang-Chung										
General manager of Marketing, Sansda (Fujian)	Wang, Chao-Yang										
Vice manager, Finance	Yu, Ping-Rou										

VI. Status of new shares issuance in connection with mergers and acquisitions:

The Company was established and registered in the Cayman Islands in 2010 in order to comply with the requirements of applying for listing in Taiwan. In March 2010, it issued 120,000 thousand new shares (common shares) with a denomination of NT\$10 per share. It carried out equity exchange with Ding Holding Limited and completed the reorganization of the equity structure of the Group. After the reorganization, the Company directly or indirectly holds 100% stake of Sansda Holding Limited, Sansda (Hong Kong) Co., Ltd. and Sansda (Fujian) Plastic Co., Ltd. There is no other transaction for M&A.

VII. Financing plans and implementation:

(I) Contents of plans

1. As of the quarter before the printing date of the annual report, the plans which have not been completed in the previous issuance or private securities: None.
2. The plans which have been completed within the past three years and the plans which have not yielded significant benefits: None.

(II) Implementation

Regarding the purpose of each plan mentioned in the preceding paragraph, analyze item by item the implementation and the comparison with the originally expected benefits as of the quarter before the printing date of the annual report: None.

Five. Operation Overview

I. Business activities:

(I) Business scope

(1) The main content of the business

The Company currently arranges Sansda (Fujian) Plastic Co., Ltd. as the main operating entity, mainly engaging in the research and development, manufacturing and sales of Ethylene-Vinyl Acetate copolymer (EVA) foam material, and recycle of waste plastics and scraps. With the characteristics of good plasticity, good elasticity, shock resistance, chemical resistance and low-temperature resistance, EVA blended foam products can be widely applied. At present, the foam products manufactured by the Company are mainly divided into five types of foam products:

- A. Sole sheets
- B. Bag sheets
- C. Common sheets
- D. Rubber foam
- E. Floor mats
- F. Other special sheets

(2) Proportions of main business items in 2022 and 2023

Unit: NT\$ Thousands, %

Product	2022		2023	
	Turnover	Operating proportion (%)	Turnover	Operating proportion (%)
Common sheets	221,600	34.43	242,667	31.43
Bag sheets	271,547	42.19	363,119	47.03
Specialty panel materials	5,914	0.92	940	0.12
Floor mats	30,367	4.72	34,282	4.44
High elasticity formed material	42,668	6.63	49,692	6.44
Other (note)	71,507	11.11	81,334	10.54
Total	643,603	100.00	772,034	100.00

Note: Others include the income from high foams, shoe upper linings, shoe sole inlays, and rental incomes, etc. and the rental incomes in 2022 and 2023 are NT\$31,811 thousand and NT\$41,094 thousand, respectively.

(3) Items and purposes of main products

EVA foaming technology uses physical foaming or chemical cross-linking foaming to foam plastic materials (open or closed type) to achieve lightweight, buffering, sound absorption, shock absorption, heat preservation, filtration, packaging and other functions. The products not only have the special functions mentioned above, but also can reduce the cost by reducing the specific gravity through foaming. Therefore, foamed products are not only widely used in consumer goods (such as shoe materials, water sports equipment, cushions, etc.), but also are in demand for building materials (air-conditioning insulation pipes, floors, skirting boards, etc.) and industrial uses (such as packaging, insulation, shockproof, filtration, etc.). The description of items and uses of the Company's products are as follows:

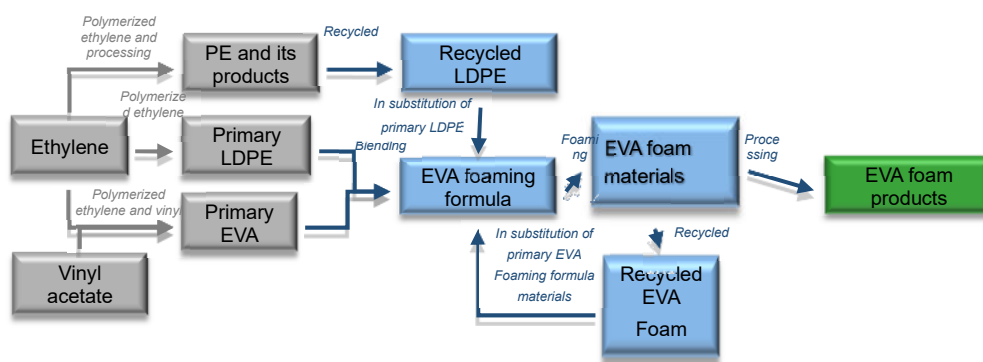
Item	Purpose
A. Sole sheets	EVA blended foaming products have the properties of softness, good elasticity, chemical resistance, etc., so they are widely used in the soles and interior materials of middle and high-end sneakers, hiking shoes, slippers, and sandals. There are many varieties of EVA sole materials, mainly concentrated in outsole, midsole and insole, as well as foam materials, footwear inserts, linings, among other things.
B. Bag sheets	High-quality linings for products such as trolley cases, suitcases, and computer bags. The material must be soft, highly elastic, shaped and fit with leather fabrics, so it is gradually replacing traditional foam materials including NBR, SBR and CR foam rubber and PVC foam plastic to become the preferred material for luggage lining.
C. Common sheets	The basic EVA sheet has the characteristics of sound insulation, heat insulation, and light-specific gravity. It is widely used in craft gifts, toys, industrial product packaging, surface lining, sports and leisure and other fields. The main applications in sports and leisure products include: Exercise mats, floating plate and floating beds, life jackets, shoulder pads, knee pads, water supplies, yoga mats and rhythmic balance mats, among other things.
D. High elasticity foamed products	Featured lightweight, high elasticity, non-absorbency, heat preservation, heat insulation, shock resistance, etc., they are widely used in sports equipment, protective gear and construction materials.
E. Highly processed products	Mainly used for children's toy mats. Foam materials made of EVA/PE foam are widely used in children's play areas in homes, kindergartens, shopping malls, etc. They are soft and comfortable, elastic, easy to clean and shockproof.
F. Other sheets	1. Special sheets: They are more flexible than common sheets and have better surface density. They are applied in printable slippers, toys, handicrafts, etc.

Item	Purpose
	<p>2. Rubber foam: With a closed bubble structure, low water absorption, low thermal conductivity, good thermal insulation effect, strong flexibility, and with properties such as shock absorption and sound absorption, cold resistance, heat resistance and anti-dry performance, it is widely used in industrial products and sports equipment.</p> <p>3. Anti-static formed material: With a volume resistance up to $10\Omega/\text{cm}$, the product has excellent antistatic and electromagnetic shielding properties, shock resistance, sound insulation, heat insulation, moisture resistance, corrosion resistance, etc., and is mainly used in electronic packaging materials.</p> <p>4. Flame-retardant formed material: Featuring heat insulation, flame retardant, cold insulation, shock resistance, insulation and heat preservation, etc., the product is widely used in civil engineering for doors and windows, waterproof and leakproof projects, and insulation for wall pits and pipelines in water and electricity projects, and insulation for electrical sockets.</p> <p>5. Shock-absorbing formed material: Featuring high shock absorption and impact resistance, heat insulation and moisture resistance, strong chemical stability, and outstanding property of shape memory, the product is better than ordinary EVA and PE foam, and is widely applied in sports equipment, fitness equipment, harnesses, and electronic packaging materials, etc.</p>

(4) New products planned to be developed

The special foams of environmental protection, flame retardant, shock absorption, sound absorption, antibacterial property, antistatic property and other properties developed and produced by the Company have been widely used in many fields such as electronics, automobiles, ships and architectural decoration. EVA foam materials will also develop towards ultra-light new materials. With the wider application scope of EVA materials, the development of new flame retardants and synergistic flame retardants, reduction of the amount of main flame retardants, increase in the dispersibility and interface compatibility will become the direction of EVA flame retardant research. The new products that the Company plans to develop include:

- A. Anti-static and electromagnetic shielding EVA material
- B. High-pressure-resistant and lightweight silt drainage pipe material for river channels
- C. EVA solar back sheet



(II) Industry overview

(1) Industry Current Status and Development

The Company applied for registration in the British Cayman Islands in 2010. With its wholly-owned subsidiary Sansda (Fujian) Plastic Co., Ltd. (hereinafter referred to as Sansda (Fujian)) as the main operating entity, it mainly engages in the production of blended foam products made from ethylene-vinyl acetate copolymer (EVA) and recycling of waste plastics and scraps.

Foamed plastics are resin-based plastic products with numerous microporous gases inside. It is a foaming material made by molded foaming with EVA as raw material and LDPE or other additives added. Its raw materials include primary EVA, LDPE plastics, and recycled materials made from waste plastics, which are then recycled into EVA blended foamed products.

The foaming principle of plastics is to dissolve gases in a liquid polymer to form a saturated solution, and then produce foam through nucleus interaction; the foaming agent can be dissolved in the liquid polymer in advance, and will release gases when the temperature rises and the pressure drops to form bubbles. The existence of bubbles endows the EVA foam material with many advantages such as water resistance, corrosion resistance, ease of processing, heat preservation, sound insulation, and high elasticity. Water resistance brings moisture-proof function, which is not easy to absorb water; corrosion resistance can play its role in seawater, grease and acid-base environments, which is antibacterial and pollution-free; the characteristics of ease of processing make hot pressing, cutting, laminating and other processes available to produce various types of molded products; heat preservation and sound insulation are beneficial to improve the performance of household products; and high elasticity provides the softness characteristic required by the contact surface of sports products. Based on the above properties, EVA foam materials can be processed into various products, and are widely used in footwear, luggage, sports and leisure, construction materials,

electronic packaging materials and other fields.

A. Industrial development under macroeconomic environment

The Company is mainly engaged in the R&D, manufacturing and sales of EVA foam materials, being a part of the plastics industry. Since the plastics industry is an important pillar of the basic livelihood industry, its application can be seen in every corner of the economy, and it is also closely related to the national consumption capacity. China is the main sales market of the Company. The stage of China's economic development and the people's living standards affect the development of the overall plastics industry, and also guide the development of EVA industry.

The development of China's economy is also inseparable from the global environment. According to a recent observation of the international economic situation, the global economy has been severely affected by the impact of COVID-19 in 2022. Looking forward to 2023, with the smooth development of vaccine research and the control of the epidemic situations in various countries, major international forecasters believe that the global economic and trade growth in 2023 will be significantly better than that in 2022.

From the perspective of the composition of GDP of China's Mainland and the contribution rate of economic growth, the final consumption expenditure accounted for the highest proportion of GDP of China's Mainland between 2015 and 2019, about 57.5% to 69.0%. In 2022, the rate of disposable income from savings of households of China's Mainland is higher than that in previous years. As the impact of the epidemic gradually fades, consumer confidence will be enhanced and part of excess savings will be turned into real consumption. Besides, the consumption upgrade mentioned in the "14th Five-Year Plan", people's livelihood construction, smart cities, tax reform, household registration reform, and regional development will be promoted to guide consumption upgrades, and improve overall consumption levels and people's disposable income. Therefore, private consumption will replace exports and infrastructure investment in 2022 and become the main catalyst for the economic growth of China's Mainland. In 2022 the effect of consumption-driven economic growth will be greatly improved. China's economy is shifting from rapid growth to high-quality development, and the innovation investment continues to be intensified. Such shift will have a profound impact on many areas including consumption, production, investment, trade, and research and development in China. In addition, green development is the direction of future

development. On one hand, green development strengthens environmental governance to increase the cost of polluting industries, which will increase efforts to eliminate backwardness and overcapacity in combination with supply-side structural reforms. On the other hand, green economy development also provides huge new demands in environmental governance and other fields, bringing new opportunities for the environmental protection industry and low-energy enterprises.

B. Plastic consumption trends in China's urbanization stage

Demanded by China's economic development, urbanization remains a long-term trend in China. The deepening of urbanization will further promote economic development and expand the consumption of urban residents. The process of urbanization has a profound impact on the purchasing behavior, purchasing decision, purchasing intention, and purchasing ability of consumers. Therefore, urbanization is also one of the important driving forces to the improvement of China's demand structure. China is a populous country, so a higher urbanization rate will bring more urban population and consumption. Various industries closely related to people's livelihood will also benefit from this. While the shoe industry, luggage industry, toy industry, sporting goods industry, construction materials industry, etc. directly influences the quality of life of people, and they are expected to be positively affected by the deepening of urbanization. More other industries, such as the electronics industry and the automobile industry, will also be stimulated by the increase in demand resulted from the increase in urbanization.



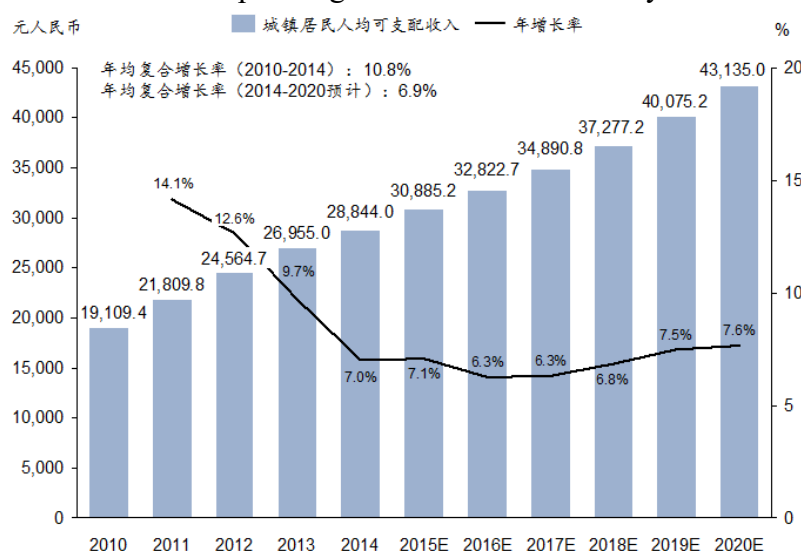
Source: National Bureau of Statistics of China

According to data released by the National Bureau of Statistics, China's GDP

reached RMB 121 trillion in 2022 due to the economic plan implemented by the Chinese government and the gradual recovery of the global economy.

Affected by the continuous increase in wages in recent years, the per capita disposable income of residents has grown rapidly. The per capita disposable income of Chinese residents reached RMB 36,883 in 2022. Compound average growth rate reached 5.0%. The increase in disposable income will help release more consumption potential.

Considering the expectation of a further slowdown in China's nominal GDP and per capita GDP growth rate, the personal per capita disposable income will also be affected to some extent. However, in view of the Chinese government's economic stimulus policies, the adjustment of the personal income tax threshold, the further increase in the urbanization rate and the expected global economic recovery.



Source: National Bureau of Statistics of China

Benefiting from increased China's GDP, raised employment rate and the development of the urbanization process, the income level of urban households has increased sharply. Considering the expectations of China's continued economic growth and improvement of urbanization, the increase in disposable income of urban households is expected to bring more consumption power and benefit the people's livelihood-oriented industries closely related to urban family life.



Source: National Bureau of Statistics of China

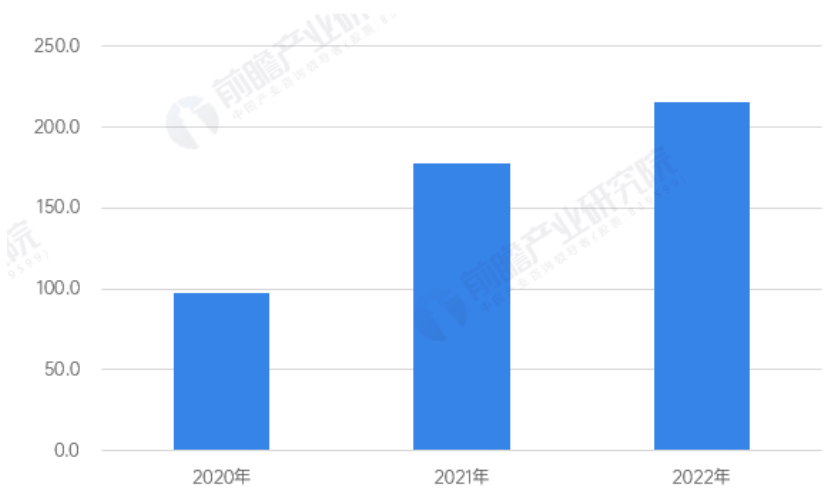
The plastic manufacturing industry is also a major part of the people's livelihood-oriented industries. After a long period of development, the plastics industry in China has gradually expanded its application fields. As the growth of plastic consumption is inseparable from GDP growth, many countries also take per capita plastic consumption as a quantitative indicator to measure and reflect the economic strength of a country. Therefore, the continuous growth of China's national economy actually provides an important foundation for profit for the development of the plastic industry.

According to statistics from Xinhua Net and Data Research Department of DRCNET, China's plastic products industry has grown rapidly each year at a rate higher than GDP in the past ten years. In recent years, the production and economic operations of China's plastic products have been performing well, and the output of various products has continued to sustain a good development trend, which outperforms the early stage. According to data from China Plastics and Rubber Web, the total output of plastic products in China in 2022 was 77.716 million tons. In addition, the plastic products industry consists of plastic film, plastic sheet, foamed plastic (expanded plastic), plastic artificial leather, plastic packaging and containers, etc. As the plastic foaming industry is an important item in the plastics manufacturing industry and has a wide variety of products, it is widely applied in industry, agriculture, construction, and daily life. Nowadays, the demand for foamed materials in the Chinese plastics market is also increasing. On the basis of guidelines in the Outline of the National Medium and Long Term Science and Technology Development Program (2006-2020), National Innovation Driven Development Strategy Program, 13th Five-Year Plan on Scientific and Technological Innovation, A Guideline on Emerging Sectors of Strategic Importance during the 13th Five-Year Plan, 13th Five-Year Plan National New Material Planning,

and centering on the two major plans of the Development and Guidance Opinions on Plastics Processing Industry during the “13th Five-Year” and the Development and Guidance Opinions on the Technological Progress of Plastics Processing Industry during the “13th Five-Year”, the innovation-oriented development strategies should be upheld, and upstream and downstream industries should be united to highlight the direction of “being functionalized, lightweight, eco-friendly, micro-molding”, promote technological innovation and technological progress in the industry, boost high-quality development of the industry, and advance the plastics processing industry from a large production towards a strong one.

According to CNCIC's analysis, the consumption volume of China's EVA market is as follows:

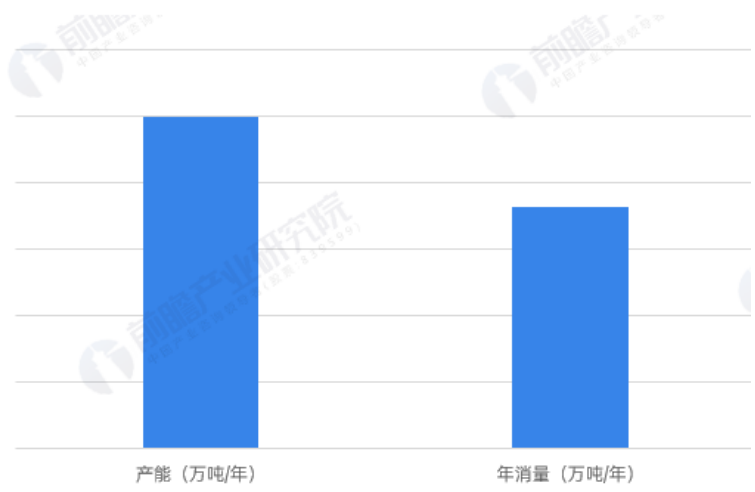
图表1：2020-2022年中国EVA材料产能变化情况(单位：万吨/年)



资料来源：CNCIC 前瞻产业研究院

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图表4：2025年中国EVA材料行业市场供需预测(单位：万吨/年)



资料来源：CNCIC 前瞻产业研究院

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EVA resin features good flexibility, impact strength, low-temperature resistance and environmental stress cracking resistance, as well as good optical performance, chemical stability, aging resistance and ozone resistance, and is non-toxic and harmless, so it is widely used in the areas such as foaming materials, films, injection molding products, blow molding products, wires and cables, hot melt adhesives, and solar energy. In addition, EVA resin can also be used as a raw material of modification for other resins, showing a broad prospect for development and utilization.

C. Current status of the plastic recycling industry under the trend of environmental protection

Environment-friendly recycling of waste plastics for reproduction in China is an extension of the plastic industry. Since fossil energy resources are diminishing, waste plastics can be recycled and reused through technology, making them an inexhaustible “second kind of oil field”. Therefore, due to its environmental concerns, plastic recycling has gradually become an emerging industry that has attracted much attention.

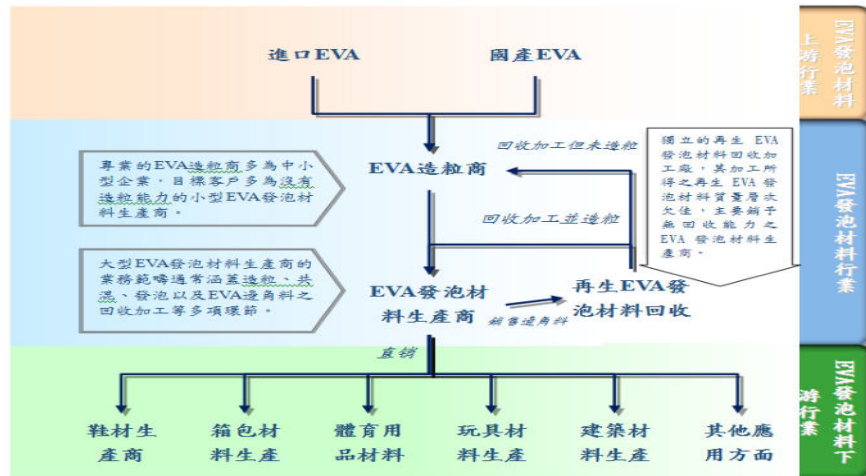
From the perspective of plastics industry development, the recycling of waste plastics is an important way to turn waste into wealth and solve ecosystem pollution. As a measure to save energy and protect the environment, the recycling of waste plastics is taken seriously by countries all over the world. China is deficient in plastic raw materials, so the import volume is large; at the same time, the recycling rate of waste plastics is very low. The development of waste plastic recycling industry is an effective way to solve the shortage of plastic raw materials. The available data suggest that the recycling rate of waste plastics is less than 10%, while China’s plastic products industry has developed rapidly in recent years, ranking second among the world’s plastic product output. With the soaring international oil prices, the overall plastics industry has been gaining little profit. Experts believe that the structural adjustment of the plastic products industry needs to be accelerated. As one of the directions of structural adjustment, the recycling of waste plastics not only has become the key to the entire recycling industry chain, but is also a link with higher technology and higher profits in the current industry. At the present stage, China’s recycling rate of waste plastic and packaging is less than 10%, while Japan has reached 26%. Since the development and research work on the recycling of waste plastics started early in some developed countries, and many technologies are advancing day by day, which has produced great benefits. The waste plastic recycling industry in China is

a promising environmental protection industry with great development potential. From the perspective of economic benefits, the advantage of the waste plastic recycling industry lies in its low cost. According to calculations, compared with the current price of plastic raw materials, the cost of products made from reprocessing of waste plastics is only about 50% of that of the products made from quality raw materials.

In the early days, the waste plastic industry in China mainly relied on traditional material recycling systems. In recent years, the waste landfills in various regions have changed from manual collection, sorting, and processing of waste plastics to industrialized and automatic operation. However, only a few large-scale enterprises attach importance to long-term growth and sustainable management, and such enterprises are concentrated on the coastal area. In waste plastic industry, large enterprises have more advanced plastic classification technology and equipment production lines, lower purchase costs, higher production efficiency, and better environmental protection facilities than smaller enterprises, and their wastewater discharge can meet the standards, avoiding secondary pollution. With the rapid development of China's national economy, the shortage of resources and environmental pollution have become increasingly prominent, and the recycling of waste plastics is in grave difficulties. In order to protect the environment and realize the sustainable development of the national economy, the Chinese government has formulated the Outline of the National Medium and Long-Term Science and Technology Development Program, in which the strategic goals of the waste plastic planning in the field of renewable resources are: the recycling rate of waste plastics will reach 50% by 2020. Therefore, it can be expected that: the processing and comprehensive utilization of waste plastics will become an emerging industry with huge business opportunities and market prospects. It is expected that the industry will advance China's plastics and waste plastic recycling industry to a more scaled and efficient state with the help of government policy support, continuous technological upgrades and an increase in the investment of environmental protection facilities in the future.

(2) The relevance of the upper, middle and lower reaches of industry

EVA foam material market: Upstream and downstream industrial chains of EVA foam material industry



The Company mainly purchases EVA, LDPE raw materials and plastic granulation materials for waste plastic recycling from upstream raw material suppliers, so as to produce EVA foamed products by blending different proportions of foaming formula materials. Since EVA raw materials are derived from ethylene-vinyl acetate copolymers, the operating rate of global petrochemical industry will significantly affect the supply of plasticized raw materials derived from ethylene. But EVA and LDPE can achieve interconversion in the manufacturing process. With years of R&D experience, the Company can recycle waste plastics produced by the consumption of people's livelihood and scraps from EVA production process through professional technologies, and recycle and remake them into EVA foaming formula materials according to different recycling ratios. Therefore, the Company can respond to the supply change risk of midstream and upstream industrial chains by using proprietary process technologies and combination of different raw materials. In the downstream market of EVA foam materials, the shoe industry and luggage industry account for about 70%; the toy industry, sporting goods industry, and construction materials industry account for about 25%; and the emerging fields such as automotive interiors and electronic components account for about 5% of the Chinese market. Besides, China's domestic downstream companies will gradually embark on the road of producing mid-to-high-end products. At present, the application potential of EVA foam materials has not been fully tapped. In China, injection molding and foaming products are the largest areas of EVA resin consumption, accounting for about 65% of the total consumption. It is expected that more emerging areas will be expanded in the future, such as electronic engineering, heat preservation and air-conditioning, car decoration and shipbuilding industry and other emerging fields. As the Company uses part of recycled waste plastics as raw materials, which has complementary characteristics with downstream industries, so the future industry development of the Company is indeed

promising.

(3) Development trends and competitive situations of products

A. Development trends of products

(A) Continuously expand application areas through product innovation

The EVA foaming technology has higher requirements, especially on the key technologies such as product formulation, physical reaction and control procedures. After the evolution of industrial environment, the technology and mechanical equipment of EVA industry have become more mature and stable, so its market is widening and the scope of application is also expanding. In addition to many products such as sports goods, packaging materials, and construction materials, other industries such as materials for aquaculture are also involved. The breadth and depth of application continue to expand, and EVA foam products keep making improvements, and new products are introduced. New products continue to emerge through R&D, especially the thermoplastics with recyclable characteristics and great substitutability, which will replace most other foam materials. It is expected that the EVA industry will remain vigorous development. In the future, EVA foam manufacturers can increase their degree of customization, and adjust various parameters that affect EVA foam in response to customer needs to further expand its application fields, so that the supply of EVA foam materials tends to be more diversified and specialized.

(B) Recycling to conform to the trend of environmental protection

The negative impact of economic activities on the global natural environment is becoming more and more serious, and the deteriorating natural environment also has an increasing impact on the industrial activities of various countries. How to design an analysis framework that studies the relationship between economic activities and the changes in the natural environment has become a natural development trend, and the green economy stands out under such situation.

At the climate change summit held by the UN, China promised to reduce carbon intensity per unit GDP by 2020 by 40%-45% compared to 2005. As one of the world's greenhouse gas emitters, China is trying to adjust its industrial structure to transform its economic development mode and fulfill its commitment to reducing emissions, while meeting its needs of sustainable industrial development. The recycling of plastics can effectively reduce energy consumption and environmental pollution, and achieve

sustainable use of resources.

In terms of recycling of EVA foam materials, waste plastics produced by the consumption of people's livelihood and scraps from EVA production process can be recycled through professional technologies, and be recycled and remade into EVA foaming formula materials according to different recycling ratios. In addition to improving the utilization of resources and materials and reducing industrial production costs, recycling can also create substantial benefits for environmental protection, which conforms to the trend of green economy.

(C) The industry is moving towards the competitive convergence to select the superior and eliminate the inferior

The consumption of EVA foam materials in China has developed rapidly, which has attracted many manufacturers to enter the industry over the years. According to statistics, most of the EVA foam material manufacturers in the Chinese market are small and medium-sized enterprises with annual sales of less than RMB 30 million; a small number of manufacturers are large and medium-sized enterprises with annual sales of RMB 30 million to RMB 100 million. The quantity of large-scale manufacturers with annual sales of more than or close to RMB 100 million is the minimum. The data also show that all the top ten companies of the sales of EVA foam materials in 2014 were companies with sales of more than RMB 100 million, accounting for about 13.7% of the market share. It reflects that although there are many manufacturers in the market, the large-scale manufacturers occupy a dominant position in the market.

Since the scattered manufacturers in China's EVA foam material industry are small in scale and has a low level of production integration, the capital and manpower invested in the business are limited compared with other large companies, which makes their market competition position more unfavorable. In such environment, there will be the trend that the strong ones will remain strong and the trend of selecting the superior and eliminating the inferior in the industry. The companies that outcompete will continue to grow in scale, and their management systems, production capacity of equipment, R&D technologies, and scale of operations will become important indicators and investment thresholds for the future development of the industry.

(D) The Chinese government intends to establish standards and specifications for plastic products

It is expected that China's economy will continue to grow steadily in the next few years. With the accelerated development of industrialization and urbanization, and in the face of increasing concerns about resources and the environment, the Chinese government hopes to minimize the economic and social activities' demand for natural resources and impact on the ecological environment, so it takes initiative to establish standards and specifications for plastic products. China National Standardization Technical Committee has proposed a standard system framework for related fields, including comprehensive and general standards, test method standards and product standards. Among them, the implementation of the development plan for the resource conservation and comprehensive utilization of plastic products, the basic reuse and recycling standards of plastic waste and related test methods for rigid foamed plastics for building energy conservation are listed as key projects. Although China has not yet established specific product standards and specifications for the EVA foam material industry, it is indirectly regulated by product standards and specifications in the downstream market since EVA foam materials can be used in many downstream industries. The Chinese government is attaching greater importance to the standards of plastic products, especially for plastic products in the export market. This action also raises the requirements on the products of EVA foam material manufacturers, and also contributes to healthy competition in the EVA foam material industry. Manufacturers with unqualified products will be eliminated, which provides substantial benefits for the long-term development of the industry.

B. Competition

After more than ten years of product R&D and market expansion since its establishment, the Company has mastered the production technologies of various EVA foam compositions, EVA blended foams and special EVA blended foams, and established a complete system of foam products.

As there are only small less-integrated manufacturers which mostly enter the market later than the Company in China's EVA foam industry, the Company has great competitive advantages in management system, equipment capacity, waste recycling technology and scale of operation, especially the scrap recycling technology which can achieve the purpose of both environmental protection and cost control. This technology entails a long time of knowledge enhancement and experience accumulation. It has formed an important technical barrier for newcomers of the foam market, thus being a key advantage of the Company. In the future, the

EVA foam manufacturers with this key technology will be quite likely to seek for patent production, and other enterprises will certainly look for a new path to cope with this key niche.

According to the statistics, there are more than 3,000 enterprises with EVA foam production capacity in the Chinese market. Most of them are small enterprises with annual sales less than RMB 30 million, and a small number of them are medium-sized enterprises with annual sales of RMB 30 million to RMB 100 million. Large foam manufacturers are rare. Beside the Company, large foam enterprises mainly include Jinjiang Chengzhang Shoes Material Co., Ltd., Fujian Quanzhou Sansheng Rubber Plastic Foamed Shoes Material Co., Ltd., Shantou Special Economic Zone Jianxin Plastic Co., Ltd., etc. For these enterprises, export sales account for a large proportion, which is greatly affected by the international financial turmoil and anti-dumping. The demand of EVA foams in the Chinese market has been increasing year by year. In this context, the Company has opened good sales channels in China, and mastered a nearly mature recycling technology to reduce costs. Thus, the Company has formed its own advantages without vicious price competition.

The Company was named as a project undertaker of the Science and Technology Program in 2006, was listed as a key project of Fujian Technical Transformation Program in 2007, was designated as the vice president company of China Plastic Processing Industry Association, awarded as “China EVA Recycling Industrial Research Base” and rated as a Grade AAA Company of China’s Plastic Industry in 2009, and become a drafter of the National Standard of Floor Mats in 2015. Meanwhile, the Company has passed the certification of ISO 9001 quality system. It is shown that the Company has focused on not only increasing the revenue, but also stabilizing the internal system to achieve sustainable operation.

(III) Overview of Technology and R&D

(1) Technical level and R&D of business

The ethyl vinyl acetate (EVA) products produced by the Company are a kind of widely used plastic foam material. Because of wide application and diversified specifications, they differ greatly in product features. So far, the Company’s R&D team has developed excellent formula and special foaming techniques by virtue of more than ten years of experience and technology accumulation, full cooperation with customers in new formula development and increasing application of new materials, considerable formula and special foaming technologies have been established.

EVA materials imports VA monomer into the molecular chain of resin to improve the branching degree and lower the crystallinity of polymers, and produce soft, highly elastic,

shock-absorbent, insulated and non-corrosive materials. Meanwhile, they can be made in different shapes and utilized. The Company has not only mastered the output features of products which are closely related to the empirical value of VA content, but also made a breakthrough in the blended foaming technology which combines recycled plastic scraps and virgin resins. The products produced by the Company can meet the market application standards in terms of physical characteristics and quality. As a result, plastic recycling has become a concrete and practical mode of operation and an important development indicator of EVA industry, and can greatly reduce the damage caused by plastic materials to the environment. In addition, the Company has begun to develop EVA structure with different chemical formulas and produce high-value special sheets with different materials, including: high-foaming EVA sheet, antistatic EVA sheet, NBR foaming sheet, coarse-pore foaming sheet, flame-retardant sheet, shock-absorbent foaming sheet, TPE foaming sheet, etc.

The Company has made abundant R&D achievements, accumulated rich technical experience, tapped a wide range of industries, such as shoes, luggage, sports equipment, toys, packaging materials and building materials, and gone ahead of Chinese competitors in technology. In addition, the Company has also made great investment in R&D of flame-retardant, sound-proof and heat-barrier materials used in building and decoration materials, and mildew-proof and anti-bacterial materials used in home supplies, and explored various application fields according to the future market development trends, with a view to giving full play to the unlimited potential of EVA materials.

(2) R&D personnel and their educational background

Unit: Person

Educational background \ Year	2022	2023	March 31, 2024
	Number of people	Number of people	Number of people
University/college	54	50	52
Senior high school/secondary vocational school	41	42	41
Total	95	92	93

Note: The Company's R&D Department consists of the process improvement section, formula development section, and product application and promotion section. Some of the posts can be concurrently held by the employees of other departments.

(3) Annual R&D expenses as of the date of the Report

Expressed in Thousands of NTD

Year Item	2019	2020	2021	2022	2023	2024 Q1
Research and development expenses	52,425	39,245	37,939	20,687	21,821	4,676
Net revenue	1,258,400	1,008,157	1,107,098	643,603	772,034	258,235
Proportion in the revenue	4.17%	3.89%	3.43%	3.21%	2.83%	1.81%

(4) Developed technologies/products

The Company always attaches great importance to R&D, and since its establishment, has carried out continuous studies on new product development, production technology improvement, process improvement, energy saving and industrial safety and health to guarantee work safety, effectively save energy and improve production efficiency. In recent years, the Company has achieved great success in improving productivity and added value, and successfully developed a wide variety of products and technologies which are widely applied, including: environmentally-friendly flame-retardant foams, anti-bacterial, sound-absorbent and flame-retardant foams, heat-resistant and low-shrinkage foams, highly elastic foams used in building materials, antistatic electronic packaging materials and shock-absorbent foams widely used in sports and fitness equipment. There are numerous technologies or products successfully developed, with wide applications and industries involved.

(IV) Long-term and short-term business development plans

(1) Short-term plan

- A. Introduce new mechanical equipment, expand the production line, and replace some labors with automatic machines to raise productivity.
- B. Test and improve the production line and enhance the management to shorten the foaming duration, improve the production efficiency and maintain the quality, yield and unique properties of products.
- C. Increase the sales in key areas in a planned way, continue to consolidate the market share of shoe products, and further expand the sales channels of other foam products by virtue of the business opportunities brought by China's plans for domestic demand expansion and the update of Chinese laws and policies.
- D. Provide good after-sales services for existing customers to raise customer loyalty, and

actively develop customized services to meet the diversified needs of customers.

(2) Long-term plan

- A. Gradually promote e-commerce development, expand the scale of operation, actively tap the export market and expand the business layout after carefully evaluating the future development trends of each region.
- B. Pay attention to the dynamics and trends of domestic and foreign EVA markets, continue to develop new flame-retardant, heat-insulated, UV-resistant or antistatic foam products, and cooperate with the academic community to raise product value.
- C. Develop and improve the waste recycling line, keep ahead in EVA recycling, and continuously enhance our core competitiveness.
- D. Improve the financial structure and group structure, raise the Group's competitiveness and make full use of working capital.

II. Market and sales overview

(I) Market analysis:

(1) Main sales regions:

The Company is one of the important EVA foam manufacturers in China. At present, our products are mainly sold in Chinese Mainland, especially the coastal provinces in East China and South China. Despite no direct export, our products can enter foreign markets through downstream traders. With the consummation of the local industrial chain, this region has been gradually treated as an important source of procurement by foreign manufacturers, which is helpful for our products to enter the international market.

(2) Market share

EVA foams have many excellent features, such as stable chemical properties, ease to be colored and processed and strong corrosion resistance. They can be produced into various products and foam materials, and are widely applied in shoes, luggage, toys, sporting goods, building materials, etc. With its continuous technical innovation, quality improvement and market expansion, the Company has occupied 5% of the domestic EVA foam market in China, ranking first.

(3) Future supply-demand state and growth of the market

A. Future supply and demand

In 2021, the global EVA consumption was about 5 million tons, while the consumption and output of EVA in the Chinese market were 2.1 million tons and 1.772 million tons respectively, showing a self-sufficiency rate of 50%. It follows that China has become one

of the major consumers of EVA in the world. EVA supply in China mainly relies on imports, accounting for 60% of the total market supply. Even with the domestic supply, China's EVA market still remains in short supply. Due to the wide gap between the plastic consumption and domestic plastic output in China, and the continuous increase of people's livelihood consumption and new product development, it is expected that China's demand for EVA will grow steadily in the future to meet the strong market demand.

Application Chart of EVA Foam Industry



Source: China Insights Consultancy

Currently, EVA foam products account for more than 60% in China's EVA consumption. In spite of late start in China, EVA foams have grown rapidly in recent years due to their excellent process ability and wide application. The growth momentum of consumption has also accelerated the development of EVA foam technology in China, and expanded the application of EVA foam materials from such traditional fields as shoes and luggage to more necessities for people's livelihood (e.g., toys and sporting goods) and even building materials. With continuous innovation, it is expected that more new application fields of EVA will be developed in the future.



Source: China Insights Consultancy

In terms of EVA foam supply, many manufacturers have been attracted to the foam industry in recent years, due to the rapid growth of EVA foam consumption in China. The size of China's EVA foam market has grown from 365,000 tons in 2014 to 1,007,600 tons in 2021, thus driving the stable growth of downstream market demand in the context of global economic recovery.

B. Future growth

Statistics show that in the downstream markets of China's EVA foam industry in 2014, shoes and luggage accounted for about 70%; toys, sporting goods and building materials accounted for about 25%; emerging fields, such as automobile interiors and electronic accessories, accounted for only 5%. Their future growth is analyzed as follows:

(A) Shoes industry: On one hand, China, with a huge population, has a strong demand for shoes. On the other hand, China is also one of the largest exporters of shoes in the world, and Chinese shoes are mainly exported to the United States, Europe, Japan and Hong Kong, China. From 2010 to 2014, the output value of the shoes industry showed an average annual compound growth of 13.3%, rising to RMB 477.31 billion in 2014. It is expected that under the industrial upgrading, the output value of the industry will have an average annual compound growth of 7.1% from 2014 to 2020.

(B) Luggage industry: On one hand, the demand of Chinese consumers for luggage keeps rising with the development of economy and the improvement of living standards. On the other hand, China is also one of the major exporters of luggage in the world, and Chinese

luggage products are mainly exported to European and American countries. From 2010 to 2014, the output value of the luggage industry showed an average annual compound growth of 12.8%, rising to RMB 137.83 billion in 2014. It is expected that the luggage industry will continue the strategy of brand innovation, and its sales will gradually shift from foreign markets to the domestic market. It is further expected that the output value of the industry will have an average annual compound growth of 8.4% from 2014 to 2020.

(C) Toy industry: With the increase of China's newly-born population, the expenditures on toys of Chinese people will continue to rise. Apart from the consumption in the domestic market, Chinese toy products are mainly exported to foreign markets, especially Europe, the United States and Japan. From 2010 to 2014, the output value of the luggage industry showed an average annual compound growth of 14.9%, rising to RMB 198.41 billion in 2014. It is expected that with the development of the domestic market and the expansion of emerging overseas markets, the output value of the industry will have an average annual compound growth of 11.0% from 2014 to 2020.

(D) Sporting goods industry: With the rapid development of China's sporting goods industry and the continuous increase of fitness consciousness among Chinese people, the sporting goods market is growing increasingly. Currently, Chinese sporting goods are mostly sold in the domestic market, while a few are exported to the United States, Hong Kong (China), Japan and Europe. From 2010 to 2014, the output value of the luggage industry showed an average annual compound growth of 20.3%, rising to RMB 185.27 billion in 2014. It is expected that with the establishment of independent brands of Chinese sporting goods enterprises and the growth of domestic demand, the output value of the industry will have an average annual compound growth of 14.9% from 2014 to 2020.

(E) Building materials industry: The large-scale urbanization in China has greatly promoted the development of China's building materials market. Currently, the building materials made in China are mostly sold in the domestic market, while a few are exported to other Asian-Pacific countries and regions. From 2010 to 2014, the output value of the building materials industry showed an average annual compound growth of 11.7%, rising to RMB 1,699.08 billion in 2014. It is expected that with the continuation of urbanization, the output value of the industry will have an average annual compound growth of 6.8% from 2014 to 2020.

(F) Other emerging fields: The great potential of EVA foam materials has not yet been fully exploited. More downstream markets, such as automobile and electronic accessories, are expected to be developed in the future. These emerging fields will bring new opportunities for the development of EVA foam materials.

(4) Competitive edges

A. Unique recycling technology of waste plastics with great advantages

The Company has developed a unique recycling process of waste plastics ahead of its peers. In the recycling process, EVA scraps from different sources and waste EVA plastic products are first classified by property and processed through sorting, soil removal, washing, drying, etc., and then crushed into pieces and sheets, which are later sent to a plastic granulator for thermoplastic recycling, thus producing recycled EVA plastic particles. The EVA foam materials produced by extracting organics from waste plastics, and modifying chemical properties and setting physical properties by machinery are filled with active blended composite particles, which not only increases the tenacity, but also improves the mechanical properties of recycled products, and effectively raises the recycling efficiency of EVA. The huge achievements in this recycling technology have made the Company greatly surpass its peers. In addition, the recycling technology not only lowers the production costs and reduces the impact of rising oil prices on costs, but also helps the Company expand the market and improve its operation efficiency and market competitiveness.

B. Ability to independently develop machinery and equipment

The Company has the ability to independently design, develop and improve the machinery and equipment used for the production of EVA foam materials. In addition to developing and designing machinery and equipment according to the product structure, properties and quality requirements, we also improve the technology and yield of the production line through continuous research, development and improvement. Especially, we have achieved great success in EVA recycling granulator. The granulator can increase the output of recycled EVA plastic particles, effectively alleviate the carbonization in the process of high-temperature hot melting recycling, improve the quality of recycled materials, and make a great breakthrough in the utilization efficiency of recycled foam materials, thus laying an important technical foundation for us. Relying on the competitive advantage

brought by the ability to independently develop machinery and equipment, we can greatly shorten the process of production line, effectively promote mass production, and in combination with product R&D capabilities, accelerate the release of new products. Hence, this is an important competitive advantage making us leading the industry.

C. Production scale with consistent operation

The Company maintains a consistent production process in all links such as plastic recycling, EVA granulation, blending and stirring of EVA foam materials and EVA foaming at the front end and rolling and cutting of foam materials at the back end, and carries out automatic production in stages with a large production capacity. In this way, all links are connected. Hence, our production line is the most integrated one in the industry. The main stages of the production process include:

- (A) Collection of recycled EVA particles: Located at the back end of EVA recycling and granulation process. Install an induced draft fan behind each granulator to transport recycled materials to the raw material tank through special pipelines for uniform collection and packaging.
- (B) Electronic towing trough: Located at the front end of EVA foam production line. Design and plan the traffic flow of the plant in advance according to the characteristics of the production line, and install an electronic towing trough in the loading and transporting section of the internal mixer, of which the single loading capacity is nearly 5 times higher than that of manual operation.
- (C) Automation of EVA sheet production line: Design tight traffic flow for the front-end sheet drying, trimming and transportation to reduce manpower communication, and adjust the sheet passing angle and position at the electrofusion joint to improve the adhesion and smoothness and stabilize the shining process at the back end.

With the tight process arrangement and automatic design, the Company can effectively improve the production efficiency, reduce wastes in the process, and lower labor and material costs, thereby creating cost advantages and providing customers with high-quality, high-efficiency and high-benefit services. Most of the existing EVA plastic recycling devices in China are technologically backward, outdated and simple, with unstable quality and low recycling rate. By contrast, our EVA recycling line integrates a complete set of consistent

production operations, and has set up a threshold for competition in the context of numerous small factories. It will not be overtaken by competitors in the short term.

D. Image of high-quality products built over the years

With many years of manufacturing experience, the Company has maintained stable product quality, won the trust of customers and built a good image by continuously improving the benefits of production technology. The key reason lies in the product content and design, and the quality standards which can meet consumer demands. The Company has a well-developed system for the management of suppliers and control of raw materials, and has passed the certification of ISO9001 and ISO14001 quality systems. The products sold to some export-oriented traders have all passed the strict inspection of the European Union. With this competitive advantage, the Company will continuously improve quality management so as to build a management mechanism for long-term operation and achieve the goal of sustainable operation.

E. Great emphasis on R&D and constant product innovation

The Company has been engaged in the production and sales of EVA foam materials since 1990s. Meanwhile, it has accumulated more than ten years of experience in product design and process technology development, and through continuous R&D innovation, fully understood the characteristics of EVA foam materials. With the increasing application of EVA foam materials in recent years, the products accumulated by the Company through long-term R&D have been brought into full play, e.g., EVA materials with antistatic and electromagnetic shielding properties and sound-absorbent and fireproof foam materials for interior decoration, all of which are new products. In the future, the Company will continue to develop diversified products following the trend of EVA foam materials.

(5) Advantages and disadvantages to future development and their countermeasures

A. Favorable factors

(A) The rapid development of economic activities drives the growth of demand

The income of urban residents in China has gradually increased since 1995, and the average annual disposable income of urban residents has increased from RMB 15,781 in the early period to RMB 29,975 in 2021. The rapid improvement in living standards and the increase in purchasing power in China have driven the continuous growth in domestic demand. In this context, the demand for necessities of life in the Chinese

market will continue to rise, and the wide application of EVA foam materials in various fields concerning people's livelihood will provide new momentum for EVA foam market.

(B) The industry development conforms to the trend of environmental protection and the development of industrial policies

With the rising of environmental awareness and energy prices, energy conservation and carbon reduction have become an important issue of environmental protection in most countries. To improve the utilization rate of resources and protect and improve the environment, the Chinese government has promulgated several laws, such as the Circular Economy Promotion Law. With the rapid development of economy, the demand for plastic products have increased dramatically, which results in a sharp increase in waste plastics. As plastics cannot be degraded in nature, the conflict between environmental pollution and economic development has been increasingly severe. The Company's unique recycling process of waste plastics can produce EVA foam materials by extracting organics from waste plastics, which can not only cut the cost of raw materials and reduce the pressure of environmental protection, but also contribute to image enhancement and sustainable operation.

(C) Geographical advantages promote industrial clustering

China's EVA foam materials are mostly produced in southeast coastal provinces such as Fujian and Guangdong, and the distribution of their downstream industries is relatively concentrated. For example, shoes manufacturers are concentrated in Jinjiang of Fujian and Guangdong and luggage manufacturers are concentrated in Huadu, Guangdong and Quanzhou, Fujian. Industrial clustering will help to develop new customers and reduce logistics costs. The Company's production base is located in Jinjiang, Fujian, which is the main shoemaking city in China known as China's shoe capital. By taking advantage of the geographical location, the Company can supply goods to downstream customers in time.

(D) The performance advantages of EVA foam materials contribute to the development of more new fields

As EVA foam materials have outstanding versatility and can replace other foam materials, new fields of EVA foam materials can be developed through technical innovation. The exhibits on international plastics exhibitions over the years reflect the

future industrial and consumer applications of plastic products, including the design of future automobile or kitchen & home supplies, latest commercial breakthroughs in medical equipment, electronic packaging materials with electromagnetic shielding properties, building insulation materials and rubber substitutes, etc. Therefore, there is a great potential for the development of new fields of EVA foam materials.

- (E) The trader system covers the whole of China, thus accelerating market development and reducing costs

In the face of increasingly fierce price competition in the Chinese market, many manufacturers cut prices to acquire orders. How to maintain gross profits in response to this trend is essential for the Company's profitability. In addition, the vast territory of China also brings a great challenge to the construction of general marketing channels, and the different customs in different provinces of China make it difficult to establish a unified marketing model and control marketing costs. In this context, enterprises which sell goods as traders emerge. As intermediaries, traders generally have a better understanding of customer demand than manufactures, and know manufacturers' conditions and coordination better than customers. Relying on the role of traders in exploring the demand for commodities all over China, manufacturers engaged in the production of raw materials can save the cost and manpower for channel construction and quickly respond to market opportunities. After years of product R&D and market expansion since its establishment, the Group has developed a complete series of foam products. In addition, the Group has been engaged in the sales of EVA foam materials for more than 10 years. Hence, it can have a good understanding of market changes and product demands. Through the cooperation with traders all over China, the Group has established a mutually supportive and prosperous relationship.

B. Disadvantages and countermeasures

- (A) China's policy of prohibiting the import of waste plastics

Since 2018, the Chinese government has carried out an Implementation Plan for Prohibiting the Entry of Foreign Garbage and Advancing the Reform of the Solid Waste Import Administration System. As the Company's EVA waste plastics are mainly purchased from large foreign manufacturers through traders, the raw materials are now in short supply due to the influence of the waste plastics import policy.

Countermeasures:

Actively seek for domestic sources of waste plastics, develop overseas strategic partners, and continuously evaluate the plans for setting up factories in foreign countries such as the United States, Japan and Australia, to secure stable supply of recycled plastics in the future.

(B) Rising labor costs

At present, some processing stages of EVA foam industry are still reliant on manual operation. China's "13th Five-Year" Plan which continues the spirit of "12th Five-Year" Plan aims at improving income distribution and increasing the income of urban and rural residents (especially low- and middle-income earners). Meanwhile, the wage adjustment plans and income distribution reforms of various provinces (cities) in Chinese Mainland also put forward the normal growth mechanism, payment protection mechanism, collective wage negotiation system and minimum wage growth mechanism. According to the information published by the Ministry of Human Resources and Social Security of China, the average annual salary of employees in the urban private sector was RMB 57,727 in 2021, an increase by RMB 4,123 or 7.69% compared with RMB 53,604 in 2020. As the labor costs in China rise year by year, the production costs of EVA foam industry in China will not decline significantly.

Countermeasures:

Continuously improve the manufacturing procedure and production process and move towards automatic production so as to improve the production efficiency and reduce the dependence on labor; raise the utilization efficiency of human resources through improvement of R&D and design ability, production process design and employee education and training, so as to reduce the demand for manpower in the process of production.

(II) Main uses and production process of products

(1) Important uses of main products:

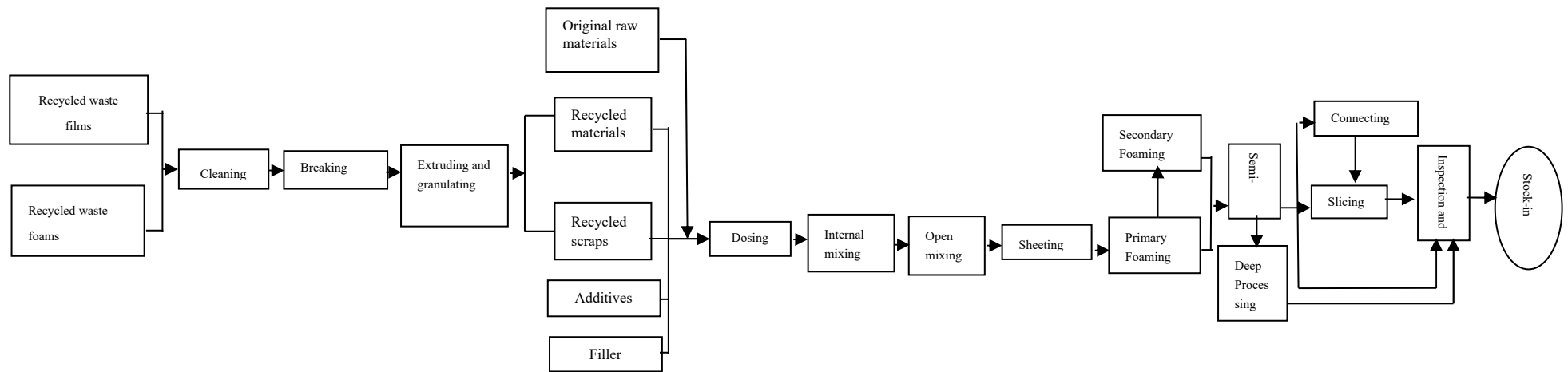
- A. Sole sheets: Widely applied for soles, insoles and linings functional shoes.
- B. Luggage sheets: High-quality linings for such products as draw-bar boxes, suitcases and laptop bags.
- C. Ordinary sheets: Used in the fields of handicrafts, toys, industrial product packaging, sports and leisure.
- D. Rubber foams: Applied in industrial products and sports equipment.

E. Highly processed products: Downstream terminal products, mainly puzzle mats.

F. Other special sheets: The scope of application is not limited to special industries, e.g., building materials and electronic packaging materials.

(2) Production process of EVA foam materials

After being screened, crushed, granulated and dried, raw materials are proportionally added with special components and then foamed upon polymerization at high temperature and high pressure. The flow chart of the Company's production process is as follows:



(III) Supply of main raw materials

(1) Supply situation

The Company's major products are EVA foam materials which are made of such main raw materials as EVA, recycled scraps, recycled LDPE, LDPE and waste PE. In order to maintain good quality, high yield and stable supply and to control costs, the Company has established and maintained long-term good relationship with suppliers. Up to now, there has been no production suspension due to insufficient supply of raw materials.

(2) Main raw material suppliers

Main raw materials	Main supplier	Supply condition
EVA	Fujian Jinde New Materials Co, Ltd., Fujian Province Jinjiang City Import and Export Co, Ltd.	Stable
EVA scraps	Quanzhou Fulu Shoes Co., Ltd.	Stable
Recycled LDPE	Fuzhou Wangfengsheng Import and Export Trading Co, Ltd., Huanguo Jiaye (Xiamen) New Materials Co, Ltd.	Stable
LDPE	Xiamen Kai Sheng Hong Trading Ltd.	Stable

(IV) List of customers accounting for more than 10% of the gross purchases (sales) in the past two years

1. Information of main customers in the past two years

Expressed in Thousands of NTD

Item	2022				2023				2024 as of Q1			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	Proportion in net sales of the whole year (%)	Relationship with the Issuer
1	Huida, Dongguang City	23,156	3.60	—	Wei-Feng	36,460	4.72	—	Betterway	33,042	12.80	—
2	Wei-Feng	22,072	3.43	—	Huaxia Shoes and Clothes	31,428	4.07	—	Hongjun	24,474	9.48	—
3	Chung-Qin	19,798	3.08	—	Hongjun	23,317	3.02	—	Wei-Feng	11,560	4.48	—
4	Huaxia Shoes and Clothes	19,357	3.01	—	Shunchang	21,422	2.77	—	Boliyuan	9,802	3.80	—
5	Weilong	17,181	2.67	—	Shamit	21,062	2.73	—	Jingpin	8,943	3.46	—
6	Huida, Guizhou	16,393	2.55	—	Huida, Guizhou	18,979	2.46	—	Huaxia Shoes and Clothes	7,719	2.99	—
7	Great Fashion Apparel	15,998	2.49	—	Zhongxu	16,800	2.18	—	Huisheng	6,681	2.59	—
8	Shunchang	15,995	2.49	—	Chan Mao Tong	14,312	1.85	—	Yufeng	6,583	2.55	—
9	Doujin Shoe Material	12,981	2.02	—	Yufeng	14,219	1.84	—	Baoyu	6,518	2.52	—
10	Shengyu	9,674	1.50	—	Doujin Shoe Material	11,713	1.52	—	Zhongxu	5,063	1.96	—
	Others	470,998	73.18	—	Others	562,322	72.84	—	Others	137,850	53.37	—
	Net sales	643,603	100.00		Net sales	772,034	100.00		Net sales	258,235	100.00	

All changes are made by the Company based on the market trend, product demand, industry prospect, R&D technology, sales profit and customer contract.

In the past two years, there was no customer accounting for more than 10% of the total sales.

2. Information of main suppliers in the past two years

Unit: NT\$ thousand

	2022				2023				2024 as of Q1			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	Proportion in net purchases of the whole year (%)	Relationship with the Issuer
<u>1</u>	Tonggang Rubber	57,271	13.88	—	Tonggang Rubber	93,819	18.61	—	Huanguo Jiaye	11,836	11.59	—
<u>2</u>	Rongji Import/Export	38,937	9.44	—	Risheng Hi-tech	54,342	10.78	—	Wangfengsheng	11,257	11.03	—
<u>3</u>	Aperfect Cloud Data	37,998	9.21	—	Huanguo Jiaye	50,462	10.01	—	Risheng Hi-tech	9,738	9.54	—
<u>4</u>	Risheng Hi-tech	28,986	7.03	—	Jinde New Materials	39,208	7.77	—	Jinde New Materials	9,663	9.46	—
<u>5</u>	Lianbao New Materials	20,882	5.06	—	Lianbao New Materials	33,712	6.68	—	Tonggang Rubber	8,851	8.67	—
<u>6</u>	Shengxin	18,824	4.56	—	Wangfengsheng	19,799	3.93	—	Xuda	4,442	4.35	—
<u>7</u>	DRY-Port	15,876	3.85	—	Yunhaishun	14,313	2.84	—	Zhengchun New Materials	4,248	4.16	—
<u>8</u>	Everbo Trading	15,683	3.80	—	Zhongjing	12,345	2.45	—	Xiewen Trade	3,864	3.78	—
<u>9</u>	Wangfengsheng	11,420	2.77	—	Xuda	11,005	2.18	—	Liangxiang Chemical	3,806	3.73	—
<u>10</u>	Xuda	10,514	2.55	—	Lilijin	10,850	2.15	—	Baishiyuan	2,739	2.68	—
	Others	156,217	337.86	—	Others	164,393	32.60	—	Others	31,666	31.01	—
	Net purchase	412,608	100.00		Net purchase	504,248	100.00		Net purchase	102,110	100.00	

All changes are made by the Company based on the market trend, product demand, industry prospect, R&D technology, sales profit and customer contract.

(V) Production quantity and amount for the most recent two years

Unit: M³; Unit: NT\$ thousand

Year	2022			2023		
	Production capacity	Production quantity	Production amount	Production capacity	Production quantity	Production amount
Major products						
Bag sheets	90,000	33,051	271,547	90,000	43,049	363,119
Specialty panel materials	6,800	173	5,914	1,800	-	940
Common sheets	150,000	41,537	221,600	150,000	46,292	242,667
High elasticity formed material	20,000	8,818	42,668	40,000	10,784	49,692
Floor mats	58,000	6,544	30,367	58,000	7,042	34,282
Other (note)	40,800	2,119	71,506	25,000	684	81,334
Total	364,800	92,241	643,603	364,800	107,851	772,034

Note: Others include high foams, shoe upper linings, shoe sole inlays, and rental income.

Among them, high foams and shoe upper linings are not calculated in cubic meters, and the production capacity, output, and output value of finished shoes are not listed because finished shoes are outsourced.

Change analysis: The Company's total production capacity in the past two years is calculated based on 48 foaming units, and the differences among the total production capacity, total output, and total output value depend on the adjustment of the overall product mixes and staffing.

(VI) Sales quantity and amount for the most recent two years

Unit: M³; Unit: NT\$ thousand

Year	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major products								
Bag sheets	32,755	271,547	—	—	43,274	363,119	—	—
Common sheets	41,601	221,600	—	—	14	940	—	—
Specialty panel materials	173	5,914	—	—	46,637	242,667	—	—
Highly foamed material	2,013	5,703	—	—	822	2,462	—	—
High elasticity formed material	9,009	42,668	—	—	9,981	49,692	—	—
Floor mats	7,369	30,367	—	—	7,984	34,282	—	—
Other (note)	—	65,804	—	—	—	78,872	—	—
Total	92,920	643,603	—	—	108,712	772,034	—	—

Note: Others include the incomes from high foams, shoe upper linings, shoe sole inlays, rental incomes, etc, and the rental incomes in 2022 and 2023 were NT\$31,811 thousand and NT\$41,094 thousand, respectively

Analysis of change: Total annual sales of 2023 increased from 2022 by 19.96%, The primary factors contributing to the Company's growth in 2023 were the easing of the COVID-19 pandemic compared to 2022 and the consequent increase in order volume.

III. Information on employees in the recent two years and as of the date of printing of the annual report

Year		2022	2023	2024 Q1
Number of employees	Direct	252	251	246
	Indirect	324	294	280
	Total	576	545	526
Average age		44.55	44.01	44.02
Average seniority of service (years)		5.85	6.31	6.60
Educational background (%)	Master	0.17	0.18	0.19
	College	26.40	26.99	22.99
	Senior high school	51.40	48.80	56.32
	Under senior high school	22.03	24.03	20.50

IV. Environmental protection expenditure

1. Application for pollution facility permit or pollutant emission permit, payment of pollution prevention and control expenses and establishment of dedicated units for environmental protection according to law:

The Company mainly uses EVA raw materials and recycled plastics to regenerate into EVA foaming materials. During the process, the recycled plastics must be cleansed, and the water in the cleansing system is recycled, so there is no sewage discharge. The gas generated in the process is collected via the gas gathering equipment for central treatment before emitting it. The Company has obtained the pollution discharge permit for the operating sites, and the gas emission complies with the regulations. Meanwhile, in response to the government's call for use of clean energy, the Company replaced the coal-fired boiler with natural gas boiler in 2019, effectively reducing the emission of SO₂.

2. The Company's investment in major facilities for environmental pollution prevention and control, and their uses and possible benefits:

Details of Pollution Prevention and Control Facilities

Unit: NT\$ thousand, March 31, 2024

Equipment name	Quantity	Date of acquisition:	Investment cost	Undepreciated balance	Usage and expected benefits
Boiler flue gas desulfurizer	1	June 1, 2010	515	185	Remove SO ₂ in boiler exhaust, thus effectively reducing the emission of SO ₂
Waste gas treatment engineering (1)	1	August 12, 2013	2,622	704	Purify the waste gas from workshops
Waste gas treatment engineering (2)	1	November 6, 2014	7,862	2,662	Purify the waste gas from workshops
Wastewater treatment engineering	1	July 29, 2015	80,990	43,058	Recycle cleaning wastewater and cooling wastewater to meet the emission standard
Natural gas boiler	2	July 22, 2019	4,996	4,057	Provide steam and heat in lieu of the original coal-fired boiler, and eliminate SO ₂ to zero.

3. The Company's pollution dispute in the process of environmental pollution prevention and control in the past two years and up to the date of the Report (if any, the settlement process should be explained): None.
4. The Company's losses (including compensations) and penalties arising from environmental pollution in the past two years and up to the date of the Report, as well as the future countermeasures (including improvement measures) and possible expenses (including the estimated losses, penalties and compensations that may arise if no countermeasure is taken. The reason should be explained if the estimates cannot be provided): None.
5. The Company's current pollution, the impact of pollution improvement on the Company's earnings, competitive position and capital expenditure, as well as the Company's expected major capital expenditure on environmental protection in the next two years: None.

V. Labor relations

1. The Company's employee welfare programs, continuing education, training, retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures:

(1) Employee benefit plans and their implementation

The Company provides statutory benefits according to local laws and regulations, and has a special department responsible for planning and promoting employee benefits, which advances the benign development of human resources: The Company's existing benefits:

- A. Insurance benefits: Medical insurance, basic endowment insurance, unemployment insurance, occupational injury insurance, maternity insurance and housing provident fund.

B. Other benefits:

- a. Provide complete living and entertainment facilities such as staff dormitory, sports ground and cultural activity center in the plant area, to create a comfortable and pleasant working and living environment for employees.
- b. Set up a kindergarten in the plant area and provide school bus service for employees' children attending primary schools, to solve employees' worries about children's education.
- c. Hold variety shows and ball games to unite employees and enrich their leisure activities.

C. Trade union: The Company's employees have set up a trade union according to local laws and regulations. The Company pays labor union expenditure in time to organize union activities and provide other benefits.

(2) Further education and training of employees

The Company's measures for employee education and training mainly include:

A. Pre-job training.

B. On-the-job training: Internal training and external training. Internal training includes application and training of office software, promotion and improvement of lean production, optimization of corporate structure and occupational health and safety training; external training includes arranging for middle and senior managers to participate in professional skill training sponsored by local governments and study management, finance and automation in colleges and universities, and organizing visits to outstanding enterprises all over China.

(3) Retirement system and its implementation

The Company's major operating unit, Sansda (Fujian) Plastic Co., Ltd., complies with the "Basic Pension System for Enterprise Workers" at the country where it operates, and contributes 16% monthly pension to the dedicate account under the financial department of the local government. According to the local social insurance policy, endowment insurance is included in the social insurances (including medical insurance, maternity insurance, endowment insurance, work-related injury insurance and unemployment insurance). Therefore, once the formalities for social insurances of employees are completed, the Company will be deemed to have begun to fulfill its obligation of endowment insurances.

An employee who reaches the statutory age for retirement should be entitled to the basic endowment insurance benefits, provided that he has contributed premiums for a cumulative period of 15 years or more. The pension of an employee who has joined in work since January 1, 1993 consists of two parts: pension= basic pension + pension in individual account. Specifically, the pension in individual account = deposit amount in individual account ÷ months of pension; basic pension= average monthly salary of on-the-job workers in the whole province in the previous year (1+ own average payment index) ÷ 2 × years of payment × 1%.

The Company holds a farewell party for retirees in batches, and makes annual condolence plans. Retired middle and senior managers may be appointed as special consultants to provide necessary services for the operation and development of the Company.

(4) Labor relation coordination

The Company has always attached great importance to employees' interests and harmonious labor relations. Besides, the Company places a high value on employees' opinions and suggestions. Employees are allowed to communicate directly with the human resource department or appropriate senior managers to maintain good relations. As a result, no major labor disputes have occurred so far.

(5) Protective measures for working environment and personal safety

All plants and subsidiaries have passed the certification of ISO45001:2018 occupational health and safety management system, with the registration number: 20S1588R1M-ZJ/008, issued on March 10, 2020, and valid until August 15, 2023. The work flow has passed the certification of “Work Safety Standardization” organized by the local government, striving to maintain a healthy working environment for employees and safeguard work safety of employees.

The Company pays much attention to safety and health management, as follows:

- A. Provide employees with specialized labor protection appliances such as safety helmets, masks, special uniforms and rain boots, to safeguard the health and safety of employees.
- B. Regularly revise the safety and health rules, and formulate the standard operating procedures of all machinery and equipment to ensure standard operation by employees.
- C. Carry out a spot check for machinery and equipment according to rules, and apply to the authority in charge of dangerous machinery and equipment for regular inspection every year to ensure the safe operation of machinery and equipment.
- D. Perform 5S management to improve the working environment and efficiency.
- E. Provide necessary education and training for new employees, equipment operators and special operation personnel according to law, and urge them to obtain relevant certificates and permits.
- F. Arrange for employees to receive medical examinations from time to time and make health files for employees to serve all employees.
- G. Set up a complete fire control system, and regularly inspect and report the system according to fire laws and regulations.

(6) Measures for safeguarding employees’ interests

The Company has various internal controls and management measures, which expressly specify the rights, obligations and benefits of employees, and regularly reviews the benefit items to safeguard employees’ interests.

2. The Company’s losses arising from labor disputes in the past two years and up to the date of the Report, as well as the estimates of current and future possible losses and relevant countermeasures (the reasons should be explained if the estimates cannot be provided):

The Company attaches great importance to harmonious labor relations. As a result, there has been no loss caused by labor disputes in the past two years and up to the date of the Report.

VI. Cyber security management

1. Cyber security management framework

The Company set up an “Information Security Group” in 2019, in which the General Manager acts as the organizer and under which there are the Information Office, Finance Department, General Management Department, Audit Office, Sales Department and Procurement Department. Meanwhile, the Company has formulated an “Information Security Policy” to control and manage information security. The team meetings are convened regularly to examine the implementation and effects of the information security control measures, regularly review the information security policies, as well as coordinate the promotion of information security management. Currently, there are two professional information security personnel in the Information Office, and a total of seven information security representatives are appointed by the Finance Department, Comprehensive Administration Department, Audit Office and others, to jointly promote the management of the Company's information security. The General Manager reports the implementation of cyber security management policy and status at least once per year.

2. Cyber security policy

In order to protect the confidentiality, integrity, availability and compliance of information assets (hardware, software, information, document and personnel related to information processing) and prevent internal and external intentional or accidental threats to information security, the Company has formulated the following information security policies after reviewing its business needs:

A. Information security governance: Continuously improve the management system, control risks, and strengthen risk prevention, including enhancing education and training and designing information security infrastructure.

B. Compliance with laws: Review and revise the internal operation standards regularly to meet the information security standards and local laws and regulations.

3. Cyber Security Controlling Measures and Specific Management Solutions

A. Use anti-spam software and firewall, and detect and isolate each email with its attachments and each link in the email, to effectively prevent employees from opening malicious email by mistake.

B. Improve employees' awareness of information security and division of responsibilities, and carry out continuous information security operations and information security drills.

C. In case of major hazard or damage, start the remote backup mechanism so that the server can launch and operate services quickly to reduce the impact.

4. Resources invested in cyber security management

A. Purchased anti-spam software and intranet firewall, and detect and isolate each email with its attachments and each link in the email, to effectively prevent employees from opening malicious email by mistake.

B. In 2023, the Company held two information security management meetings to review the implementation of information security policies by each unit, and found no risk of information security.

C. In 2023, the Company carried out one remote backup drill to strengthen employees' response and alertness to information security risks.

D. Conducted information security education and training. The courses included five courses, namely "phishing," "message security," "browser security," "commercial email," and "malware." A total of 312 people completed the training, and the training hours were 1,560 hours.

5. Cyber security risks and countermeasures

The Company has insured the operational assets, such as network equipment, with the electronic insurance for hardware equipment. Upon the evaluation of "Information Security Group," the Company is currently only exposed to the information security risk regarding receiving and sending e-mails, security and use of browsers, and ERP. However, the Company has set up an Information Security Group to deal with the matters related to information system security and crisis management, establish an available information backup mechanism for the information system architecture according to the risk level, evaluate the operational risks and impacts on finance, legal affairs and customers every year, plan, design, and upgrade software and hardware equipment in time, and improve the work flow and other countermeasures, thereby greatly reducing the impact of information security risks. In 2023, there has been no cyber security incident incurred in the Company; upon the evaluation of "Information Security Group," the Company has no material operational risk.

VII. Important contracts

Contract nature	Parties involved	Start and end time	Main content	Restricted clauses
Transfer of land use right	Sansda (Fujian) Plastic Co., Ltd. Bureau of National Land Resources, Jinjiang City	2006.12.30~2056.12.30	Land use right of the industrial land located in Fangjiao Village, None Chendai Town, Jinjiang City	No
Transfer of land use right	Sansda (Fujian) Plastic Co., Ltd. Bureau of National Land Resources, Jinjiang City	2009.07.03~2059.07.03	Land use right of the industrial land located in Fangjiao Village, None Chendai Town, Jinjiang City	No
Transfer of land use right	Sansda (Fujian) Plastic Co., Ltd. Jiangtou Hui Nationality Villagers' Committee, Chendai Town, Jinjiang City	2011.09.16~2061.09.16	Land use right of the industrial land located in Jiangtou Village, Chendai Town, Jinjiang City	No
Loan Agreement	Sansda (Fujian) Plastic Co., Ltd., Huaxia Bank Co., Ltd. Quanzhou Jinjiang Branch	2024.01.24~2027.01.21	Plant Construction Funds	No
Plant Construction Contract	Sansda (Fujian) Plastic Co., Ltd., Fujian Jinshun Construction Engineering Co., Ltd.	2024.02.21~2024.06.30	Shoe and Textile Industrial Park Plant Construction	No

Six. Financial Status

I. Condensed balance sheet and comprehensive income statement for the most recent 5 years

(I) Condensed Balance Sheet—International Financial Reporting Standards

Expressed in Thousands of NTD

Item \ Year		Financial information for the past five fiscal years					2024 Q1 (Note 1)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current assets		3,212,035	3,193,602	3,064,449	2,782,075	1,443,936	1,416,125
Property, plant and		3,310,861	2,415,261	1,741,206	1,257,414	2,124,913	2,578,557
Intangible assets		—	—	—	—	—	—
Other assets		1,063,772	924,003	702,273	1,027,873	1,012,144	1,014,851
Total Assets		7,586,668	6,532,866	5,507,928	5,067,362	4,580,993	5,009,533
Current liabilities	Before distribution	529,092	675,559	145,918	111,174	120,372	109,711
	After distribution	529,092	675,559	145,918	111,174	120,372	109,711
Non-current liabilities		61,321	62,317	61,933	62,715	61,563	515,898
Total liabilities	Before distribution	590,413	737,876	207,851	173,889	181,935	625,609
	After distribution	590,413	737,876	207,851	173,889	181,935	625,609
Equity attributable to shareholders of the parent company		6,996,255	5,794,990	5,300,077	4,983,473	4,399,058	4,383,924
Share capital		2,689,547	2,689,547	2,689,547	2,689,547	2,689,547	2,689,547
Stock capital received in advance		—	—	—	—	—	—
Capital surplus		3,014,618	3,028,767	3,031,712	3,033,537	1,984,504	1,984,504
Retained earnings	Before distribution	2,009,075	696,273	235,352	(241,540)	176,578	80,028
	After distribution	2,009,075	696,273	235,352	(241,540)	176,578	80,028
Other equity interests		—	—	—	—	—	—
Treasury shares		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Cumulative translation adjustment		(716,985)	(619,597)	(656,534)	(588,071)	(451,571)	(370,155)
Total equity	Before distribution	6,996,255	5,794,990	5,300,077	4,983,473	4,399,058	4,383,924
	After distribution	6,996,255	5,794,990	5,300,077	4,983,473	4,399,058	4,383,924

Note 1: The consolidated financial information from 2019-2023 accountants, while the consolidated financial information of 2024 Q1 has only been reviewed by accountants.

(II) Condensed Consolidated Income Statement—International Financial
Reporting Standards

Expressed in Thousands of NTD

Item \ Year	Financial information for the past five fiscal years					2024 Q1 (Note)
	2019 (Note)	2020 (Note)	2021 (Note)	2022 (Note)	2023 (Note)	
Operating revenue	1,258,400	1,008,157	1,107,098	643,603	772,034	258,235
Gross operating profit (loss)	(268,622)	(478,162)	(194,724)	(226,819)	(153,332)	(16,631)
Net operating profit (loss)	(662,961)	(1,349,250)	(529,646)	(467,566)	(391,110)	(83,561)
Non-operating income and expenses	20,935	36,448	68,725	(9,326)	(20,382)	(12,989)
Profit (loss) before income tax, net	(642,026)	(1,312,802)	(460,921)	(476,892)	(411,492)	(96,550)
Net profit (loss) from continuing operations in the current period	(642,026)	(1,312,802)	(460,921)	(476,892)	(411,492)	(96,550)
Losses from discontinued operations	—	—	—	—	—	—
Net profit (loss) of the current period	(642,026)	(1,312,802)	(460,921)	(476,892)	(411,492)	(96,550)
Other comprehensive income (loss) of the current period (net amount after tax)	(256,885)	97,388	(36,937)	68,463	(83,531)	81,416
Total comprehensive income for the year	(898,911)	(1,215,414)	(497,858)	(408,429)	(495,023)	(15,134)
Net profit (loss) attributable to: Owners of the parent	(642,026)	(1,312,802)	(460,921)	(476,892)	(411,492)	(96,550)
Net profits attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to shareholders of owners of the parent	(898,911)	(1,215,414)	(497,858)	(408,429)	(495,023)	(15,134)
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings (losses) per share	(2.39)	(4.88)	(1.71)	(1.77)	(1.53)	(0.36)

Note: The consolidated financial information from 2019-2023 accountants, while the consolidated financial information of 2024 Q1 has only been reviewed by accountants.

(III) Names and audit opinions of certified accountants in the past five years

Year	CPA name	Audit opinion
2019	CPAs, Wu, Chiu-Yen and Chiang, Chia-Ling	Unqualified opinion
2020	CPAs, Wu, Chiu-Yen and Chiang, Chia-Ling	Unqualified opinion
2021	Lin, Chao-Min, Chen Wen-Pin, CPA	Unqualified Conclusion plus Other Matter- The previous financial statements were audited by other CPAs
2022	Lin, Chao-Min and Chen, Wen-Pin, CPA	Unqualified opinion
2023	Lin, Chao-Min and Shih, Dai-Ping, CPA	Unqualified opinion

II. Financial analysis in the past five years—international financial reporting standards

Analysis Item		Year	Financial analysis for the past five fiscal years					Current year up to 2024 March 31
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio		7.78	11.29	3.77	3.43	3.97	12.49
	Long-term capital to property, plant and equipment ratio		213.16	242.51	307.95	394.16	209.92	190.02
Solvency (%)	Current ratio		607.08	472.73	2,100.12	2,502.45	1,199.56	1,290.78
	Quick ratio		552.35	430.02	2,006.81	2,380.30	1,065.71	1,182.45
	Interest coverage multiplier		(69.42)	(106.77)	(50.97)	0	0	0
Operating performance	Accounts receivable turnover rate (times)		4.56	3.46	5.60	5.55	5.73	7.91
	Average collection days		80	105	65	66	64	46
	Inventory turnover rate (times)		6.26	5.56	6.56	6.91	7.10	10.88
	Accounts payable turnover rate (times)		6.05	5.86	7.79	10.91	14.52	18.43
	Average sales days		58	66	55	53	51	34
	Property, plant and equipment turnover rate (times)		0.36	0.35	0.53	0.42	0.46	0.44
	Total assets turnover rate (times)		0.16	0.14	0.18	0.12	0.16	0.22
Profitability	Rate of return on assets (%)		(7.67)	(18.25)	(7.21)	(9.02)	(8.53)	(8.05)
	Return on equity (%)		(7.58)	(19.22)	(8.31)	(9.36)	(8.86)	(8.79)
	Ratio of net profit (loss) before tax to paid-in capital (%)		(23.87)	(48.81)	(17.14)	(17.73)	(15.30)	(4.13)
	Net profit (loss) ratio (%)		(51.02)	(130.22)	(41.63)	(74.10)	(53.30)	(37.39)
	Earnings (losses) per share (NT\$)		(2.39)	(4.88)	(1.71)	(1.77)	(1.53)	(0.36)
Cash flow	Cash flow ratio (%)		(64.40)	(31.90)	(216.14)	(296.73)	(219.15)	41.67
	Cash flow adequacy ratio (%)		149.37	234.57	39.40	(246.31)	(107.70)	(62.49)
	Cash reinvestment ratio (%)		(3.35)	(2.16)	(3.55)	(4.22)	(3.63)	0.59
Leverage	Operating leverage		0.55	0.78	0.60	0.75	0.58	0.63
	Financial leverage		0.99	0.99	0.98	1.00	1.00	1.00

Analysis on the reasons for the changes in financial ratios exceeding 20% in the past two years:

1. Long-term Funds to Property, Plants, and Equipment Ratio: The increase in this ratio is primarily due to the investment in the Shoe and Textile Industrial Park construction in 2023, resulting in a higher net balance of property, plants, and equipment.
2. Current Ratio and Quick Ratio: The decline in these ratios in 2023 is mainly attributed to using time deposits for the Shoe and Textile Industrial Park construction, leading to decreased current assets.
3. Accounts payable turnover rate: Mainly due to decreased average accounts payable in 2023.
4. Total Asset Turnover Ratio, Profit Margin, and Operating Leverage: The improvement in these ratios in 2023 is primarily driven by the increase in operating revenue compared to 2022.
5. Cash flow ratio and cash flow adequacy ratio: Unlike 2022, when accounts payable decreased, there was no such situation in 2023.

Note: The calculation formula of each financial ratio is as follows:

1. Financial structure:

- (1) Debt-to-asset ratio = total liabilities/total assets
- (2) Ratio of long-term funds to property, plant and equipment = (total shareholders' equity + non-current liabilities)/net property, plant and equipment

2. Solvency:

- (1) Liquidity ratio= current assets/current liabilities
- (2) Quick ratio= (current assets– inventory–prepaid expenses)/current liabilities
- (3) Interest coverage ratio= net profit before income tax and interest expense / current interest expense

3. Operation capacity:

- (1) Receivables (including accounts receivable and notes receivable arising from operating activities) turnover = net sales/average receivables (including accounts receivable and notes receivable arising from operating activities) balance in each period
- (2) Average collection days = 365/accounts receivable turnover rate
- (3) Inventory turnover rate = costs of goods sold/average inventory
- (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
- (5) Average sales days = 365/inventory turnover rate
- (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
- (7) Total assets turnover rate = net sales/average total assets

4. Profitability:

- (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets
- (2) Return on shareholders' equity= after-tax profit and loss/average net stockholders' equity
- (3) Ratio of net profit (loss) before tax to paid-in capital (%) = pre-tax profit and loss/paid-in capital
- (4) Net profit (loss) ratio= after-tax profit and loss/ net sales
- (5) Earnings (losses) per share = (profit and loss attributable to owners of the parent– preferred stock dividend)/weighted average number of stocks issued

5. Cash flow:

- (1) Cash flow ratio= net cash flow from operating activities/ current liabilities
- (2) Cash flow adequacy ratio =
Net cash flow from operating activities in the past five years/ (capital expenditure + increase in inventory + cash dividend) in the past five years
- (3) Cash reinvestment ratio =
(Net cash flow from operating activities– cash dividend)/ (gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage= (net operating revenues – variable operating cost and expense)/ operating profit
- (2) Financial leverage = operating profit/ (operating income – interest expense)

Note 4: Special attention should be paid to the following when measuring earnings per share with the above calculation formula:

- 1. Based on the weighted average number of common shares rather than the number of shares outstanding at the end of the year.
- 2. Where there is cash capital increase or treasury stock transactions, the weighted average number of shares should be used considering the period of circulation.
- 3. Where there is a capital increase by retained earnings or capital surplus when calculating the annual or semi-annual earnings per share for previous years, retrospective adjustments should be made in proportion to the capital increase, regardless of the issuance period of such capital increase.
- 4. If the preferred shares are non-convertible and cumulative, their dividends for the current year (whether paid or not) should be deducted from the net profits after tax, or added to the net losses after tax. If the preferred shares are non-cumulative, their dividends should be deducted from net profits after tax if there are net profits after tax; if there are net losses, no adjustment is required.

Note 5: Special attention should be paid to the following in performing cash flow analysis.

- 1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures represent the annual cash outflows from capital investments.
3. Increase in inventory is included only if the ending balance is greater than the beginning balance or zero if inventory decreases at the end of the year.
4. Cash dividends include cash dividends on common stock and preferred stock.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature. Where estimates or subjective judgments are involved, pay attention to the reasonableness and maintain consistency.

Note 7: If the Company's stock has no face value or the face value per share is not NT\$10, the ratios related to paid-in capital in the preceding paragraph should be replaced with the ratio of Equity attributable to owners of parent in the balance sheet.

III. Audit committee's report – financial statements for the fiscal year

Asia Plastic Recycling Holding Limited.
Audit Committee Report

The Board of Directors has prepared the Company's 2023 business report, consolidated financial statements and earnings allocation proposal. The financial statements have been audited by Lin, Chao-Min and Shi, Dai-Ping, CPA of Candor Taiwan CPAs, and the Auditors' Report was issued accordingly. The Business Report, Financial Statements, and proposals for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2024 Shareholders' Meeting Asia Plastic Recycling Holding Limited

Asia Plastic Recycling Holding Limited.
Convener of the Audit Committee: Li, Chun-Te



March 6, 2024

- IV. Financial statements for the most recent year: Please refer to Appendix I.
- V. Independent financial statements audited by CPA in the most recent year:
The Company only issues the consolidated financial statements of parent company and subsidiaries, and thus it is not applicable.
- VI. Difficulties in fund flow of the Company and its affiliates in recent years and as of the date of the annual report, and their impact on the Company's financial position: None.

Seven. Review and Analysis of the Financial Status and Financial Performance and Risks

I. Financial status:

Expressed in Thousands of NTD

Item \ Year	End of 2022	End of 2023	Difference	
			Amount	—
Current assets	2,782,075	1,443,936	(1,338,139)	(48.10)
Property, plant and equipment	1,648,254	2,515,753	867,499	52.63
Other assets (including intangible assets)	637,033	621,304	(15,729)	(2.47)
Total Assets	5,067,362	4,580,993	(486,369)	(9.60)
Current liabilities	111,174	120,372	9,198	8.27
Long-term liabilities	62,715	61,563	(1,152)	(1.84)
Total liabilities	173,889	181,935	8,046	4.63
Share capital	2,689,547	2,689,547	-	-
Capital surplus	3,033,537	1,984,504	(1,049,033)	(34.58)
Retained earnings	(241,540)	176,578	418,118	(173.11)
Cumulative translation adjustment	(588,071)	(451,571)	136,500	23.21
Total shareholders' equity	4,893,473	4,399,058	(494,415)	(10.10)
Analysis of the reasons for the changes in the two periods which exceed 20% and involve more than NT\$ 10 million:				
1. Current Assets and Property, Plants, and Equipment: The change in this relationship is primarily due to the utilization of time deposits for the Shoe and Textile Industrial Park construction in 2023.				
2. Capital Reserve and Retained Earnings: The change in capital reserves is mainly attributed to its use to cover losses.				
3. Accumulated Translation Adjustment: The fluctuation in this item is primarily driven by exchange rate movements.				

II. Financial performance:

1. Comparative analysis of financial performance

Expressed in Thousands of NTD

Item \ Year	2022	2023	Difference	
			Amount	%
Total operating revenues	643,603	772,034	128,431	19.96
Net operating revenues	643,603	772,034	128,431	19.96
Operating costs	870,422	925,366	54,944	6.31
Gross operating profit (loss)	(226,819)	(153,332)	73,487	32.40
Operating expenses	(240,747)	(237,778)	2,969	(1.23)
Operating loss	(467,566)	(391,110)	76,456	16.35
Non-operating income and expenses	(9,326)	(20,382)	(11,056)	(118.55)
Net loss before tax	(476,892)	(411,492)	65,400	13.71
Income tax expense	-	-	-	-
Net loss of the current year	(476,892)	(411,492)	65,400	13.71
Analysis of the reasons for the changes in the two years which exceed 20% and involve more than NT\$ 10 million:				
1. Gross Profit (Loss): The increase in gross profit in 2023 is mainly due to the growth in operating revenue compared to the same period in the previous year.				
2. Non-operating income and expenses: The decrease in interest income in 2023 is primarily attributed to using time deposits.				

2. Expected sales volume and its basis, possible impact on the future financial affairs and response plan

The Company's expected sales volume is an estimate of the market demand based on the sales performance in the previous years, and the annual delivery target is set on the basis of comprehensive consideration of the status of main raw materials, suppliers' condition and delivery period.

III. Cash flow

1. Analysis of changes in cash flow:

Item \ Year	End of 2022	End of 2023	Ratio of increase (decrease) (%)
Cash flow ratio (%)	(296.73)	(219.15)	26.14
Cash flow adequacy ratio (%)	(246.31)	(107.70)	56.27
Cash reinvestment ratio (%)	(4.22)	(3.63)	13.98
Analysis of the percentage of changes: Cash Flow Ratio and Cash Flow Adequacy Ratio: The decline in net cash outflow from operating activities is primarily attributed to the combined effects of a decrease in pre-tax net income and depreciation expenses.			

2. Analysis of cash liquidity in the coming year and plan for improvement of liquidity shortage: None.

IV. Influence of major capital expenditure items on financial business in the most recent year

In 2022, the Company spent NT\$17,886 thousand to purchase property, plants, and equipment for the shoe textile park construction project.

The board of directors resolved to authorize the Fujian subsidiary to purchase lands at the east side of mid-section at Jinxin Rd., Jiangtou Industrial Park, Chendai Town, Jinjiang City. The property was acquired in the manner of engaging others to build on its own land after the lands were acquired. According to the comparison between the turnover of property, plant and equipment and the total assets turnover during 2021-2023 of RMB 1,297,339 thousand, the Company's new property, plant and equipment can generate revenue, and there is no adverse impact on the Company due to the increase of capital expenditure.

Turnover rate	2021	2022	2023
Turnover of property, plant and equipment (times)	0.53	0.42	0.46
Turnover rate of total assets (time)	0.18	0.12	0.16

V. Re-investment analysis in the most recent year

1. Reinvestment policy

The Company is now a professional investment holding company. Its reinvestment policy mainly focuses on business investment, rather than investment in other industries. The reinvestment policy is generally implemented by the department in charge according to the internal control system of “investment cycle” and “procedures for acquisition or disposal of assets”. These measures and procedures should be discussed and approved by the Board of Directors.

2. Main reasons for profit or loss of reinvestment in recent years

Expressed in Thousands of NTD

Invested enterprises	Most recent year (2023) Investment loss	Description
Sansda (BVI)	(369,350)	Recognized reinvestment loss of Sansda (HK) in the current year
Sansda (HK)	(369,350)	Recognized reinvestment loss of Sansda (Fujian), Fujian Sansda Renewable, and Sansda (HK) Trading in the current year
Sansda (Fujian)	(370,675)	Mainly due to operating losses
Fujian Sansda Renewable reinvestment loss of Sansda (Jiangsu)	-	-
Sansda (HK) Trading	1,362	Mainly the foreign currency exchange gains

3. Investment plan for the coming year

The Company and its subsidiaries currently have no clear capital increase plan, and will, depending on the operating needs, make a capital increase plan in the future, which should be put into force after investment evaluation and relevant approval procedures of the Company.

4. Investment loss improvement plan

The Company's original profit model is that a large number of recycled plastics are imported and processed into recycled LDPE particles, and the price difference between recycled materials and purchased materials is the Company's advantage over its peers. However, since China banned the import of waste plastics in 2018, the shortage of recycled materials has caused a huge impact on the plastic

recycling industry.

At present, the Company is facing the challenge of industrial policy change. In this context, the Company's response policy is to continuously expand the sources of recycled waste plastics in China. In 2021, large petrochemical factories lowered new material prices under the pressure of destocking, and the market price of recycled materials also fell. Despite the relatively stable material prices, it is still difficult to acquire recycled LDPE materials of stable quality suitable for foaming. Hence, the Company still focuses on seeking long-term and stable material sources at home and abroad at the present stage to improve the gross profit structure.

VI. Risk issues

(I) Impact of changes in interest rate and exchange rate and inflation on the Company's profit and loss, and its countermeasures:

(1) Changes in interest rate

There was no interest payment in 2023; therefore, the movement of the interest rate level has little impact on the Company. If the interest rate is expected to fluctuate sharply in the future, and the Company needs to borrow money due to the increasing demand for funds, the Company will not only use the financing instruments in capital markets, but also keep an eye on the interest rate trend and borrow money at fixed or floating interest rates to avoid the risk of interest rate fluctuation.

(2) Exchange rate variation

The operating entities of the Company are Sansda (Fujian) and located in Chinese Mainland. As the target customers are manufacturers and traders in China, the Company's products are all priced in RMB. In addition, EVA materials, a key raw material of the Company, are imported through traders, and paid in RMB. As a result, the receipts and payments in daily operation of Sansda (Fujian) is almost in RMB. In addition, the applicant Asia Plastic adopts RMB as its bookkeeping base currency, thus a translation adjustment will be generated in the preparation of consolidated financial statements, which is not caused by the exchange gains and losses arising from transaction. Therefore, the changes in exchange rate have not yet had a significant impact on the Company's income and profit.

Currently, there is no significant risk of exchange rate fluctuation for the operating entities of the Company. However, Asia Plastic, which applies for listing in Taiwan, is very likely to face the risk of exchange rate (RMB to NT\$) in the future, due to its

distribution of dividends in New Taiwan dollars to domestic investors or conversion of raised funds in New Taiwan dollars into Renminbi. In the face of the risk, the Company's Finance Department may take the following countermeasures:

Countermeasures:

- A. Maintain appropriate foreign exchange positions at appropriate time according to the exchange rate trend to meet the operating needs of the Company and its subsidiaries, and reduce the impact of exchange rate fluctuation on the Company's profitability.
- B. Keep in close contact with major cooperative banks, and monitor the changes in foreign exchange market at any time, so that relevant personnel can have a full understanding of the trend of exchange rate changes, and make timely adjustments in response to unexpected change in payment currency.

(3) Inflation

The Company's business is closely related to people's livelihood consumption, and its principal market is in China. However, the Chinese economy is subject to the impact of global economy, especially in export-oriented people's livelihood products. After the financial turmoil, the global economy has been in recovery, and governments around the world have created loose monetary conditions to activate the market, thus advancing the economic recovery. However, some countries have huge debts, which cannot be reduced and solved in the short term, and have to rely on international rescue. In this context, other countries tend to raise the interest rate to prevent the pressure of inflation caused by surplus idle funds, which holds back the economic recovery. Due to the continuous speculation in the real estate market and the pressure of inflation, the Chinese government has also begun to reduce money supply. This may affect the future economic growth and also people's livelihood consumption, thus cramping the Company's performance growth and profit margin. The Company is constantly developing new products, and plans to actively explore new products to cope with the risks brought by future economic changes.

(II) Policies for high-risk and high-leverage investment, loan to others, endorsement and derivative trading, main reasons for profit or loss, and future countermeasures:

Upholding the philosophy of prudent and pragmatic operation, the Company has not made high-risk or high-leverage investment, nor has it lent money to others or provided

guarantee for others. The Company has formulated the “Procedures for Loaning of Funds to Others” and “Procedures for Endorsement and Guarantee”. In addition, the Company has formulated the “Procedures for Acquisition and Disposal of Assets” as the basis for risk control in forward exchange transactions that may be conducted in the future to avoid exchange rate risks. The procedure clearly specifies the procedures for trading of financial derivatives.

(III) Future research and development plans and estimated research and development expenses.

The Company has invested in the field of EVA plastic foam for a long time, and has made considerable achievements in improvement of production technology, output increase, quality optimization and diversification of products. EVA plastic foam has been widely used in many fields, e.g., shoes, luggage, sports equipment, automobile interiors, toys, home supplies and even building materials. Undoubtedly, it is a kind of indispensable base material. However, this material has a variety of properties, and different products may have different requirements for its properties such as softness, plasticity, weight, density and wear resistance. Therefore, the manufacturing of EVA plastic foam requires a long time of experience accumulation and formula development to meet different requirements in different markets. Relying on the long-term technical progress and good cooperation with academic units, the Company has successively developed many products with special functions in recent years, such as antistatic sheet, high-foam sheet, fireproof sheet, heat-insulated sheet, sound-proof sheet and many other high-performance sheets, thus expanding the application of its products to various industries of livelihood products. In the future, the Company will, based on the production technology of special materials, further develop products which can be used as building materials for indoor partition and feature high hardness, light weight and good heat and fire insulation, so as to bring new possibilities into the construction market. Furthermore, the Company has also invested in the R&D of packaging materials for high-tech products, and applied special antistatic, fireproof and moisture-proof materials as packaging materials for the electronic technology industry to improve the safety in handling and storage. Meanwhile, the Company plans to develop the materials for industrial pipelines such as sand pumping and desilting pipelines. It is expected that the Company will invest more in R&D in the future to develop products with future potential.

New products planned to be developed:

- (1) Anti-static and electromagnetic shielding EVA material
It is suitable for special working environment such as electronic, medical and testing rooms, and able to reduce the interference of radio electromagnetic waves and create a sound working environment.
- (2) High-pressure-resistant and lightweight silt drainage pipe material for river channels
It is suitable for mobile operations in large rivers and for complex water flow conditions, and features high strength, tolerance and elasticity, different from traditional PVC pipelines.
- (3) High-elastic and lightweight EVA material
It is mainly composed of harmless main raw materials and additives, and is suitable for such industries as special packaging, medical equipment and building materials due to good resilience, light weight and high tear strength.
- (4) Composite EVA material with high density and light weight
It is suitable for high-strength functional shoes, e.g., insoles and soles for professional athletes and combat boots.
- (5) HIT Automation Process Improvement Project
 1. This project includes replacement of manual operation by 4 workers with three-dimensional pneumatic manipulator, as well as AGV automatic discharging system and automatic blending system for foaming industry, which continuously promotes the automation of the Company's production line.
 2. Continual progress and trial for the standardized automatic feeder and formulation drum system.
 3. Continual progress of the robotic arm for the closed mixing process.
 4. Continual improvement of the conveying cart and conveying belts for loading and unloading dies and material, and sheet output.
 5. Continual improvement of packing PE scrap film, and the semi-automated conveying of material feeding.
 6. Continual improvement of man-less picking for PE scrap film (mid- and long term) TPE yoga mat
- (6) TPE yoga mat
It is mainly made of environmentally friendly raw materials such as EVA, POE and TPE elastomers, and additives through molding and foaming, and features good comfort, strong skid resistance, high resilience and uneasy deformation. Hence, it is a good protective cushion for yoga.
- (7) High-performance graphene-EVA composite foam material
It is made of EVA which is the main raw material, and additives such as foaming agent, cross-linking agent, thermoplastic resin, graphene-based antistatic agent (independently developed), graphene-based wearproof agent, graphene-based antibacterial agent and compatibilizer. Besides, it is integrated by such technologies as in-situ polymerization, grafting, antistatic and antibacterial treatment, strengthening and toughening, and developed by such technologies as additive synthesis, closed mixing, open mixing, mold curing and foaming. This project addresses the key common technical problems such as binding force of interface between EVA resin and inorganic substances and dispersion of additives in foam materials, and overcomes the technical bottleneck in designing products that have not only excellent wearproof, antibacterial, antistatic and dustproof properties, but also high elasticity.
- (8) Functional thermoplastic foam material which is wearproof, antiskid and antistatic

According to the R&D plan above, it is expected that the Company will invest more than RMB 3.5 million in R&D in 2024, accounting for about 1.5%~2.0% of the revenue. However, the investment in R&D will be planned and adjusted according to the Company's operating conditions.

(IV) Impact of changes in important policies and laws at home and abroad on the Company's financial business and its countermeasures:

The Company is registered in Cayman Island where financial services are the main economic activity, and mainly operates in Chinese Mainland, one of the major economies in the world. Due to the policy of prohibiting the import of waste plastics (Implementation Plan for Prohibiting the Entry of Foreign Garbage and Advancing the Reform of the Solid Waste Import Administration System) published by the Chinese government in 2018, the Company is now actively seeking for domestic sources of waste plastics, developing overseas strategic partners, and continuously evaluating the plans for setting up factories in Eastern Europe, Central Asia, Southeast Asia and even Taiwan, to secure stable supply of recycled plastics in the future.

(V) Impact of technical changes and industrial changes on the Company's financial business and its countermeasures:

The Company mainly produces EVA blended foam sheets which have a wide range of applications and are irreplaceable at present. EVA products have diversified properties due to the mixing of different materials, and use of different chemical additives and even different foaming technologies. Therefore, the technical innovation and change in the future will not reduce the use of EVA. Instead, the introduction of more new materials may help to develop new application fields. In the existing application market, products with new properties or functions may always storm the market and result in the elimination of old products, due to a large number of competitors. Therefore, the Company has never stopped its efforts in R&D and is committed to leading the market trends. Meanwhile, R&D personnel are required to pay close attention to the market trends, develop potential markets, and seek for new application needs, which will make great contributions to the Company's business.

(VI) Impact of corporate image change on corporate crisis management and its countermeasures:

The Company is a professional EVA sheet manufacturer. Since its establishment, the

Company has been focusing on its main business, and has been well-known in the market for its diversified high-quality products. It is now under stable operation and has a good reputation. Moreover, the Company has attracted a large number of customers from the coastal areas from North China to South China with a sound product image and good reputation. Hence, there is no problem or crisis of corporate image change.

(VII) Expected returns and possible risks of M&A and their countermeasures:

The Company had no plans for M&A in recent years and up to the date of the Report. If there is a plan for M&A in the future, the Company will prudently evaluate whether the M&A can bring benefits to the Company, so as to safeguard the rights and interests of original shareholders.

(VIII) Expected returns and possible risks of plant expansion and their countermeasures:

In recent years, Chinese local governments have followed the Central Government's policies regarding environmental protection and carbon reduction, and actively planned the efficiency of land utilization. In light of the common fact that local factories and residences in Jinjiang City are mixed, tending to result in illegal drainage and pollutant discharges that affect the environment. Not only are the city's appearance seriously affected, and inspections are difficult, for the long term, these become hidden risks of fire safety and environmental health.

Pursuant to the "Fifteen Measures to Support the Promotion for Standardized Construction of Industrial Parks" issued by the Office of the Comprehensive Deepening Reform Committee of the Jinjiang Municipal Party Committee, the Jinjiang Municipal Government intends to guide small and medium-sized factories to move to legally compliant plants in the industrial parks and gradually realize the separation of factories and residences. Incentive policies such as increasing the land plot ratio, are used to encourage local large-scale enterprises to increase the efficiency of factory utilization, and expand standard plant buildings, to further absorb the vast local shoemaking industry chain to become tenants.

According to the 2021 national economic and social development statistics of the Jinjiang Municipal Government, the annual production value of the footwear industry is approximately RMB159.2 billion. More than half of the shoe companies in Fujian are

located in Jinjiang. There are about 2,350 shoe manufacturers in the city, employing about 230,000 people. The Company is located in the plant area of Jinxin Road, Jinjiang City, covering an area of 228 acres. Other than being adjacent to Quanzhou Airport, it is located in the transportation hub from Jinjiang City to Quanzhou City and Shishi City. There are more than 50 logistics companies in the neighborhood, and it has the development advantages of a medium-sized industrial park.

Seizing the opportunity presented by the preceding Chinese local government policies and in line with the Company's long-term planning, the Board of Directors has approved the “Sansda Shoe and Textile Park” budget project. The Company's primary business activities include the development, sale, rental, and other service management income from standard industrial factories and industrial parks constructed through entrusted construction of its own land. These activities serve as a stable source of revenue for the Company, complementing its core foam business. In addition to effectively improving land utilization efficiency and revitalizing assets, the continuous and stable rental incomes will help to increase shareholders' equity in the long run.

The Company intends to absorb downstream manufacturers to move in on the basis of the existing foam material industry position, and integrate the complementary resources of enterprises in the park, to realize the advantages of industrial clusters.

(IX) Risks of and countermeasures for purchases or sales concentration:

(1) Risk of purchases:

The Company's main products are foam materials made of EVA, as well as LDPE and other additives by molding and foaming. The raw materials used include EVA raw materials, LDPE raw materials and recycled waste plastics, which can be recycled into EVA blended foam products. The waste plastics should be classified and screened, before they are added into the product process according to the content of different substances. Due to the policy of prohibiting the import of waste plastics (Implementation Plan for Prohibiting the Entry of Foreign Garbage and Advancing the Reform of the Solid Waste Import Administration System) published by the Chinese government in 2018, the Company is now actively seeking for domestic sources of waste plastics, developing overseas strategic partners, and continuously evaluating the plans for setting up factories in Eastern Europe, Central Asia, Southeast Asia and even Taiwan, to secure stable supply of recycled plastics in the future.

(2) Risk in sales:

The Company is a manufacturer of EVA foam materials. Its products are widely applied in many fields, e.g., shoes, luggage, sporting goods, packaging materials for high-tech electronic products, furniture, automobiles and building materials, and have become necessities of life. The current application of Company's EVA products mainly lies in shoes and luggage, and is extending to other special materials. Due to a long term of engagement in this industry, the Company has developed products diversified in style and specification, thus attracting diversified customers. The Company is also committed to integrating the industry chain, and extending to the downstream in a planned way with the existing advantages of material cost control and the support of upstream and downstream traders. Meanwhile, the Company's highly processed products continue to grow and win stable orders from well-known supermarkets such as B. TOYS, Walmart, RT-Mart and New Hua Du.

(X) Impact, risks and countermeasures of substantial share transfer or exchange by directors, supervisors or majority shareholders (holding more than 10% of the shares):

The Company (Asia Plastic Recycling Holding Limited) was registered and incorporated in Cayman Island in January 2010, to apply for listing on Taiwan Stock Exchange as a holding company. In March 2010, the Company issued new shares to exchange for the shares of Sansda Holding Limited held by Ding Holding Limited. After this share exchange, the Company directly held 100% of the shares of Sansda Holding Limited and indirectly held 100% of the shares of Sansda (HK) and Sansda (Fujian), marking the consummation of restructuring. After the restructuring, Ding Holding Limited became the Company's sole shareholder (the sole shareholder of Ding Holding Limited is Mr. Ting, Chin-Tsao, who is also the Chairman of the Company). In order to conform to the relevant regulations on ownership dispersion, promote capital popularization and improve the Company's shareholder structure, Ding Holding Limited transferred a portion of its shares in the Company as necessary. Despite the restructuring and ownership dispersion, there has been no significant change in the Company's major business decisions and business management mechanism as of the date of the Report. In addition, the Company has elected three independent directors to strengthen the function of the Board of Directors in executing major decisions and perform effective corporate governance. On the whole, there has been no operational risk caused by substantial share transfer or exchange.

(XI) Impact, risks and countermeasures of changes in management right:

In recent years and up to the date of the Report, there has been no change in the management right of the Company. In addition, the Company has improved corporate governance measures and elected independent directors to enhance the protection for shareholders' rights and interests. It plans to apply for listing on Taiwan Stock Exchange. After the application is approved by the competent authority, directors, supervisors and majority shareholders will carry out restricted transactions of collective share custody. Therefore, the Company will have no risk of changes in management right in the short term. After listing, the Company will advance capital popularization, share its operating results and profits with shareholders, and receive the sustainable support of shareholders. Therefore, the changes in the management right in the future will not have a significant negative impact on the Company's management and operating advantages, thereby causing adverse impact and risk on the Company.

(XII) Litigations or non-litigation cases:

Litigants	Date	Value of subject matter	Case description	As of the date of the Report
Plaintiff: The Company The Defendant: Founder of Glaucus, Matthew Wiechert, Chief Research Director, Soren Aandahl,	April 28, 2014	—	Suspected of manipulating stock prices in violation of Paragraph 6, Clause 1, Section 155.1(6) of the Securities and Exchange Act	The case is still under investigation by Taipei District Prosecutors Office, and Taipei District Prosecutors Office has issued an arrest warrant for Matthew David Wiechert and Soren Wallace Aandahl. Facts: Knowing that it is forbidden to affect the trading price of securities in the centralized trading market, the two defendants spread rumors or false

and other people offering help domestically.				information with an aim to lowering the trading price of the securities of Asia Plastic Recycling Holding Limited, and successively published research reports containing false bad news on the website of Glaucus Research and entrusted public relations companies to spread them via electronic media, thus affecting the stock price of Asia Plastic Recycling Holding Limited. After being summoned by the US on the basis of mutual legal assistance, the two defendants failed to appear, and both of them are abroad. Given that, it is believed that the defendants have escaped. Accordingly, an arrest warrant was issued.
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VII. Other important events: None.

Eight. Special Items to Be Included

I. Information of affiliates

(I) Profile of affiliates

1. Organizational structure of affiliates: Please refer to “Two. Company Profile”

2. Basic information of affiliates

Enterprise name	Date of establishment	Address:	Paid-in capital	Principal business or production items
Sansda Holding Limited	2009.12	British Virgin Islands	USD 1	International investment business
Sansda (Hong Kong) Co., Ltd.	January 2010	Hong Kong	HKD 1	International investment business
Fujian Sansda Recycling Co., Ltd.	2021.10	Jinjiang City, Fujian Province, China	RMB 10,000 thousand	Processing of renewable resources, recycling (other than the old and waste productive metals), sales, and engaging in investment activities with self-owned funds.
Sansda (Fujian) Plastic Co., Ltd.	1994.08	Jinjiang City, Fujian Province, China	HKD 200,000 thousand.	Production, manufacturing, sales of EVA foaming materials related products
Sansda (Hong Kong) Trading Co., Ltd.	2012.07	Hong Kong	RMB 29,300 thousand	Trading of bulk chemical raw materials

3. Information on the common shareholder information for those presumed to be in a controlling and subordinate relationship: None

4. Information on directors, supervisors and managerial officers of affiliates

Enterprise name	Title	Name or representative	Number of shares held (Note)	Shareholding ratio (note)
Sansda Holding Limited	Director	Ting, Chin-Tsao	USD 1	100.00%
Sansda (Hong Kong) Co., Ltd.	Director	Ting, Chin-Tsao	HKD 1	100.00%
Fujian Sansda Recycling Co., Ltd.	Director	Ting, Chin-Ti	RMB 1,000 thousand	100.00%
Sansda (Fujian) Plastic Co., Ltd.	Chairman	Ting, Chin-Tsao	HKD 200,000 thousand.	100.00%
	General Manager	Ting, Chih-Meng	—	—
Sansda (Hong Kong) Trading Co., Ltd.	Director	Ting, Chih-Wei	—	—

Note: It is not a company limited by shares, so there is no share. Only the amount and ratio of capital contribution are listed.

5. Overview of the operation of each affiliate

Expressed in Thousands of NTD

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Income/loss of the period (after tax)	Earnings per share (after tax) (NT\$)
Sansda Holding Limited	0.032	4,618,404	200	4,618,204	-	-	(369,350)	(Note 1)
Sansda (Hong Kong) Co., Ltd.	0.004	4,679,968	61,564	4,618,404	-	-	(369,350)	(Note 1)
Fujian Sansda Recycling Co., Ltd.	-	-	23,205	(23,205)	-	-	-	(Note 1)
Sansda (Fujian) Plastic Co., Ltd.	802,070	4,773,089	735,359	4,037,730	772,034	(373,745)	(370,675)	(Note 1)
Sansda (Hong Kong) Trading Co., Ltd.	126,781	79,607	57,706	21,901	-	-	1,362	(Note 1)

Note 1: It is not a company limited by shares, so there are no earnings per share.

Note 2: The above amounts are converted at the exchange rate at the end of 2023.

6. Industries covered by the business of all affiliates: Refer to Item 2. Note

7. Division of responsibilities among affiliates when their businesses are related to each other: On January 8, 2010, the Company established Asia Plastic Recycling Holding Limited at Cayman Islands, as the parent holding company of the Group, and the subject to apply the public offering in Taiwan. For the organizational structure of reinvestment, please refer to “Two. Company Profile-Structure Chart”. The Company also holds 100% of the shares of Sansda (Fujian) Plastic Co., Ltd., Fujian Sansda Recycling Co., Ltd., and Sansda (Hong Kong) Trading Co., Ltd. through Sansda (Hong Kong) Co., Ltd., one of its subsidiaries.

(II) Consolidated financial statements of affiliates: Please refer to Appendix I.

(III) Relationship report: None.

II. Handling of private marketable securities in the most recent year and as of the date of printing of the annual report: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and as of the date of printing of the annual report: None.

IV. Other necessary supplements: None.

V. Events that have a significant impact on shareholders' equity or securities price as stipulated in Section 36.3(2) of the Securities Exchange Act in the most recent year and as of the date of the annual report: None.

VI. Significant deviations from the provisions on the protection of shareholders' rights in China: Please refer to Appendix II.

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Independent Auditor's Report

To: Asia Plastic Recycling Holding Limited.

Opinion

We have audited the accompanying consolidated financial statements of Asia Plastic Recycling Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of

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most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the Group's 2023 consolidated financial report are specified as follows:

Authenticity of recognizing sales income from certain products

As said in Note 6(13) of the consolidated financial report, the major income source of the Group is the sales of ethylene vinyl acetate copolymer (EVA) mixed foaming products. Affected by decreases in the sources of recycled materials and orders, the operating revenue significantly declined, and thus a material operating loss was generated. Of which, sales of certain products generated gross sales profit, and the unit sales prices increase significantly; therefore pursuant to the requirement to assume income with significant risk in the SAS, the authenticity of recognizing sales income from such certain products is defined as a key audit matter.

We have executed the following responding audit measures for the certain aspects of the aforesaid key audit matter, including:

- I. Understand and test the internal control related to authenticity of recognizing income, including if the internal controls related the order operations and shipping are effective, and thus recognition of operating revenue.
- II. The details operating revenues were randomly inspected against the shipment notes and invoices to see if the counterparties and amounts were consistent, to verify if the sales revenues were properly recognized, and if the payments were made to the same person.
- III. Randomly inspect the accounts receivable receipts and counterparties in the details of operating revenue are identical to the counterparties of sales.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal

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control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Candor Taiwan CPA^s

CPA: Lin, Chao-Min

CPA: Shih, Tai-Ping

Approval Letter No: Securities and Futures Bureau of
Financial Supervisory Commission

Jin-Guan-Zheng-Shen-Zi No. 0980054543

Jin-Guan-Zheng-Shen-Zi No. 1110360121

March 6, 2024

Asia Plastic Recycling Holding Ltd. And its subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: *10³ in New Taiwan Currency

Code	Asset	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes IV(X) 、VI(I) and VI(XIX))	\$ 1,135,394	25	\$ 1,195,479	24
1136	Financial assets measured based on amortized cost(Notes IV(X) 、VI(II) and VI(XIX))	-	-	1,322,400	26
1170	Net accounts receivable t(Notes IV(X) 、VI(III) 、VI(XIII) and VI(XIX))	143,758	3	125,766	3
1200	Other receivables(Notes IV(X) and VI(XIX))	3,668	-	2,634	-
1310	Inventory (Notes IV(VI) and VI(IV))	135,152	3	125,359	2
1419	Prepayments	25,964	-	10,437	-
11XX	Total current assets	<u>1,443,936</u>	<u>31</u>	<u>2,782,075</u>	<u>55</u>
	Non-current assets				
1600	Real property, factory buildings and equipment (Notes IV(VII) 、IV(IX) 、VI(VI) 、VII and IX)	2,124,913	47	1,257,414	25
1755	Right-of-use assets (Notes IV(IX) 、VI(VII))	613,303	13	602,784	12
1760	Investment real property (Notes IV(VIII) 、IV(IX) 、VI(VIII) and VII)	390,840	9	425,089	8
1915	Prepayments for equipment	8,001	-	-	-
15XX	Total non-current assets	<u>3,137,057</u>	<u>69</u>	<u>2,285,287</u>	<u>45</u>
1XXX	Total assets	<u>\$4,580,993</u>	<u>100</u>	<u>\$ 5,067,362</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2170	Accounts payable (Notes IV(IX) and VI(XIX))	\$ 69,660	2	\$ 57,844	1
2219	Other payables (Notes IV(X) and VI(XIX))	50,705	1	50,077	1
2399	Other current liabilities	7	-	3,253	-
21XX	Total current liabilities	<u>111,174</u>	<u>3</u>	<u>111,174</u>	<u>2</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Notes IV(XV) and VI(XV))	61,563	1	62,715	1
2XXX	Total liabilities	<u>181,935</u>	<u>4</u>	<u>173,889</u>	<u>3</u>
	Interests attributable to owners of the Group (Notes IV(XII))				
3100	Share capital				
3110	Ordinary share capital	2,689,547	59	2,689,547	53
3200	Capital reserves	1,984,504	43	3,033,537	61
	Retained surplus				
3310	Legal surplus reserves	-	-	708,876	14
3320	Special surplus reserve	588,070	13	656,534	13
3350	Undistributed profit (loss to be made up)	(411,492)	(9)	(1,606,950)	(32)
3400	Other interests	(451,571)	(10)	(588,071)	(12)
3XXX	Total equity	<u>4,399,058</u>	<u>96</u>	<u>4,893,473</u>	<u>97</u>
	Total liabilities and equities	<u>\$4,580,993</u>	<u>100</u>	<u>\$ 5,507,928</u>	<u>100</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman:



Manager:



Accounting officer:



Asia Plastic Recycling Holding Ltd. And its subsidiaries

Consolidated income statement

January 1 – December 31, 2023 and 2022

Unit: *10³ in New Taiwan Currency, if
per-share loss amounting to NTD

Code		2023		2022	
		Amount	%	Amount	%
	Business income				
4100	Sales revenue(Notes IV(XI) and VI(XIII))	\$ 730,940	95	\$ 611,792	95
4300	Lease income(Notes IV(XII) 、VI(XIII) and VII)	<u>41,094</u>	<u>5</u>	<u>31,811</u>	<u>5</u>
4000	Total operating income	772,034	100	643,603	100
5000	Operating costs (Notes VI(IV) 、VI(XIV) and VII)	(<u>925,366</u>)	(<u>120</u>)	(<u>870,422</u>)	(<u>135</u>)
5900	Gross operating loss	(<u>153,332</u>)	(<u>20</u>)	(<u>226,819</u>)	(<u>35</u>)
	Operating expenses (Notes VI(XIV))				
6100	Marketing expense	38,475	5	42,236	7
6200	Administrative expense	172,897	22	166,142	26
6300	R&D expenses	21,821	3	20,687	3
6450	Expected credit impairment loss (Notes VI(III))	<u>4,585</u>	<u>1</u>	<u>11,682</u>	<u>2</u>
6000	Total operating expenses	<u>237,778</u>	<u>31</u>	<u>240,747</u>	<u>38</u>
6900	Net operating loss	(<u>391,110</u>)	(<u>51</u>)	(<u>467,566</u>)	(<u>73</u>)
	Non-business income and non-operating expenditure (Notes VI(XIV))				
7020	Other profits and losses	(24,598)	(3)	(177)	-
7101	Interest income	26,226	4	31,442	5
7190	Other incomes	2,001	-	1,402	-
7610	Gain (loss) on disposal of property, plant and equipment(Notes IV(VII) and VI(VI))	(<u>24,011</u>)	(<u>3</u>)	(<u>41,993</u>)	(<u>7</u>)

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7000	Total non-business income and non-operating expenditure	(\$ <u>20,382</u>)	(<u>2</u>)	(\$ <u>9,326</u>)	<u>6</u>
7900	Net pre-tax loss	(<u>411,492</u>)	(<u>53</u>)	(<u>476,892</u>)	(<u>75</u>)
7950	Income tax (Notes IV(XV) and VI(XV))	\$ <u>-</u>	<u>-</u>	\$ <u>-</u>	<u>-</u>
8200	Net loss of the current year	(<u>411,492</u>)	(<u>53</u>)	(<u>476,892</u>)	(<u>75</u>)
8300	Other consolidated profits and losses				
8310	Items not reclassified into profits or losses				
8341	Currency translation difference (Notes VI(XII))	(<u>83,531</u>)	(<u>11</u>)	<u>68,463</u>	<u>11</u>
8500	Total consolidated profits and losses of the year	(\$ <u>495,023</u>)	(<u>64</u>)	(\$ <u>408,429</u>)	(<u>64</u>)
8600	Net loss attributable to:				
8610	Owner of the company(Notes VI(XVI))	(\$ <u>411,492</u>)	(<u>53</u>)	(\$ <u>476,892</u>)	(<u>75</u>)
8700	Total consolidated profits and losses attributable to:				
8710	Owner of the company	(\$ <u>495,023</u>)	(<u>64</u>)	(\$ <u>408,429</u>)	(<u>64</u>)
	Per-share loss(Notes VI(XVI))				
9750	General	(\$ <u>1.53</u>)		(\$ <u>1.77</u>)	
9850	Dilution	(\$ <u>1.53</u>)		(\$ <u>1.77</u>)	

Notes hereto constitute a part of the consolidated financial statements.

Chairman:



Manager:



Accounting officer:



Asia Plastic Recycling Holding Ltd. And its subsidiaries
Consolidated statement of changes in equity
January 1 – December 31, 2023 and 2022

Unit: *10³ in New Taiwan Currency

Code		Ordinary share capital	Capital reserves	Retained surplus			Other items of shareholders' equity Exchange differences of the translation of the financial statements in foreign operations	Total equity
				Legal surplus reserves	Special surplus reserve	Undistributed profit (loss to be made up)		
A1	Balance on January 1, 2022	\$2,689,547	\$3,031,712	\$ 708,876	\$ 619,597	(\$1,093,121)	(\$ 656,534)	\$5,300,077
B3	Special surplus withdrawal	-	-	-	36,937	(36,937)	-	-
N1	Employee stock option cost	-	1,825	-	-	-	-	1,825
D1	Net loss in 2022	-	-	-	-	(476,892)	-	(476,892)
D3	Other after-tax consolidated profits and losses in 2022	-	-	-	-	-	68,463	68,463
Z1	Balance on December 31, 2022	<u>\$2,689,547</u>	<u>\$3,033,537</u>	<u>\$ 708,876</u>	<u>\$ 656,534</u>	<u>(\$1,606,950)</u>	<u>(\$ 588,071)</u>	<u>\$4,893,473</u>
A1	Balance on January 1, 2023	\$2,689,547	\$3,031,712	\$ 708,876	\$ 656,534	(\$1,606,950)	(\$ 588,071)	\$4,893,473
B17	Reversal of special reserve	-	-	-	(68,464)	68,464	-	-
B13	Legal reserve used to offset accumulated deficits	-	-	(708,876)	-	608,522	100,354	-
C11	Capital surplus used to offset accumulated deficits	-	(1,049,641)	-	-	929,964	119,677	-
N1	Employee stock option cost	-	608	-	-	-	-	608
D1	Net loss in 2023	-	-	-	-	(411,492)	-	(411,492)
D3	Other after-tax consolidated profits and losses in 2023	-	-	-	-	-	(83,531)	(83,531)
Z1	Balance on December 31, 2023	<u>\$2,689,547</u>	<u>\$1,984,504</u>	<u>\$ -</u>	<u>\$ 588,070</u>	<u>(\$ 411,492)</u>	<u>(\$ 451,571)</u>	<u>\$4,399,058</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman:



Manager:



Accounting officer:



Asia Plastic Recycling Holding Ltd. And its subsidiaries

Consolidated Cash Flow Statement

January 1 – December 31, 2022 and 2023

Unit: *10³ in New Taiwan Currency

Code		2023	2022
	Cash flow from operating activities		
A10000	Pre-tax net loss of the current year	(\$ 411,492)	(\$ 476,892)
A20010	Earnings, expenses and losses		
A20100	Depreciation costs	138,195	165,229
A20300	Expected credit impairment loss	4,585	11,682
A21200	Interest income	(26,226)	(31,442)
A21900	Employee stock option compensation cost	608	1,825
A22500	Loss from disposal of real property, factory buildings and equipment (benefit)	24,011	41,993
A29900	Retention (reverse) of allowance for loss from inventory depreciation	(25,856)	7,765
A23700	Impairment loss on non-financial assets	23,454	-
	Net change of business assets and liabilities		
A31130	Notes receivable	-	-
A31150	Accounts receivable	(25,212)	(39,992)
A31180	Other receivables	(3,521)	137
A31200	Inventories	13,564	(4,873)
A31230	Prepayments	(15,968)	(818)
A32150	Accounts payable	13,085	(45,245)
A32180	Other payables	1,574	5,678
A32230	Other current liabilities	(3,235)	3,193
A33000	Cash outflow from operations	(292,434)	(361,760)
A33100	Collected interest	28,643	31,875
AAAA	Net cash outflow from operations	(263,791)	(329,885)
	Cash flow from investment activities		
B00050	Proceeds from disposal of financial assets at amortised cost	1,318,620	-
B02700	Purchase of real property, factory buildings and equipment	(1,045,839)	(17,886)
B05350	Acquisition of use-of-right assets	(39,587)	-
B07100	Increase in prepayments for business facilities	(8,001)	-
BBBB	Net cash outflow from investment activities	225,193	(17,886)

(Continued)

<u>Code</u>		<u>2023</u>	<u>2022</u>
DDDD	Impact of fluctuations in exchange rate on cash	(<u>\$ 21,487</u>)	<u>\$ 30,015</u>
EEEE	Net reduction of cash	(60,085)	(317,756)
E00100	Cash balance at beginning of the year	<u>1,195,479</u>	<u>1,513,235</u>
E00200	Year-end cash balance	<u>\$1,135,394</u>	<u>\$1,195,479</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman:



Manager:



Accounting officer:



Asia Plastic Recycling Holding Limited and the subsidiaries

Notes to the Consolidated Financial Statements

2023 and 2022

(Unless specified otherwise, the unit is NTD thousand)

I. Company history

Asia Plastic Recycling Holding Limited (hereafter “the Company”) was established at Cayman Islands on January 8, 2010, mainly an organizational restructure for applying public listing at Taiwan Stock Exchange. After the restructure, the Company has become the holding company of Sansd (Fujian) Plastic Co., Ltd. (Fujian Sansd Plastic Ltd.).

The Company’s shares have been listed and traded in Taiwan Stock Exchange on August 17, 2011, and the stock code is 1337.

The functional currency of the Company and the subsidiaries is RMB. Since the Company is a public company in Taiwan, for better comparability and consistency of the financial reports, the consolidated financial statements translated RMB to NTD for expression.

II. The date of authorization for issuance of the financial statements and procedures for authorization

The consolidated financial statements are released on March 6, 2024 upon the approval of the board of directors.

III. Application of new standards, amendments, and interpretations

(I) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of International Financial Reporting Interpretations Committee (IFRIC) and interpretation announcement from Standing Interpretations Committee (SIC) (hereafter, collectively “IFRSs”) recognized and publicized by the Financial Supervisory Commission (FSC) for taking effect.

The IFRSs recognized and publicized by FSC do not result in any material change in the Company and subsidiaries’ accounting policies.

(II) IFRSs endorsed by the FSC for application in 2024

<u>New/amended/revised standards and interpretations</u>	<u>Effective date of IASB publication (Note 1)</u>
The amendment to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
The amendment to IAS 1: "Classification of Liabilities as Current or Non-current"	January 1, 2024
The amendment to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise specified, the aforesaid new/amended/revised standards and interpretations take effect from the yearly report periods starting on the specified date.

Note 2: The seller and lessee shall retrospectively apply the amendment to IFRS 16 for the sale and leaseback transaction entered after the date for the initial application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the approval and publication date of the consolidated financial statements, the Company and subsidiaries have still assessed how the aforesaid amendments to the standards and interpretations do not affect the financial positions and financial performance; the related effects are disclosed upon the completion of assessments.

(III) IFRSs publicized by IASB but yet recognized and publicized by FSC for taking effect

<u>New publicized/Amended/Revised Standards and Interpretations</u>	<u>Effective date of IASB publication (Note 1)</u>
The amendment to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture"	Undecided
IFRS 17: "Insurance Contracts"	January 1, 2023
The amendment to IFRS 17	January 1, 2023
The amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless otherwise specified, the aforesaid new publicized/ amended/ revised standards or interpretations take effect from the year starting on the specified date.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the approval and publication date of the consolidated financial statements, the Company and subsidiaries have still assessed how the other amendments to the standards and interpretations do not affect the financial positions and operating performance; the related effects are

disclosed upon the completion of assessments.

IV. Summary of significant accounting policies

(I) Compliance statement

The consolidated financial statements are prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and publicized by FSC for taking effect.

(2) Basis of preparation

Other than the financial instruments measured at fair values, the consolidated financial statements are prepared based on the historic costs.

Fair value measurements are classified from Level 1 to 3 based on the observability and priorities of the related inputs:

1. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (unadjusted).
2. Level 2 inputs are observable inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. induced from price).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Criteria to classify assets and liabilities as current and non-current items

Current assets include:

1. Assets held for purpose of trading;
2. Assets expected to be realized within twelve months from the balance sheet date; and
3. Cash (not including those restricted for exchange or repayment of debt in twelve months from the balance sheet date).

Current liabilities include:

1. Liabilities held for purpose of trading;
2. Liabilities due to be repaid within twelve months after the reporting date (the liabilities with completed long-term refinancing or re-arranged payment agreement during the time between the balance sheet date to the approval and publication date of financial

statements are considered as current liabilities); and

3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Items not classified as current assets or current liabilities are all classified as non-current assets and non-current liabilities.

(IV) Basis of consolidation

The consolidated financial statements are the financial statements of the Company and the entities controlled by the Company (subsidiaries). The financial statements of subsidiaries have been adjusted properly to align their accounting policies with the Company's and other subsidiaries' accounting policies. When preparing the consolidated financial statements, all transactions, account balance, income and expenses among the entities are all offset.

Please refer to Note 6(5) and Schedule 4 and 5 for the details of subsidiaries, shareholding percentage, and business items.

(V) Foreign currency

When preparing the individual financial statements, these transactions denominated in the currencies other than the entity's functional currency are translated to the functional currency at the exchange rate of the trading date.

For the monetary items in foreign currencies, the translation is made at the closing exchange rate of each balance sheet date. The exchange differences generated from settlements of monetary items or translate monetary items are recognized in loss and profit at the period of occurrence.

The non-monetary item measured at fair value and denominated in foreign currencies, the translation is made at the exchange rate of the day determine the fair value; the exchange differences generated are recognized in loss and profit of the period. Provided, where the changes in fair value are recognized in other comprehensive income, the generated exchange differences are recognized in other comprehensive

income.

When preparing the consolidated financial statement, the assets and liabilities in the foreign operating institutions of the Company and the subsidiaries, are translated to NTD at each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences are listed in the other comprehensive income.

(VI) Inventories

Inventories include the raw materials, work in process, and finished goods. Inventories are measured at the costs and net realizable values; when comparing costs and net realizable values, other than the inventories of the same category, the comparisons are based on the individual items. The net realizable value is the balance of the expected sales price deducting the estimated costs up to finishing works, and the estimated cost up to sales, under normal conditions. The calculation of the inventory costs is weighted average method.

(VII) Property, plant and equipment

The property, plant and equipment are recognized at costs, later the measurement is based on the balance of costs deducting the accumulated depreciation and impairment losses.

The property, plant and equipment in progress are recognized at the amount of costs deducting the accumulated impairment losses. Costs include the professional service fees, borrowing costs qualified for the capitalization conditions, and the amount of the capitalized amortization of the right-of-use (designated as right-of-use assets) of land during the construction of the plant. When such assets are completed and reach the expected condition of operating, they are classified to the proper category of the property, plant and equipment, and provided the depreciation.

The depreciation of property, plant and equipment is provided on the straight line based, and each material part is provided with depreciation individually. The Company and the subsidiaries at least at the end day of each year, review the expected service lives, remaining values and depreciation approaches. The effects of the changes in accounting

estimates are handled in the manner of deferring.

When derecognizing property, plant and equipment, the difference between the net proceed from the disposal and the book value of such asset is recognized in profit and loss.

(VIII) Investment property

Investment properties are these properties held for earning rents, capital value increasing, or both (including the properties in progress for the same purposes)

The self-owned investment properties are initially measured at costs (including transaction costs), and then measured at balance of cost less the accumulated depreciation and accumulated impairment loss afterwards. The Company and the subsidiaries provide depreciation on the straight line base.

The investment properties in progress are recognized at the amount of costs deducting the accumulated impairment losses. Costs include the professional service fees, borrowing costs qualified for the capitalization conditions, and the amount of the capitalized amortization of the right-of-use (designated as right-of-use assets) of land during the construction of the plant. Such assets are provided with the depreciation when reaching the intended condition.

When derecognizing investment properties, the difference between the net proceed from the disposal and the book value of such asset is recognized in profit and loss.

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

The Company and the subsidiaries, at each balance sheet date, evaluate if any signal showing that the property, plant and equipment, right-of-use assets, and investment properties may be impaired. If any impairment is indicated, the asset's recoverable amount is estimated. If the recoverable amount of an individual asset, the Company and the subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs to. A shared asset is the minimum cash-generating unit group shared on a reasonable and consistent basis.

The recoverable amount is the higher one between the fair value

less the sales costs, or the utilization value. When a recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of such asset or cash-generating unit will be revised down to the recoverable amount; the impairment loss is recognized at the profit and loss.

When an impairment loss is reversed later, the book value of such asset or cash-generating unit will be revised up to the recoverable amount later; provided, the book value revised upward shall not exceed the book value of the asset or cash-generating unit determined if no impairment loss would have been recognized in a previous year (less the depreciation). The reversal of impairment loss is recognized at the profit and loss.

(X) Financial instruments

Only when the Company and the subsidiaries become a party under the contractual terms of the instrument, a financial asset or liability is recognized in the consolidated balance sheet.

When initially recognizing financial assets and financial liabilities, if the financial assets and financial liabilities are not these measured at fair value through profit and loss, they are measured at the fair value plus the transaction costs directly attributable to the acquisition of financial assets or issuance of financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or issuance of financial liabilities of measured at fair value through profit and loss, are recognized as profit and loss immediately.

1. Financial Assets

The customary transaction of a financial asset is recognized and derecognized by adopting trading day accounting.

(1) Types of measurements

The financial assets held by the Company and the subsidiaries are the financial assets measured at the amortized costs.

Financial assets measured at amortized cost (including cash, financial assets measured at amortized cost, notes and accounts receivable, other receivables and refundable

deposit), after the initial recognition, are measured at the total book value decided by the effective interest method less any amortized cost of impairment loss; any gain or loss of foreign exchange is recognized at profit and loss.

Except for the two following circumstances, the interest income is calculated as the effective interest rate multiplied by the total book values of the financial assets:

- A. For the purchased or originated credit-impaired financial assets, the interest income is calculated based on the effective interest rate adjusted by credit multiplied by the amortized cost of the financial asset.
- B. For the financial asset without purchased or originated credit impairment, but become the credit-impaired later, the interest income shall be calculated as the effective interest rate multiplied by the amortized cost of the financial asset from the next reporting period since the credit impairment.

The credit-impaired financial assets refer to the issuers or debtors have material financial difficulties, defaults, or the debtors may request bankruptcy other financial restructures, or the financial assets that may have disappeared from the active markets due to financial difficulties.

(2) Impairments of financial assets

The Company and the subsidiaries evaluate the impairment losses of financial assets (accounts receivable included) measured at amortized costs based on the expected credit losses at each balance sheet date.

For accounts receivable, the loss allowance is recognized based on the expected credit loss at the duration. For other financial assets, the credit risk would be assessed for any significant increase since the initial recognition. If there is no significant increase, the loss allowance is recognized based on the 12-month ECL; if increased significantly, the loss allowance is recognized based on the ECL of the duration.

The ECL is the weighted average credit loss applying the

risk of default as the weight. The 12-month ECL is the expected credit loss of financial instruments generated from the possible default event within 12 months after the reporting date. The ECL of the duration is the expected credit loss of financial instruments that may be generated from all possible default events during the duration.

The Company and the subsidiaries determine that in the following circumstances, a financial asset defaults, if not consider the collateral in hand, for the purpose of internal credit risk management.

- A. There is internal or external information showing that the debtor is unable to repay the debt.
- B. Overdue for more than 90 days, unless there is reasonable information with evidence showing that the delayed default standard is more suitable.

The impairment loss of all financial assets has their book value to be revised down via the allowance account.

(3) De-recognition of financial assets

The Company and the subsidiaries only derecognize a financial asset when the contractual rights from the cash flow of such financial asset become invalid, or the financial is assigned, with virtually all the risks and rewards under the ownership of such asset being transferred to the assignee.

When derecognizing the overall financial assets measured at amortized cost, the difference between the book value and the received proceed is recognized at profit and loss.

2. Equity instruments

The debt and equity instruments issued by the Company and the subsidiaries are classified as financial liabilities or equity based on the substance of the contractual agreement, and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Company and the subsidiaries are recognized at the amount of the acquisition proceed deducting the direct issuance costs.

The equity instruments of the Company retrieved again are recognized and deducted under the equity. Purchase, sales, issuance, or cancellation of the equity instruments of the Company does not recognize profit and loss.

3. Financial Liabilities

(1) Subsequent measurements

The financial liabilities held by the Company and the subsidiaries are measured at the amortized costs by the effective interest method.

(2) De-recognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the received proceed (including all transferred non-cash assets or liabilities assumed) is recognized at profit and loss.

(XI) Revenue recognition

The Company and the subsidiaries distribute the transaction prices to each performance obligation when the customers' contracts identify the performance obligations, and recognize the income when each performance obligation is fulfilled.

The income from selling products is generated from the sales of products including polyblend of ethylene-vinyl acetate copolymer (EVA). Based on the agreements of contracts, when the products including polyblend of EVA are delivered to customers, the customers are entitled to the price and use of the products, be responsible for re-selling the products, and assume the risks of obsolescence. The Company and the subsidiaries recognize the income and accounts receivable at this point.

(XII) Lease

The Company and the subsidiaries evaluate if a contract is leasing on the day when the contract is executed.

1. The Company and the subsidiaries are the lessors.

When the lease terms transfer virtually all the risks and rewards attached to the asset ownership to the lessee, the lease is classified as financing lease. All other leases are classified as operating leases.

Under an operating lease, the payment of rent is recognized as income based on the straight line during the related lease period.

2. The Company and the subsidiaries are the lessees.

Except that the rent payments of the leases for which the underlying asset is of low value that are applicable for recognition exemption and the short-term leases are recognized as expenses during the lease period on the straight line basis, for other leases, the right-of-use assets and lease liabilities are recognized since the lease starting date.

The right-of-use assets are the right-of-use of the lands of the subsidiaries in Mainland China, and will be measured at the cost less accumulated depreciation and accumulated impairment loss subsequently. The right-of-use assets are stated in the consolidated balance sheet individually.

For the right-of-use assets, the depreciation is provided during the lease period on the straight line basis

(XIII) Post-employment benefits

The subsidiaries, Fujian Sansd Plastic and Jiangsu Sansda Environmental Technology Ltd. participate the pension plans of the local government, as required by the local laws. They contribute the pensions at the certain percentage of the employees' wages and deposit such with the local government regularly. This is a definite contribution retirement plan, so the contributed pension amount recognized as the expenses of the period during the employees' service period.

(XIV) Employee stock options

The employee share subscription warrants are recognized as expenses on the straight line basis during the vesting period, depending on the fair value of the equity instruments on the day of granting, and the best estimated quantity for the expected vested instruments, while adjusting the capital surplus - employee share subscription warrants at

the same time. If the warrants are vested on the day of granting, all are recognized as expenses on the same day.

The Company and the subsidiaries revise the expected vested estimated quantity of the employee stock warrants at each balance sheet date. If the original estimated quantity is revised, the effects are recognized as profit and loss, to have the accumulated expense to reflect the revised estimates, and adjust the capital surplus - employee share subscription warrants accordingly.

(XV) Income tax

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

1. Current income tax

The Company and the subsidiaries calculate the income tax payable (recoverable) by determining the income (losses) pursuant to the regulations prescribed in the income tax filing jurisdiction.

Adjusted by the income tax payable in the previous year, and listed to the current income tax.

2. Deferred income tax

The deferred income tax is calculated based on the temporary difference between the book values of the assets and liabilities in the consolidated financial statements and the tax basis of taxable income calculation. Deferred income tax liabilities are generally recognized for the all taxable temporary difference; deferred income tax assets are recognized when there may be taxable income for deducting the temporary difference or the income tax deductibles generated from the loss deductibles. If the temporary difference is generated from the initial recognition of other assets and liabilities (except for the enterprise merger), and does not affect the taxable income nor the accounting profit at the time of transaction, such difference is not recognized as deferred income tax assets or liabilities.

The book value of a deferred income tax asset is reviewed at each balance sheet date, and the book value is subject to downward revision if there is no longer any possibly sufficient

taxable income to recover all or partial assets. The assets not recognized as deferred income tax assets are also reviewed at each balance sheet date, and book value is subject to upward revision when it is very possible to generate taxable income to recover all or partial assets.

The deferred income tax assets and liabilities are measured at the tax rate of the period where the liabilities are repaid or the assets are realized. Such tax rate is based on the legalized or substantially legalized tax rate and tax acts on the balance sheet date. The measurement of deferred income tax liabilities and assets, reflects the taxation consequences generated from the approach to recover or repay the book values of assets and liabilities by the Company and the subsidiaries on a balance sheet date.

V. Critical accounting judgments and key sources of estimation and uncertainty

When adopting an accounting policy, the management of the Company and the subsidiaries shall make related judgement, estimation and assumptions based on the historic experience and other relevant factors, for these with difficulties to obtain related information from other sources. The actual results may differ from the estimates. The Company and the subsidiaries incorporate the economic impacts from the COVID-19 pandemic into the considerations for the material accounting estimates. The management will continue to review the estimation and basic hypothesis. If a revised estimate only affects the current period, it is recognized at the current period; if a revision of an accounting estimate affects both the current and future periods, it is recognized at the current and future periods.

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

The evaluation is made based on the recoverable amount of property, plant and equipment and right-of-use assets (i.e., the fair values of such assets less the sales costs). Changes in the market conditions will affect the recoverable amount of such assets, and may result in that the Company and the subsidiaries

have to recognize impairment loss or reverse the recognized impairment loss, additionally.

VI. Statements of main accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash inventory	\$ 661	\$ 977
Demand deposit	<u>1,134,733</u>	<u>1,194,502</u>
	<u>\$ 1,135,394</u>	<u>\$ 1,195,479</u>

(2) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with original expiration more than three months	<u>\$ -</u>	<u>\$1,322,400</u>
Annual interest rate (%)	2.00	2.00

(III) Accounts receivable, net

	December 31, 2023	December 31, 2022
<u>Accounts receivable</u>		
Incurred from operation - measured at amortized costs		
Total book value	\$ 156,223	\$ 133,866
Less: Loss allowance	<u>(12,465)</u>	<u>(8,100)</u>
	<u>\$ 143,758</u>	<u>\$ 125,766</u>

The average credit days of product sales for the Company and the subsidiaries are 30-150 days; to reduce the credit risks, the Company and the subsidiaries appoint the dedicated personnel to take charge of determining the credit limits, approving credits, and other monitoring procedures, to ensure taking proper actions for recovering the overdue accounts receivables. The Company and the subsidiaries re-check the recoverable amount of each account receivable one by one on the balance sheet date, to ensure that unrecoverable accounts receivable are provided with the proper impairment losses. Therefore, the management of the

Company and the subsidiaries believe the risks of the Company and the subsidiaries have reduced significantly.

The Company and the subsidiaries recognize the loss allowance of accounts receivable based on the expected credit loss at the duration. The expected credit loss at the duration considers the default records in the past and the current financial positions of customers. The Company and the subsidiaries further classify the clientele for the credit losses, and determine the expected credit loss rate based on the age of the accounts receivable.

If any evidence shows that the counterparty in a transaction has severe financial difficulty, and the Company and the subsidiaries cannot reasonably expect the recoverable amount, like the counterparty is being liquidated, the Company and the subsidiaries will write off the related accounts receivable directly, but continues the recourse activities, and the amount recovered from a recourse is recognized in profit and loss.

The Company and the subsidiaries measure the allowance for the loss of accounts receivable as follows:

(1) December 31, 2023

Clientele 1

	1 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 365 days	More than 365 days	Total
Expected loss rate on credit impairment (%)	0.5	3	5	10	20	100	
Total book value	\$ 131,561	\$ 4,122	\$ 3,237	\$ 4,571	\$ 2,084	\$ 839	\$ 146,414
Loss allowance (expected credit loss for the duration)	(657)	(124)	(162)	(457)	(417)	(839)	(2,656)
Amortized costs	<u>\$ 130,904</u>	<u>\$ 3,998</u>	<u>\$ 3,075</u>	<u>\$ 4,114</u>	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 143,758</u>

Clientele 2

	1 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 365 days	More than 365 days	Total
Expected loss rate on credit impairment (%)	-	-	-	-	100	100	
Total book value	\$ -	\$ -	\$ -	\$ -	\$ 4,325	\$ 5,484	\$ 9,809
Loss allowance (expected credit loss for the duration)	-	-	-	-	(4,325)	(5,484)	(9,809)
Amortized costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) December 31, 2022

Clientele 1

	1 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 365 days	More than 365 days	Total
Expected loss rate on credit impairment (%)	0.5	3	5	10	20	100	
Total book value	\$ 112,545	\$ 6,000	\$ 1,622	\$ 2,506	\$ 5,209	\$ 2,570	\$ 130,452
Loss allowance (expected credit loss for the duration)	(562)	(180)	(81)	(251)	(1,042)	(2,570)	(4,686)
Amortized costs	<u>\$ 111,983</u>	<u>\$ 5,820</u>	<u>\$ 1,541</u>	<u>\$ 2,255</u>	<u>\$ 4,167</u>	<u>\$ -</u>	<u>\$ 125,766</u>

Clientele 2

	1 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 365 days	More than 365 days	Total
Expected loss rate on credit impairment (%)	-	-	-	-	100	100	
Total book value	\$ -	\$ -	\$ -	\$ -	\$ 1,413	\$ 2,001	\$ 3,414
Loss allowance (expected credit loss for the duration)	-	-	-	-	(1,413)	(2,001)	(3,414)
Amortized costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The information of changes in the loss allowance for accounts receivable is as follows:

	January 1 to December 31, 2023	January 1 to December 31, 2022
Opening balance	\$ 8,100	\$ 6,185
Provisions during the period	4,585	11,682
Offsets and reversal during the period	-	(9,839)
Net exchange difference	(220)	(72)
Balance at the end of the period	<u>\$ 12,465</u>	<u>\$ 8,100</u>

(IV) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 43,933	\$ 36,793
Work in process	37,151	37,644
Finished products	54,068	50,922
	<u>\$ 135,152</u>	<u>\$ 125,359</u>

The composition of the operating costs is as follows:

	2023	2022
Sales costs related to inventories	\$ 854,232	\$ 758,515
Depreciation and related taxes to the leased out assets	48,091	46,357
Designated loss (gain) of inventory write-down	(25,856)	7,765
Loss of idled capacity (note)	48,899	57,785
	<u>\$ 925,366</u>	<u>\$ 870,422</u>

Note: Including the relevant costs during the suspension due to the impacts of COVID-19.

(V) Subsidiary

Subsidiaries included in the consolidated financial statements

The entities for preparing the consolidated financial statements are described respectively as below:

Name of Investor	Name of Subsidiary	Percentage of Equity Holdings		Description
		December 31, 2023	December 31, 2022	
The Company	Sansda Holding Limited (BVI)	100	100	1
Sansda Holding Limited (BVI)	Hong Kong Sansd Limited	100	100	2
Hong Kong Sansd Limited	Fujian Sansd Plastic	100	100	3
	Hong Kong Sansda Trading	100	100	5
	Recycle Sansda Limited	100	100	6

1. Sansda Holding Limited (BVI) (BVI Sansda) was established in the British Virgin Islands in December 2009, mainly engaging in investments.
2. Sansd (Hong Kong) Co., Ltd. (Hong Kong Sansd) was established in Hong Kong in January 2010, mainly engaging in investments.
3. Sansd (Fujian) Plastic Co., Ltd. (Fujian Sansd Plastic), was established in Jinjiang City, Fujian Province, PRC in August 1994, mainly engages in the production and sales of the polyblend of ethylene vinyl acetate copolymer (EVA) by applying recycled waste plastics (including panel materials for shoe soles, bags and luggage; specialty panel materials; general panel materials; rubber foaming materials; high-elasticity foaming materials; static-resistant foaming materials; and flame-retardant foaming materials).

4. Sansda (Hong Kong) Trading Co., Ltd. (Hong Kong Sansda Trading) was established in Hong Kong in July 2012, mainly engaging in the trading of bulk chemical raw materials.
5. Fujian Sansd Recycling Co., Ltd. (Recycling Sansd) was established on October 25, 2021 in Jinjiang City, Fujian Province, PRC, mainly engaging in the processing of renewable resources, recycling (other than the old and waste productive metals), sales, and engaging in investment activities with self-owned funds. To restructure the organization in the Group, the Company and the subsidiaries established Fujian Sansd Recycling Co., Ltd. via the subsidiary, Hong Kong Sansd Limited on October 25, 2021; the registered capital is RMB10,000 thousand.

(VI) Property, plant and equipment

January 1 to December 31, 2023

Cost	Buildings and construction	Machines and equipment	Transportatio n equipment	Office equipment	Unfinished construction and equipment pending acceptance	Total
Balance as of January 1, 2023	\$ 3,429,224	\$ 607,064	\$ 64,881	\$ 10,445	\$ 14,569	\$4,126,183
Addition	398	9,375	247	538	1,035,281	1,045,839
Disposal	(101,626)	(42,296)	-	-	-	(143,922)
Net exchange difference	(61,439)	(10,643)	(1,195)	(201)	(16,379)	(89,857)
Balance as of December 31, 2023	<u>\$ 3,266,557</u>	<u>\$ 563,500</u>	<u>\$ 63,933</u>	<u>\$ 10,782</u>	<u>\$ 1,033,471</u>	<u>\$ 4,938,243</u>
Accumulated depreciation						
Balance as of January 1, 2023	\$ 1,308,727	\$ 445,554	\$ 56,498	\$ 9,438	\$ -	\$ 1,820,217
Depreciation expense	87,027	6,120	492	51	-	93,690
Disposal	(69,941)	(35,695)	-	-	-	(105,636)
Net exchange difference	(24,313)	(7,727)	(1,046)	(174)	-	(33,260)
Balance as of December 31, 2023	<u>\$ 1,301,500</u>	<u>\$ 408,252</u>	<u>\$ 55,944</u>	<u>\$ 9,315</u>	<u>\$ -</u>	<u>\$ 1,775,011</u>
Accumulated impairment						
Balance as of January 1, 2023	\$ 960,944	\$ 86,083	\$ 896	\$ 629	\$ -	\$ 1,048,552
Impairment loss	1,249	19,781	2,184	240	-	23,454
Disposal	(10,349)	(1,829)	-	-	-	(14,275)
Net exchange difference	(17,518)	(1,829)	(50)	(15)	-	(19,412)
Balance as of December 31, 2023	<u>\$ 934,326</u>	<u>\$ 100,109</u>	<u>\$ 3,030</u>	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 1,038,319</u>
Net amount, as of December 31, 2023	<u>\$ 1,030,731</u>	<u>\$ 55,139</u>	<u>\$ 4,959</u>	<u>\$ 613</u>	<u>\$ 1,033,471</u>	<u>\$ 2,124,913</u>

January 1 to December 31, 2022

	Buildings and construction	Machines and equipment	Transportatio n equipment	Office equipment	Unfinished construction and equipment pending acceptance	Total
<u>Cost</u>						
Balance as of January 1, 2022	\$ 4,572,776	\$ 625,109	\$ 63,657	\$ 10,315	\$ 612	\$ 5,272,469
Addition	622	1,139	1,806	-	13,993	17,560
Disposal	(127,547)	(27,164)	(1,384)	-	-	(156,095)
Transferred to be listed as investment property	(1,078,192)	-	-	-	-	(1,078,192)
Net exchange difference	<u>61,565</u>	<u>7,980</u>	<u>802</u>	<u>130</u>	<u>(36)</u>	<u>70,441</u>
Balance as of December 31, 2022	<u>\$ 3,429,224</u>	<u>\$ 607,064</u>	<u>\$ 64,881</u>	<u>\$ 10,445</u>	<u>\$ 14,569</u>	<u>\$ 4,126,183</u>
<u>Accumulated depreciation</u>						
Balance as of January 1, 2022	\$ 1,372,388	\$ 452,887	\$ 56,556	\$ 9,279	\$ -	\$ 1,891,110
Depreciation expense	104,438	7,457	471	42	-	112,408
Disposal	(63,317)	(20,553)	(1,246)	-	-	(85,116)
Transferred to be listed as investment property	(122,377)	-	-	-	-	(122,377)
Net exchange difference	<u>17,595</u>	<u>5,763</u>	<u>717</u>	<u>117</u>	<u>-</u>	<u>24,192</u>
Balance as of December 31, 2022	<u>\$ 1,308,727</u>	<u>\$ 445,554</u>	<u>\$ 56,498</u>	<u>\$ 9,438</u>	<u>\$ -</u>	<u>\$ 1,820,217</u>
<u>Accumulated impairment</u>						
Balance as of January 1, 2022	\$ 1,549,629	\$ 88,997	\$ 906	\$ 621	\$ -	\$ 1,640,153
Disposal	(24,913)	(4,052)	(21)	-	-	(28,986)
Transferred to be listed as investment property	(585,269)	-	-	-	-	(585,269)
Net exchange difference	<u>21,497</u>	<u>1,138</u>	<u>11</u>	<u>8</u>	<u>-</u>	<u>22,654</u>
Balance as of December 31, 2022	<u>960,944</u>	<u>86,083</u>	<u>896</u>	<u>629</u>	<u>-</u>	<u>\$ 1,048,552</u>
Net amount, as of December 31, 2022	<u>\$ 1,159,553</u>	<u>\$ 75,427</u>	<u>\$ 7,487</u>	<u>\$ 378</u>	<u>\$ 14,569</u>	<u>\$ 1,257,414</u>

The Company and its subsidiaries assessed the signs of impairment in the value of the assets. The Company and the subsidiaries determined the recoverable amounts based on the asset valuation reports issued by independent experts. The recoverable amounts of some of the property, plant and equipment were lower than their carrying amounts, so the subsidiary Sansd (Fujian) Plastic Co., Ltd. (Fujian Sansd Plastic Ltd.) recognized a total of impairment losses of NT\$23,454 thousand at the end of 2023 and included it under other gains and losses in the consolidated statements of comprehensive income. The asset appraisal reports issued

by independent experts applied the cost method for appraisal, and were classified as Level 3 fair value measurement.

Board of DirectorsTo cope with the needs of the Group's business development, the Company's board of directors resolved, on December 21, 2022, to authorize the subsidiary, Fujian Sansd Plastic, to purchase the land parcel (approximately 40 ares) at the east of the mid-section of Jinxin Rd., Jiangtou Industrial Park, Chendai Town, Jinjiang City. The total budget to buy the land is RMB40,000 thousand, based on the market price of RMB1,000 thousand per are. After the land is acquired, the real property would be obtained by the mean of engaging others to build on its own land, and the total invested amount is expected to be RMB1,297,339 thousand.

The Company and the subsidiaries provide the depreciation of property, plant and equipment on a straight line based, with the following service lives:

Buildings and construction	
Main buildings of plant	20 years
Solidification of plant bases	5 years
Machines and equipment	5-10 years
Transportation equipment	5 years
Office equipment	5 years

The Company and subsidiaries engaged in the material investments - acquisition of property, plant and equipment- that affected the cash and non-cash items at the same time in 2023 and 2022; the cash outflows are as below:

	2023	2022
Increase in property, plant and equipment	\$ 1,045,839	\$ 17,560
Decrease (increase) in equipment payable	-	326
Cash payment	<u>\$ 1,045,839</u>	<u>\$ 17,886</u>

(VII) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of the right-of-use assets		
Land	<u>\$ 613,303</u>	<u>\$ 602,784</u>

	<u>2023</u>	<u>2022</u>
Amortized expenses of the right-of-use assets		
Land	\$ <u>17,650</u>	\$ <u>17,424</u>

Other than the recognition of depreciation expense, the right-of-use assets of the Company and subsidiaries had no re-lease nor impairment during 2023 and 2022.

The right-of-use assets are the right-of-use for the subsidiaries' lands in Mainland China.

The land of the subsidiary, Fujian Sansd Plastic, was acquired in the previous year with RMB81,446 thousand. Additionally, in September 2011, to expand the plant, the right-of-use of the lands near the original plant location was acquired from Jiangtou Hui Nationality Villagers' Committee, Chendai Town, Jinjiang City with RMB126,040 thousand, for building new plants and production lines. Due to the demand for the original plant at the current stage, the government was negotiated and agreed to build a replacement in August 2023, and the land for the original road was acquired at a price of RMB 9,007 thousand. For the aforesaid right-of-use of lands, the PRC land right-of-use certificates were obtained, with 50 years for economic benefit duration. The right-of-use certificates expire from December 2056 to August 2073.

(VIII) Investment property

<u>2023</u>	<u>Buildings and construction</u>
Cost	
Balance as of January 1, 2023	\$ 1,588,552
Net exchange difference	(29,191)
Balance as of December 31, 2023	\$ <u>1,559,361</u>
Accumulated depreciation	
Balance as of January 1, 2023	\$ 580,035
Depreciation expense	26,855
Net exchange difference	(11,076)
Balance as of December 31, 2023	\$ <u>595,814</u>

	Buildings and construction
Accumulated impairment	
Balance as of January 1, 2023	\$ 583,428
Net exchange difference	(10,721)
Balance as of December 31, 2023	<u>\$ 572,707</u>
Balance as of December 31, 2023	<u>\$ 390,840</u>

	Buildings and construction
2022	
Cost	
Balance as of January 1, 2022	\$ 507,339
Came from property, plant and equipment	1,078,192
Net exchange difference	3,021
Balance as of December 31, 2022	<u>\$ 1,588,552</u>
Accumulated depreciation	
Balance as of January 1, 2022	\$ 417,482
Depreciation expense	35,397
Came from property, plant and equipment	122,377
Net exchange difference	4,779
Balance as of December 31, 2022	<u>\$ 580,035</u>
Accumulated impairment	
Balance as of January 1, 2022	\$ -
Came from property, plant and equipment	585,269
Net exchange difference	(1,841)
Balance as of December 31, 2022	<u>\$ 583,428</u>
Balance as of December 31, 2022	<u>\$ 425,089</u>

The aforesaid investment properties are leasing plants and offices to related parties. Please refer to Note 7 for the leasing status. The lease terms of the investment property re-leased to non-related parties expire in 2023 and 2025, respectively.

The Company and the subsidiaries provide the depreciation of investment properties on the straight line based, with 20-year service lives.

The fair value of the investment properties of the Company and subsidiaries on December 31, 2023 and 2022 was NT\$600 million and NT\$640 million, respectively.

The fair values on December 31, 2023 and 2022 are referred to the asset assessment reports issued by independent experts.

(IX) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable		
Incurred from operation	<u>\$ 69,660</u>	<u>\$ 57,844</u>

(X) Other payables

	December 31, 2023	December 31, 2022
Payroll and bonus payable	\$ 35,140	\$ 34,789
Benefit expense payable	11,107	11,314
Others	<u>4,458</u>	<u>3,974</u>
	<u>\$ 50,705</u>	<u>\$ 50,077</u>

(XI) Post-employment benefits plan

The subsidiaries, Fujian Sansd Plastic has to contribute 24% of the local standard labor wages as the pensions to the local government pursuant to the local regulations; of which, 16% is provided by the companies, and 8% is provided by the employees. For the pensions borne by the Company at each period, please refer to Note 6(14).

(XII) Equity

1. Share capital

Common stock

Unit: thousand shares/ NT\$ thousand

	December 31, 2023	December 31, 2022
Authorized number of shares	<u>360,000</u>	<u>360,000</u>
Authorized share capital	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>
Number of shares issued with full payment	<u>268,955</u>	<u>268,955</u>
Issued share capital	<u>\$ 2,689,547</u>	<u>\$ 2,689,547</u>

The issued common shares have the par value of NT\$10, entitled for one voting right and receiving dividends.

2. Capital surplus

Changes of each capital surplus are as follows:

	<u>Premium of share issuance</u>			
	May be applied to offset deficits, distribute cash, or replenish share capital (Note 1)	Only offsetting deficits is permitted (Note 2)	Employee stock warrants are not used in any way (Note 3)	Total
Balance as of January 1, 2023	\$2,959,612	\$ 1,534	\$ 72,391	\$3,033,537
Covering losses	(1,048,107)	(1,534)	-	(1,049,641)
Remuneration cost of employee stock options (Note 6(17))	-	-	608	608
Balance as of December 31, 2023	<u>\$1,911,505</u>	<u>\$ -</u>	<u>\$ 72,999</u>	<u>\$1,984,504</u>
Balance as of January 1, 2022	\$2,959,612	\$ 1,534	\$ 70,566	\$3,031,712
Remuneration cost of employee stock options (Note 6(17))	-	-	1,825	1,825
Balance as of December 31, 2022	<u>\$2,959,612</u>	<u>\$ 1,534</u>	<u>\$ 72,391</u>	<u>\$3,033,537</u>

Note 1: Such capital surplus may be used to offset deficits, or distributed for cash, or replenish the share capital if no deficit. However, for replenishing the share capital, only a certain percentage of the paid-in capital is allowed every year. Including

Note 2: Such capital surplus is the reserve of partial issued shares for the employee share subscription warrant as remunerations, pursuant to the Company Act of ROC, when conducting capital

increase in cash.

Note 3: Capital surplus - employee stock warrants are not used in any way.

3. Retained earnings and dividend policy

Pursuant to the earning distribution policy in the Articles of Incorporation, where there are earnings after the annual settlement, firstly all the levies and taxes are paid and the accumulated deficits are offset, and after the legal reserve (not applicable when the total legal reserve already reaches the total paid-in capital of the Company) and special reserve as required by the regulations for the TWSE and TPEx listed companies, with the resolution of a regular shareholders' meeting, dividends and bonus may be distributed to shareholders based on their shareholding percentage from no less than 10% of the remaining distributable earnings of the current year. Of which, the amount of cash dividends shall not be lower than 10% of the sum of the dividends and bonus distribution. The Company may, pursuant to the Articles of Incorporation, resolving in a regular shareholders' meeting, use the legal reserve to offset the deficits; when there is no deficit, 25% of the excessive legal reserve over the paid-in capital may be distributed in cash, other than replenishing the share capital.

The Company provides and reverses the special reserve pursuant to the Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 and "Q&A for Applications of Providing Special Reserve after Adopting International Financial Reporting Standards (IFRSs)."

On June 15, 2023, the Company's general shareholders' meeting resolved to approve the 2022 deficit compensation proposal as follows:

	Deficit Compensation
	2022
Deficit to be offset at the beginning of period	(\$ 1,130,058)
2022 net profit (loss)	(476,892)
Reversal of special reserve	68,464
Legal reserve to offset losses	608,522

Capital reserve to offset deficit	<u>929,964</u>
Deficit to be offset at the end of period	<u>\$ -</u>

The Company resolved the proposal to offset deficits of 2021, and reversal of special reserve for NT\$36,937 thousand in the shareholders' meeting on June 15, 2022.

4. Financial statements translation differences of foreign operations

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 588,071)	(\$ 656,534)
Legal reserve to offset losses	100,354	-
Capital reserve to offset deficit	119,677	-
Financial statements translation differences of foreign operations	(<u>83,531</u>)	<u>68,463</u>
Balance at the end of the period	(<u>\$ 451,571</u>)	(<u>\$ 588,071</u>)

In 2023 and 2022, because the exchange rate between RMB, the functional currency for financial statements, and NTD, the currency for financial statement reporting, changed from NT\$4.41 and NT\$4.35 at the beginning to NT\$4.33 and NT\$4.41 at the ending, the amount directly recognized as the shareholder's equity adjustment decreased by NT\$83,896 thousand and increased by NT\$68,463 thousand, respectively.

(XIII) Revenue

1. Balance of contracts

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (Note 6(3))	<u>\$ 143,758</u>	<u>\$ 125,766</u>	<u>\$ 106,013</u>

2. Details of income from customers' contracts

2023

	<u>Reporting segment</u>		
<u>Income type</u>	<u>Fujian Sansd</u>	<u>Others</u>	<u>Total</u>
Revenue from product sales	\$ 730,940	\$ -	\$ 730,940

	Reporting segment		Total
	Fujian Sansd	Others	
Lease income	41,094	-	41,094
	<u>\$ 772,034</u>	<u>\$ -</u>	<u>\$ 772,034</u>

2022

Income type	Reporting segment			Total
	Fujian Sansd	Jiangsu Sansda	Others	
Revenue from product sales	\$ 611,792	\$ 410,562	\$ -	\$ 611,792
Lease income	31,811	-	-	31,811
	<u>\$ 643,603</u>	<u>\$ 410,562</u>	<u>\$ -</u>	<u>\$ 643,603</u>

(XIV) Net loss before tax

Net loss before tax includes the following:

1. Interest income

	2023	2022
Bank deposits	\$ 2,271	\$ 3,722
Financial assets measured at amortized cost	23,955	27,720
	<u>\$ 26,226</u>	<u>\$ 31,442</u>

2. Other income

	2023	2022
Others	<u>\$ 2,001</u>	<u>\$ 1,402</u>

3. Other gains and losses

	2023	2022
Net foreign exchange gains (losses)	\$ 11	\$ 21
Impairment loss	(23,454)	-
Others	(1,155)	(198)
	<u>(\$ 24,598)</u>	<u>(\$ 177)</u>

4. Depreciation and amortization

	2023	2022
Property, plant and equipment	\$ 93,690	\$ 112,408
Right-of-use assets	17,650	17,424
Investment property	26,855	35,397
	<u>\$ 138,195</u>	<u>\$ 165,229</u>
Depreciation expenses aggregated by the functions		
Operating costs	\$ 97,396	\$ 106,795
Operating expenses	<u>40,799</u>	<u>58,434</u>

	2023	2022
	<u>\$ 138,195</u>	<u>\$ 165,229</u>
5. Employee benefits expense		
	2023	2022
Short-term employee benefits	\$ 235,844	\$ 233,686
Post-employment benefits (Note 6(11))		
Definite contribution plan	10,066	8,998
	<u>245,910</u>	<u>242,684</u>
Share-based payment (Note 6(17))	608	1,825
	<u>\$ 246,518</u>	<u>\$ 244,509</u>
Aggregated by function		
Operating costs	\$ 166,634	\$ 160,444
Operating expenses	79,884	84,065
	<u>\$ 246,518</u>	<u>\$ 244,509</u>

The Company provides the employees' and directors' remunerations as much as no less than 2% and no more than 1% of the profit before tax and distribution of employees' and directors' remunerations of the year, respectively. The Company recorded net loss before tax in 2023 and 2022, and thus no employees' and directors' remunerations were estimated.

For the information of the resolved employees' and directors' remunerations by the board of directors, please visit "MOPS" of TWSE to inquire.

6. Foreign exchange gains (losses)

	2023	2022
Total foreign exchange gains	\$ 2,490	\$ 6,963
Total foreign exchange losses	(<u>2,479</u>)	(<u>6,942</u>)
Net exchange gains (losses)	<u>\$ 11</u>	<u>\$ 21</u>

(XV) Income Tax

1. Income tax recognized as loss and profit

The reconciliation between the accounting income and income tax

expenses is as below:

	<u>2023</u>	<u>2022</u>
Net loss before tax from continuing operations	(\$ 411,492)	(\$ 476,892)
Income tax gain calculated based on net loss before tax and statutory tax rate	(\$ 98,532)	(\$ 114,514)
Expenses not to be deducted when determining taxes	3,042	1,795
Deductibles for loss not recognized	135,396	142,518
Temporary difference not recognized	(39,906)	(29,799)
	<u>\$ -</u>	<u>\$ -</u>

The Company, the subsidiaries BVI Sansda and Hong Kong Sansd Limited are exempted from the income tax of profit seeking enterprises pursuant to their respective local laws. Additionally, the subsidiary, Hong Kong Sansd Limited estimated the dividend income from the remitted earnings of subsidiaries in China; pursuant to the regulations of PRC, the 10% withholding tax rate is applicable, and the related deferred income tax liability was recognized.

The subsidiary, Hong Kong Sansda Trading has no operating activities in Hong Kong, and thus no tax payable pursuant to regulations in Hong Kong.

The subsidiaries, Fujian Sansd Plastic, and Fujian Sansd Recycling Co., Ltd. have the applicable tax rate of 25% pursuant to the “Law of the People’s Republic of China on Enterprise Income Tax.”

2. Deferred income tax liabilities

Changes in the deferred income tax liabilities are as below:

2023

	<u>Beginning balance</u>	<u>Recognized as loss and profit</u>	<u>Net exchange difference</u>	<u>Balance at the year end</u>
Deferred income tax liabilities:				
Temporary difference				
Outward remittance of earnings in China for 10% dividend tax	\$ 62,715	\$ -	(\$ 1,152)	\$ 61,563

2022

	Beginning balance	Recognized as loss and profit	Net exchange difference	Balance at the year end
Deferred income tax liabilities:				
Temporary difference				
Outward remittance of earnings in China for 10% dividend tax	\$ 61,933	\$ -	\$ 782	\$ 62,715

3. Unused loss deductibles and temporary difference deductible of the deferred income tax assets not recognized in the consolidated balance sheet

	2023	2022
Loss deductibles		
Due in 2024	\$ -	\$ 419,934
Due in 2025	343,657	350,091
Due in 2026	347,228	353,728
Due in 2027	393,063	568,246
Due in 2028	533,163	-
	<u>\$ 1,617,111</u>	<u>\$ 1,691,999</u>
Deductible temporary differences	<u>\$ 1,129,488</u>	<u>\$ 1,310,724</u>

4. Information related to unused credit for loss

As of December 31, 2023, the information related to credit for loss is as follows:

Uncredited balance	Last year credited
\$ 343,657	2025
347,228	2026
393,063	2027
533,163	2028
<u>\$ 1,617,111</u>	

(XVI) Loss per share

The number of shares applied by the Company to calculate the loss per share and common share weighted average number is as below:

	2023	2022
Net loss of the period	<u>(\$ 411,492)</u>	<u>(\$ 476,892)</u>

Number of Shares

	Unit: thousand shares	
	2023	2022
Number of weighted average common shares	<u>268,955</u>	<u>268,955</u>

Since the net loss before tax was generated in 2023 and 2022, the potential common shares with diluting effect are not included.

Where the Company and the subsidiaries may opt to distribute the employees' remunerations in cash or shares, the employees' remunerations are assumed to be distributed in shares when calculating the diluted earnings per share, and counted in the weighted average outstanding share if such potential common shares may dilute, to calculate the diluted earnings per share. When calculating the diluted earnings per share before resolving the employees' remuneration in the next year, the diluting effect of such potential common shares will be taken into account, too.

(XVII) Agreement of share-based payment

In April 2018, the Company granted 20,000 units to the employees as the share subscription warrants, and each unit may subscribe 1,000 common shares. The employees of the Company and the subsidiaries qualifying certain criteria are entitled to receive such. The duration of the warrants is 10 years. The holder of the certificate may exercise the granted share subscription warrants at a certain percentage after two full years from the issuance. The exercise price of the warrants is NT\$11.2, the closing price of the Company's common share on the issuance date. Once the warrants were issued, shall there be any change in the Company's common shares, the exercise price of the warrants will be adjusted with the prescribed formula.

Information related to the employee stock warrants is as follows:

	2023 and 2022	
Employee stock options	Unit (thousand)	Weighted average exercise price (NT\$)
Cumulative granted	<u>20,000</u>	\$ 11.2
Outstanding at the end of the period	<u>20,000</u>	11.2
Executable at the end of the period	<u>18,000</u>	
Weighted average fair value of the cumulated granted stock warrants (NT\$)	<u>\$ 3.65</u>	

In 2023 and 2022, the recognized remuneration costs were NT\$608 thousand and NT\$1,825 thousand, respectively.

(XVIII) Capital risk management

The Company and the subsidiaries conduct the capital management, to ensure that each entity in the Group optimizes their liabilities and equity balance with the premise of going concern, for maximizing the shareholders' return.

The capital structure of the Company and the subsidiaries consists of the net liabilities (borrowings less cash) of the Company and the subsidiaries and the equity attributed to the owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity items).

The Company and the subsidiaries are not required to observe other external capital requirements.

(XIX) Financial instruments

1. Fair value information - financial instruments not measured at fair value

The Company and the subsidiaries' management believes that the book values of the financial assets and financial liabilities not measured at fair value are approximate to their fair values.

2. Types of financial instrument

	December 31, 2023	December 31, 2022
<u>Financial Assets</u>		
Measured at amortized cost (Note 1)	\$ 1,282,820	\$ 2,646,279

	December 31, 2023	December 31, 2022
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	120,365	107,921

Note 1: The balance includes cash, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and refundable deposit, among other financial assets measured at amortized cost.

Note 2: The balance includes the short-term borrowings, accounts payable, other payables, and long-term borrowings, among other financial liabilities measured at amortized cost.

3. Purpose and policy of financial risk management

The major financial instruments of the Company and the subsidiaries include cash, notes and accounts receivable, accounts payable, and other payables and borrowings. The finance departments of the Company and the subsidiaries provide services to each sales department, and oversee and manage the financial risks related to the operations of the Company and the subsidiaries based on the internal risk reports analyzing exposures by the level and width of risks. Such risks include market risks (including exchange and interest rate risks), credit risks and liquidity risks.

The finance departments regularly report to the Company and the subsidiaries' management.

(1) Market risk

The major financial risks from operating activities of the Company and the subsidiaries are the changing foreign exchange rate risks (see paragraph A below) and the changing interest rate risks (see paragraph B below).

A Foreign exchange rate risk

Please refer Note 12(1) for the book values of the monetary assets and monetary liabilities denominated in non-functional currencies (including the written-off monetary items denominated in non-functional currencies in the consolidated

financial statements) of the Company and the subsidiaries on the balance sheet date.

Sensitivity Analysis

The Company and the subsidiaries are mainly affected by the USD fluctuations.

When the exchange rate between RMB (the functional currency) and USD increases or decreases 1%, the sensitivity analysis of the Company and the subsidiaries is shown as below: The sensitivity analysis only includes the outstanding monetary items in foreign currencies, and adjusted by 1% of the exchange rate change at the ending translation. The scope of the sensitivity analysis includes bank deposits.

When RMB appreciates/depreciates 1% to USD, the net loss before tax in 2023 and 2022 of the Company and subsidiaries will increase by NT\$1,000 and NT\$2,000, respectively.

B Interest rate risk

The book values of the financial assets and liabilities exposed to the interest rates of the Company and the subsidiaries on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
With cash flow interest rate risk		
Financial Assets	\$ 1,134,733	\$ 1,194,502
Financial Liabilities	-	-

Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of the non-derivative instrument on the balance sheet date. For the assets and liabilities with floating interest rates, the analysis approach is to assume the amount of outstanding assets and liabilities on the balance sheet date would be outstanding during the reporting period.

If the annual interest rate increases/decreases by 1%,

with all other variables staying unchanged, net loss before tax in 2023 and 2022 of the Company and subsidiaries would decrease NT\$11,347 thousand and NT\$11,945 thousand, respectively, mainly due to the exposures of the Company and subsidiaries' bank deposits and borrowings with floating interest rates.

(2) Credit risk

Credit risk refers to the risk where the counterparty defaults its contractual obligations and results in the financial loss sustained by the Group. As of the balance sheet date, the maximum credit risk exposure of the Company and the subsidiaries resulting from the default of a counterparty mainly comes from the book value of financial assets recognized in the consolidated balance sheet.

The policy taken by the Company and the subsidiaries is only engaging in transactions with counterparties with good reputation, and obtained collaterals with full amount when necessary, to reduce the risks of financial loss due to overdue payment. The Company and the subsidiaries use other publicly available financial information, and the transaction records with each other, to rate the major customers. The total amount of transactions is diversified to the customers with qualified credit ratings, while reviewing and approving the credit limits to counterparties regularly, to control the credit exposures.

The counterparties of the accounts receivable include many customers, and thus the concentration of the credit risk is rather low; the Company and the subsidiaries continue to assess the financial positions of the customers with accounts receivable.

(3) Liquidity risk

The Company and the subsidiaries fund the Group's operations and lower the impacts from fluctuations of cash flows by managing and maintaining enough cash positions. The Company and the subsidiaries' management oversee the utilization of the credit facilities from banks, and ensure compliance with the terms of borrowing contracts.

Bank borrowings are a key liquidity source for the Company and the subsidiaries. For the credit facilities with banks not yet drawdown of the Company and the subsidiaries, please refer to the description of the credit facilities in paragraph B below.

A Liquidity and interest rate risks schedule of the non-derivative financial liabilities

The analysis of the expiration of remaining contracts of the non-derivative financial liabilities is prepared based on the earliest date to be requested for repayment of the Company and the subsidiaries, and the prepared with the undiscounted cash flow of the financial liabilities (including principals and estimated interests).

The analysis of the expiration of remaining contracts of the non-derivative financial liabilities of the Company and the subsidiaries is prepared based on agreed repayment due dates.

The cash flow of the interest paid at the floating interest rate, the undiscounted interest amount is estimated based on the interest rate on the balance sheet date.

	Within 3 months	3 months to 1 year	1-5 years
December 31, 2023			
Non-derivative financial liabilities			
Liabilities without interest	\$ 120,365	\$ -	\$ -
Instruments with floating interest	-	-	-
	<u>\$ 120,365</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2022			
Non-derivative financial liabilities			

	Within 3 months	3 months to 1 year	1-5 years
Liabilities without interest	\$ 107,921	\$ -	\$ -
Instruments with floating interest	-	-	-
	<u>\$ 107,921</u>	<u>\$ -</u>	<u>\$ -</u>

The aforesaid floating interest rate amount of the non-derivative financial liabilities is subject to change when the floating interest rate differs from the estimated interest rate on the balance sheet date.

VII. Related-party transactions

The transactions, balances in accounts, income and expenses between the Company and the subsidiaries have all been offset when consolidating, and thus not disclosed in the note. The transactions with other related parties are as follows:

(I) Related parties' names and relationships

<u>Name of the related party</u>	<u>Relationship with the Company and the subsidiaries</u>
Jin Fa Da (Fujian) Shoe Plastic Limited	Other related parties (the chairman of that company in a relative within 2nd kinship with the chairman of the Company)
Fujian Wan Kai Shoe Industry Limited	Other related parties (the chairman of that company in the Company's representative of corporate director)
Ting, Chin-Shan	The Company's chairman
Ting, Chin-Kuang	The Company's general manager
Ting, Chih-Wei	Director of the subsidiary, Fujian Sansd Plastic
Ting, Chin-Ti	Supervisor of the subsidiary, Fujian Sansd Plastic

(II) Operating lease

1. The subsidiary, Fujian Sansd Plastic entered a lease contract of plant and office as a lessor, and the lease contract of land and plant as a lesser. The lease period expired at the end of December 2023. The rents were based on the leased space and the agreement between the parties. The rent income for the year of 2023 and 2022 were NT\$16,249 thousand and NT\$16,347 thousand, respectively, and listed under the lease income. The rent expenditures for the year of 2023 and 2022 were NT\$16,249 thousand and NT\$16,347 thousand, respectively, and listed under the operating costs.
2. The subsidiary, Fujian Sansd Plastic entered a plant leasing contract with Fujian Wan Kai Shoe Industry Limited, and the lease expires at the end of December 2023. The rents were based on the leased space and the agreement between the parties. The rent income for the year of 2023 and 2022 were NT\$315 thousand and NT\$345 thousand,

respectively, and listed under the lease income.

(III) Others

The subsidiary, Fujian Sansd Plastic provides accommodations (listed under property, plant and equipment) to the directors and supervisors to use. The book values on December 31, 2023 and 2022 were NT\$1,464 thousand and NT\$1,967 thousand, respectively.

(IV) Rewards to the major management

The total remunerations to the directors and other major management in 2023 and 2022 are as follows:

	2023	2022
Short-term employee benefits	\$ 12,445	\$ 13,863
Share-based payment	511	1,533
	<u>\$ 12,956</u>	<u>\$ 15,396</u>

VIII. Pledged assets: none

IX. Significant matters of unrecognized contract commitments: none

The contract commitments not recognized by the Company and the subsidiaries are as follows:

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	<u>\$ 555,063</u>	<u>\$ -</u>

X. Losses due to major disasters: none

XI. Significant events after the balance sheet date: none

XII. Others

(I) Information of financial assets and liabilities in foreign currencies with material influences

The following information is expressed in the foreign currencies other than the Company and the subsidiaries' functional currency for each entity.

The disclosed exchange rate refers to the exchange rate to translate such currencies to the functional currency. Information of financial assets and liabilities in foreign currencies with material influences of the Company and the subsidiaries is as below:

Unit: US\$ thousand/NT\$ thousand				
	Foreign currency	Exchange rate		Book value
<u>December 31, 2023</u>				
Financial assets of				
Monetary items				
USD	\$ 4	7.08	(USD:RMB)	\$ 137
<u>December 31, 2022</u>				
Financial assets of				
Monetary items				
USD	\$ 6	6.97	(USD:RMB)	\$ 179

The Company and the subsidiaries mainly assume the foreign exchange risk of USD. The gain and loss in foreign currency exchange for 2023 and 2022 (both realized and unrealized) were not material.

XIII. Additional disclosures

- (I) Material transaction matters and (II) Information on investees
- Loans to others: Schedule 1.
 - Provision of endorsements and guarantees to others: none.
 - Holding of marketable securities at the end of the period (not including investment in subsidiaries): none.
 - Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: none.
 - Acquisition of real estate exceeding \$300 million or 20% of paid-in capital or more: none.
 - Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital or more: none.
 - Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: none.
 - Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Schedule 2.

9. Engagement in derivative transactions: none.
10. Others: Significant inter-company transactions during the reporting periods: Please refer to Schedule 3.
11. Information of investees: Schedule 4.

(III) Information on investments in China

1. Names of the investees in China, main business, paid-in capital, investment method, remittance in and out, shareholding percentage, income of the period and recognized investment income, book values of investments at the end of period, the income remitted back, and the limits of investment in China: Schedule 5.
2. The following material transactions with the investee in China, directly or indirectly through a third place, the price, payment terms and unrealized income:
 - (1) Purchase amount and percentage, and ending balance of related payables and percentage: none.
 - (2) Sales amount and percentage, and ending balance of related receivables and percentage: none.
 - (3) Amount of property transaction, and the income amount generated: none.
 - (4) The ending balance of notes endorsement and guarantee or provision of collateral, and the purpose: none
 - (5) Highest balance, ending balance, rate range, and total interest of the period for financing: Schedule 1.
 - (6) Other transactions materially affecting the income of the period or financial position: none.

(IV) Information on major shareholders

Shareholders holding 5% or more equity, number and amount of the shareholding, and percentage: Schedule 6.

XIV. Segment information

Information provided to the key operation decision makers, to allocate resources and assess the segment performance, emphasizing the types of each delivered or provided product and services. Segments shall be reported in the

Company and the subsidiaries are as follows:

- Fujian Sansd Plastic (Fujian Sansd) mainly engages in the production and sales of the polyblend of ethylene vinyl acetate copolymer (EVA) by applying recycled waste plastics.
- Other segments: Asia Plastic Recycling Holding Limited, BVI Sansda Ltd., Hong Kong Sansd Ltd., Hong Kong Sansda Trading Ltd., and Fujian Sansd Recycling Co., Ltd.: please refer to Note 6(5) for business scopes.

(I) The analysis of income and operation results of the Company and the subsidiaries by segments to be reported as follows:

	<u>Fujian Sansd</u>	<u>Others</u>	<u>Adjustment and set off</u>	<u>Consolidate</u>
<u>January 1 to December 31, 2023</u>				
Income from customers other than parent and consolidated subsidiaries	\$ 772,034	\$ -	\$ -	\$ 772,034
Income from parent and consolidated subsidiaries	-	-	-	-
Total income	<u>\$ 772,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,034</u>
department loss	<u>(\$ 373,745)</u>	<u>(\$ 17,365)</u>	<u>\$ -</u>	<u>(\$ 391,110)</u>
Interest income				26,226
Other income				2,001
Other gains and losses				(24,598)
Gain (loss) on disposal of property, plant and equipment				(24,011)
Net loss before tax				(411,492)
Income tax				-
Net loss after tax				<u>(\$ 411,492)</u>
Total Assets	<u>\$4,773,089</u>	<u>\$ 724,101</u>	<u>(\$ 916,197)</u>	<u>\$4,580,993</u>

	<u>Fujian Sansd</u>	<u>Others</u>	<u>Adjustment and set off</u>	<u>Consolidate</u>
<u>January 1 to December 31, 2022</u>				
Income from customers other than parent and consolidated subsidiaries	\$ 643,603	\$ -	\$ -	\$ 643,603
Income from parent and consolidated subsidiaries	-	-	-	-
Total income	<u>\$ 643,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643,603</u>
department loss	<u>(\$ 448,835)</u>	<u>(\$ 18,731)</u>	<u>\$ -</u>	<u>(\$ 467,566)</u>
Interest income				31,442
Other income				(40,768)
Other gains and losses				(476,892)
Net loss before tax				<u>-</u>

	<u>Fujian Sansd</u>	<u>Others</u>	<u>Adjustment and set off</u>	<u>Consolidate</u>
Income tax				<u>(\$ 476,892)</u>
Net loss after tax				<u>\$5,067,362</u>
Total Assets	<u>\$5,246,246</u>	<u>\$ 736,603</u>	<u>(\$ 915,487)</u>	<u>(\$ 467,566)</u>

Segment losses refer to the losses generated from each segment, excluding interest income, finance costs, gain/loss from foreign currency exchange, and income tax expense. The measured amount is provided to the key operation decision makers, to allocate resources and assess the performance.

(II) Other segment information - depreciation and amortization

	<u>2023</u>	<u>2022</u>
Fujian Sansd	<u>\$ 138,195</u>	<u>\$ 165,229</u>

(III) Revenue from major products

The analysis of revenue for the major products from the continuing operations of the Company and the subsidiaries:

	<u>2023</u>	<u>2022</u>
Panel materials for bags and luggage	\$ 363,119	\$ 271,547
General panel materials	242,667	221,600
High-elasticity foaming materials	49,692	42,668
Floor mats	34,282	30,367
Specialty panel materials	940	5,914
Others	81,334	71,507
	<u>\$ 772,034</u>	<u>\$ 643,603</u>

(IV) Geographical information

The Company and subsidiaries' revenues of continuing operations from external customers by the operation locations, and the location of the non-current assets are both in China.

(V) Major customer information

In 2023 and 2022, no single customer generated 10% or more of the total revenue of the Company and subsidiaries.

Asia Plastic Recycling Holding Limited and the subsidiaries

Loans to others

January 1 to December 31, 2023

Schedule 1

Expressed in Thousands of NTD
(Except for these specified otherwise)

Number	Company offering loan	Counterparty	Current account	Related party or not	Maximum balance of the period	Balance of limit at the end of the period	Actual amount drawn down (Note 3)	Range of interest rate (%)	Nature of loan	Amount of business relationship	Reasons for required short-term financing	Amount of recognized allowance for bad debts	Collateral		Loan limit to single counterparty (Note 1)	Ceiling on the total amount of loaning of funds provided (Note 2)	Remarks
													Name	Value			
1	Sansd (Hong Kong) Co., Ltd.	The Company	Other receivables -- related parties	Yes	1,335,000	1,299,000	-	-	Required short-term financing	-	Operating turnover	-	No	-	4,618,404	4,618,404	
2	Sansd (Fujian) Plastic Co., Ltd.	Sansda Hong Kong Trading Co., Ltd.	Other receivables -- related parties	Yes	111,250	108,250	-	-	Required short-term financing	-	Operating turnover	-	No	-	4,037,730	4,037,730	
2	Sansd (Fujian) Plastic Co., Ltd.	The Company	Other receivables -- related parties	Yes	222,500	216,500	-	-	Required short-term financing	-	Operating turnover	-	No	-	4,037,730	4,037,730	
2	Sansd (Fujian) Plastic Co., Ltd.	Sansd (Hong Kong) Co., Ltd.	Other receivables -- related parties	Yes	1,335,000	1,299,000	-	-	Required short-term financing	-	Operating turnover	-	No	-	4,037,730	4,037,730	

Note 1: The limit for loaning of funds to single counterpart has been amended upon the resolution of the board of directors on May 3, 2022, that the limit is changed from no more than 40% of the lender's net worth to 100% of the same.

Note 2: The total limit for loaning of funds has been amended upon the resolution of the board of directors on May 3, 2022, that the limit is changed from no more than 40% of the lender's net worth to 100% of the same.

Note 3: Offset when preparing consolidated statements.

Asia Plastic Recycling Holding Limited and the subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Schedule 2

Expressed in Thousands of NTD
(Except for these specified otherwise)

Companies with accounts receivable	Counterparty name	Relationship with the endorser/ guarantor	Balance of account receivable from related parties (Note 4)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Amount of recognized allowance for bad debts
					Amount	Action taken		
Sansd (Hong Kong) Co., Ltd.	Sansd (Fujian) Plastic Co., Ltd.	Subsidiary to subsidiary	\$ 615,630	-	\$ -	-	\$ -	\$ -
Sansd (Fujian) Plastic Co., Ltd.	The Company	Subsidiary to parent	(Note 1) 135,480 (Note 2)	-	-	-	-	-

Note 1: Dividends receivables.

Note 2: Advance.

Asia Plastic Recycling Holding Limited and the subsidiaries
Business relationships among parent and subsidiaries, and key transactions
January 1 to December 31, 2023

Schedule 3

Expressed in Thousands of NTD
(Except for these specified otherwise)

Number	Relationship	Counterparty	Relationship	Status of transaction			
				Item	Amount	Transaction terms	Percentage to the consolidated total revenues or total assets %
1	Sansd (Hong Kong) Co., Ltd.	The Company	Subsidiary to parent	Other receivables	\$ 4,639	Advance as agreed	-
1	Sansd (Hong Kong) Co., Ltd.	Sansd (Fujian) Plastic Co., Ltd.	Subsidiary to subsidiary	Other receivables	615,630	Dividend receivable	13.00
1	Sansd (Hong Kong) Co., Ltd.	Sansda Recycling Limited	Subsidiary to subsidiary	Other receivables	23,205	The balance after the offset of credits among Hong Kong Sansd, Fujian Sansd Plastic, and Sansda Recycling under a three-way agreement	1.00
2	Sansd (Fujian) Plastic Co., Ltd.	The Company	Subsidiary to parent	Other receivables	135,480	Advance as agreed	3.00
2	Sansd (Fujian) Plastic Co., Ltd.	Sansda Hong Kong Trading Co., Ltd.	Subsidiary to subsidiary	Other receivables	57,756	Advance as agreed	1.00
3	Sansda (Hong Kong) Trading Co., Ltd.	The Company	Subsidiary to parent	Other receivables	79,337	Advance as agreed	2.00

Asia Plastic Recycling Holding Limited and the subsidiaries
Information of the investees
January 1 to December 31, 2023

Schedule 4

Expressed in Thousands of NTD
(Except for these specified otherwise)

Name of Investor	Investee	Location	Main business activities	Original investment amount (Note 1)		Shares held as of the end of period			Net gain (loss) of the investee for the current period	Investment gain (loss) recognized for the current period	Remarks
				The end of the period	Beginning of the period	Number of Shares	Percentage (%)	Book value			
The Company	Sansda Holding Limited	B.V.I	International investment business	\$ -	\$ -	1	100.00	\$ 4,618,204	(\$ 369,350)	(\$ 369,350)	Note 2 and 6
Sansda Holding Limited	Sansd (Hong Kong) Co., Ltd.	Hong Kong	International investment business	-	-	1	100.00	4,618,404	(369,350)	(369,350)	Note 3 and 6
Sansd (Hong Kong) Co., Ltd.	Sansda Hong Kong Trading Co., Ltd.	Hong Kong	Trading of bulk chemical raw materials	126,781	129,154	1	100.00	21,901	1,362	1,362	Note 4 and 6

Note 1: The Company issued 120,000 thousand shares (for the par value of NT\$10), priced at HK\$0.675 per share, as the consideration to acquire 100% stake of Sansd (Fujian) Plastic Co., Ltd.; and applied to be registered as a company listed in Taiwan Stock Exchange Corporation for share trading, for the purpose of organizational restructure. After the restructure, the Company owns 100% stake of Sansd (Fujian) Plastic Co., Ltd. via Sansda Holding Limited and Sansda (Hong Kong) Co., Ltd.

Note 2: The beginning and ending original investment amount of the period were both US\$1.

Note 3: The beginning and ending original investment amount of the period were both HK\$1.

Note 4: The beginning and ending original investment amount of the period were both RMB29,300 thousand.

Note 5: Please refer to Schedule 5 for the information of the investees in China.

Note 6: Offset when preparing consolidated statements.

Asia Plastic Recycling Holding Limited and the subsidiaries
Information on investments in China
January 1 to December 31, 2023

Schedule 5

Expressed in Thousands of NTD
(Except for these specified otherwise)

Investee in China	Main business activities	Paid-in capital	Investment method	Accumulated amount of investment remitted from Taiwan to China at the beginning of the period	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the year		Accumulated amount of remittance from Taiwan to China	Net loss of the investee for the current period	Ownership held by the Company, direct or indirect, %	Investment loss recognized by the Company for the current period	Book values of the investees at the end of the period	Accumulated amount of investment income remitted back to Taiwan as of the end of the period	Remarks
					Remitted to	Remitted back							
Sansd (Fujian) Plastic Co., Ltd.	Production, manufacturing, sales of EVA foaming materials related products	\$ 802,070	Reinvested in companies in China by establishing companies at third-places	\$ -	\$ -	\$ -	\$ -	(\$ 370,675)	100.00	(\$ 370,675)	\$ 4,037,730	\$ -	Note 1
Fujian Sansd Recycling Co., Ltd.	Processing of renewable resources, recycling (other than the old and waste productive metals), sales, and engaging in investment activities with self-owned funds.	-	Reinvested in companies in China by establishing companies at third-places	-	-	-	-	(-)	100.00	(-)	(23,205)	-	

Name of Investor	Accumulated amount of investment remitted from Taiwan to China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	The Company's investment limit in China
-	\$ -	\$ -	\$ -

Note 1: The paid-in capital is HK\$200,000 thousand.

Asia Plastic Recycling Holding Limited and the subsidiaries

Information on major shareholders

December 31, 2023

Schedule 6

Unit: NT\$ thousand

Names of major shareholders	Shares	
	Number of Shares Held	Shareholding percentage (%)
Dedicated account for custody of Ding Holding Limited's investment in Yuanta Commercial Bank	38,888,293	14.45
Dedicated account for custody of Ting, Chin-Tsao's investment in Mega International Commercial Bank	15,993,089	5.94

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for the shareholder's declaration of insider's equity for those whose shareholding is over 10%, in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares that he or she has delivered to a trust and has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

Appendix II.

The Illustrations of Matters Distinct from the Shareholders Rights Protection in Taiwan

Discrepancy Matters	Cayman Islands Laws and Regulations	Relevant Articles from M&A
<p>A special resolution shall mean the resolution approved by a majority of the voting rights exercised by the members present at a general meeting attended by two-thirds or more of the shareholders. If the total number of shares represented by shareholders attending a shareholders' meeting is not sufficient to meet the criteria as specified in the abovementioned, the said resolution may be adopted by a larger majority representing two thirds of the votes at a shareholders' meeting attended by shareholders representing a majority of the total number of issued shares.</p>	<p>The special resolution provided for in Article 60 of Cayman Islands Companies Act shall mean a resolution that has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting.</p>	<p>For the purpose of complying with the requirement under the laws and regulations applicable to the public companies and in regard to the presence and voting rights of the shareholders meetings, we, Asia Plastic Recycling Holding Limited (hereinafter referred to the “Company”) take into account the gist of Tai-Zheng-Shang No. 0991701319 written explanations issued by the Taiwan Stock Exchange on April 13, 2010 and stipulate in Paragraph (1) of Article 31 and Paragraph (1) of Article 2 that the special resolution shall be passed by a majority of at least two-thirds of votes cast by such members as, being entitled to do so, present at a general meeting of the Company.</p>
<p>A company choosing to issue par value shares shall not convert its share</p>	<p>Pursuant to the last part of subsection (1) of section 8 of Cayman Islands</p>	<p>Because all shares issued by the Company have been par value shares, the</p>

<p>to no par value shares; a company choosing to issue no par value shares shall not convert its shares into par value shares, either.</p>	<p>Companies Act, no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value. Accordingly, based on the opinion of Cayman counsel, in accordance with the aforesaid rule and practical process of issuance of shares, an exempt company cannot convert its shares from par value shares to no par value shares, or vice versa.</p>	<p>Company cannot issue no par value shares or convert its shares to no par value shares. The matter as set forth in the leftmost column does not apply to the Company. For avoidance of doubt, the Company, after evaluating the matter as set forth in the leftmost column and its current status, amended Paragraph (5) of Article 7 of current Amended and Restated Memorandum and Articles of Association (hereinafter referred to “Articles of Association”), which provides that “The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.”</p>
<p>1. All general meetings to be held in physical locations shall be held in the Republic of China (the “R.O.C.”). In the event that the general meetings are held in physical locations outside the R.O.C., the application</p>	<p>There are no relevant laws and regulations applicable to the matter as set forth in the left column in the Cayman Islands.</p>	<p>Article 25 of Articles of Association provides that “During the Relevant Period, all general meetings to be held in physical locations shall be held in the R.O.C.” There is no exception to this, so there is no need to stipulate that the approval</p>

<p>of approval shall be filed to the Taiwan Stock Exchange within two (2) days after obtaining the approval from the board of directors or the permit to the member to convene the general meeting.</p> <p>2. A company shall appoint a shareholders service agent to handle the voting matters when the general meetings are held in physical locations outside the R.O.C.</p>		<p>from the competent authority or the relevant application is required to convene the general meetings in physical locations outside the R.O.C.</p> <p>Notwithstanding that all general meetings to be held in physical locations shall be held in the R.O.C., the Company will at all time appoint a shareholders' service agent to handle the voting matters.</p>
<p>Any or a plural number of shareholder(s) of a company who has (have) continuously held three percent (3%) or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within</p>	<p>There are no relevant laws and regulations applicable to the matter as set forth in the left column in the Cayman Islands.</p>	<p>There is no competent authority responsible for approving shareholders to convene a special meeting of shareholders on his/their own in the Cayman Islands; hence Article 26 of Articles of Association provides that "Any one or more Member(s) holding at least three percent (3%) of the total issued Shares of the Company for a period of one (1) year or a longer time may, by depositing the requisition notice specifying the proposals to be resolved and the reasons, request the Board</p>

<p>fifteen (15) days after the filing of the request, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.</p>		<p>to convene an extraordinary general meeting. If the Board does not give notice to Members to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing Member(s) may convene a general meeting.” without obtaining the approval from the competent authority first. This approach is consistent with the Tai-Zheng-Shang No. 0991701319 written explanations issued by the Taiwan Stock Exchange on April 13, 2010.</p>
<p>1. A company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders' meeting; and capital reduction shall be effected based on the percentage of shareholding of the shareholders pro rata.</p> <p>2. A company reducing its capital may return share prices (or the capital stock) to</p>	<p>Articles 14 and 18 of Cayman Islands Companies Act adopt strict regulations for reduction of share capital both in procedure and in substance, and the relevant regulations are mandatory requirements; therefore, when implementing reduction of share capital, a company shall do so in compliance with such mandatory regulations, whose application may not be excluded by any</p>	<p>Based on Cayman counsel's opinion, the Company applies the approach of purchase and cancellation of its shares held by the shareholders in order to comply with the requirement set forth in the leftmost column. Paragraph (1) of Article 18-1 of Articles of Association provides that “Subject to the Law and the Applicable Listing Rules, the Company may carry out a compulsorily</p>

<p>shareholders by properties other than cash; the returned property and the amount of such substitutive capital contribution shall require a prior approval of the shareholders' meeting and obtain consents from the shareholders who receive such property.</p> <p>3. The board of directors shall first have the value of such property and the amount of such substitutive capital contribution set forth in the preceding paragraph audited and certified by a certified public accountant before the shareholders' meeting.</p>	<p>provision in the Articles of Association.</p>	<p>purchase and cancellation of its Shares on a pro rata basis (rounded up or down to the nearest whole number) among the Shareholders in proportion to the number of Shares held by each such Shareholder subject to approval by a Special Resolution. The purchase price payable to the Shareholders in connection with a purchase of Shares described in the preceding sentence may be paid in cash or in kind. Any purchase price to be paid in kind shall be subject to approval by a Special Resolution and shall be subject to individual consent by the Shareholder(s) receiving such payment in kind. Prior to convening the general meeting for approving such purchase of Shares, the Board shall determine the monetary equivalent value of any purchase price to be paid in kind and have such value audited and certified by a certified public accountant in the</p>
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		R.O.C.”
<p>1. A company may explicitly provide for in its Articles of Incorporation that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each quarter or each half fiscal year.</p> <p>2. The proposal of surplus earning distribution or loss off-setting for the first three quarters or half fiscal year, together with the business report and financial statements, shall be forwarded to auditor committee for auditing, and afterwards be submitted to the board of directors for approval.</p> <p>3. A company distributing surplus earning in accordance with the provision of the preceding paragraph shall estimate and reserve</p>	<p>There are no relevant laws and regulations applicable to the matter as set forth in the left column in the Cayman Islands.</p>	<p>According to Paragraph (2) of Article 105 of Articles of Association, the dividend frequency of the Company is yearly and the matter as set forth in the leftmost column does not apply to the Company.</p>

<p>the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.</p> <p>4. A company distributing surplus earning in the form of new shares to be issued by the company in accordance with the provision of the second paragraph shall be approved by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company. If the total number of shares represented by the shareholders present at a meeting of shareholders is less than the threshold specified in the preceding paragraph, the resolution may be adopted by a large</p>		
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<p>majority (2/3 or more) vote of the shareholders present at that meeting of shareholders attended by the shareholders representing a majority of the total number of the outstanding shares of the company. If such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors.</p> <p>5. Surplus earning distribution or loss off-setting proposal by a company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial statements audited or reviewed by a certified public accountant.</p>		
<p>1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the company over six</p>	<p>There are no relevant laws and regulations applicable to the matter as set forth in the left column in the Cayman Islands.</p>	<p>Article 75 of Articles of Association provides that one or more Members holding one percent (1%) or more of the total number of the total issued Shares continuously for a</p>

<p>months may request in writing the audit committee of the company to institute, for the company, an action against a director of the company, and Taiwan Taipei District Court may be the court of jurisdiction for the first instance.</p> <p>2. In case the audit committee fail to institute an action within 30 days after having received the request made by shareholder(s), then the shareholder(s) filing such request may institute the action for the company, and Taiwan Taipei District Court may be the court of jurisdiction for the first instance.</p>		<p>period of six (6) months or a longer time may request in writing any Independent Director of the audit committee of the Company to file, on behalf of the Company, an action against a Director with a court having proper jurisdiction, including the ROC Taipei District Court. In case such Independent Director fails to file such action within thirty (30) days after receipt of the request aforesaid, the Members making such request may file the action for the Company.</p> <p>The Company will propose amendments to Articles of Association incorporating the matter set forth in the leftmost column for approval in the general meeting prior to June 30, 2025 as per instructed by Taiwan Stock Exchange.</p>
<p>In the event the Company's total paid-in capital as of the close of the most recent financial year reaches NT\$2 billion or more, the Company shall upload the electronic</p>	<p>There are no relevant laws and regulations applicable to the matter as set forth in the left column in the Cayman Islands.</p>	<p>The Company will propose amendments to Articles of Association incorporating the matter set forth in the leftmost column for approval in the general meeting prior</p>

files of the manual for each general meeting and relevant materials thirty (30) days prior to the scheduled date of the relevant annual general meeting.		to June 30, 2025 as per instructed by Taiwan Stock Exchange.
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