

Xu Yuan Packaging Technology  
Co., Ltd. and subsidiaries

Consolidated Financial  
Statements and Independent  
Auditors' Report  
2022 and 2021

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## Declaration of Consolidated Financial Statements of Affiliates

The entities to be included in the consolidated financial statements of affiliated enterprises in 2022 (from January 1, 2022 to December 31, 2022) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the Parent Company and its subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of the Parent Company and its subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Declared by

Company name: XU YUAN PACKAGING TECHNOLOGY CO., LTD.

Person in charge: Nan-Yuan Huang

March 16, 2023

## Independent Auditors' Report

To: Xu Yuan Packaging Technology Co., Ltd.

### **Audit opinion**

We have audited the accompanying consolidated financial statements of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries, which comprise of the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, "IFRSs") that came into effect and endorsed by the Financial Supervisory Commission (FSC).

### **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 in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries 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 we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company and its subsidiaries in the year ended December 31, 2022. 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.

Key audit matters for Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 are stated as follows:

### Revenue recognition

The main source of income of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries is the sales of printed labels and sleeve (stick) labeling machines. For the relevant information on sales revenue, please refer to the consolidated financial statements, Note 4 and 21. Among some of the major customers of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries in our assessment, their sales revenue has increased significantly compared to 2021, and there is a risk of the authenticity of revenue recognition. Therefore, it was identified as a key audit matter for the year.

We have considered the customer account management policy and revenue recognition process of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries, evaluated the reasonableness of its control procedures and have also implemented the following audit procedures:

1. Understand the Company's internal control system and operating procedures for the sale and transaction cycle, so as to evaluate the effectiveness of internal control operation design and implementation.
2. Random sampling checks of the sales revenue statements is taken from the sales counterparties that may be subject to the risks described above, as well as documents such as customer orders, delivery notes, customer receipts and invoices are examined to verify whether the transactions actually occurred, and examine whether the subsequent payment collection from the sales counterparties is abnormal.

## **Other Matters**

Xu Yuan Packaging Co., Ltd. has prepared the parent company only financial statements for the years ended December 31, 2022 and 2021, for which we have issued an Independent Auditors' Report with unqualified opinion.

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

In preparing the consolidated financial statements, the management is responsible for assessing Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' 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 Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries, 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 Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and professional skepticism throughout the audit. We also perform the following tasks:

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 to express an opinion on the effectiveness of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Draw conclusions 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 Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' 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 Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries to have to cease operations.
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. We obtained sufficient and appropriate audit evidence regarding the financial information or business activities of the Group to express an opinion on the



consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the Norms of Professional Ethics for Certified Public Accountants of the Republic of China 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 matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the consolidated financial statements for the year ended December 31, 2022, and is, therefore, the key audit matter. 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.

Deloitte Taiwan

CPA Su-Li Fang

CPA Ming-Hui Chen

Financial Supervisory Commission  
Approval Reference Number

Letter Ref. Jin-Guan-Zheng-VI No.  
0940161384

Securities and Futures Bureau Approval  
Reference Number

Letter Ref. Tai-Cai-Zheng-VI No.  
0930128050

March 16, 2023

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Consolidated balance sheet

December 31, 2022 and 2021

Code	Assets	December 31, 2022		December 31, 2021		Code	Liabilities and equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Notes IV, VI and XXVII)	\$ 199,646	10	\$ 163,591	7	2100	Short-term borrowings (Notes IV, XVI, XXVII and XXIX)	\$ 122,301	6	\$ 184,010	8
1170	Notes and accounts receivable - Net (Notes IV, V, VII, XXI, XXVII and XXIX)	301,909	15	344,755	15	2130	Contract liabilities - Current (Note XXI)	9,521	-	21,894	1
1180	Accounts receivable - related parties (Notes IV, V, XXVII and XXVIII)	5,690	-	3,181	-	2150	Notes payable (Note XVII and XXVII)	50,633	3	44,314	2
1210	Other receivables - related party (Notes IV, XXVII and XXVIII)	5,976	-	11,075	1	2170	Accounts payable (Note XVII and XXVII)	118,827	6	155,736	7
1220	Current income tax assets (Notes IV and XXIII)	11	-	34	-	2180	Accounts payable - related parties (Note XXVII and XXVIII)	339	-	729	-
130X	Inventories (Notes IV, V and VIII)	323,216	17	342,201	15	2230	Current income tax liabilities (Notes IV and XXIII)	27	-	155	-
1460	Non-current assets held for sale (Notes IV and IX)	-	-	282,940	13	2280	Lease liabilities - Current (Notes IV and XIII)	7,742	-	3,160	-
1476	Other financial assets - Current (Notes IV, XXVII and XXIX)	617	-	22,706	1	2322	Long-term borrowings due within one year (Notes IV, XVI, XXVII and XXIX)	93,561	5	1,275,511	56
1479	Other current assets (Notes XV and XXVIII)	96,679	5	98,442	4	2399	Other payables and other current liabilities (Note XVIII)	94,068	5	37,357	2
11XX	Total current assets	933,744	47	1,268,925	56	21XX	Total of current liabilities	497,019	25	1,722,866	76
	Non-current assets						Non-current liabilities				
1550	Investment under equity method (Notes IV and XI)	35,923	2	27,570	1	2540	Long-term borrowings (Notes IV, XVI, XXVII and XXIX)	469,515	24	44,653	2
1600	Property, plant and equipment (Notes IV, XII, XXVIII and XXIX)	872,567	44	852,534	38	2580	Lease liabilities - Non-current (Notes IV and XIII)	17,696	1	660	-
1755	Right-of-use assets (Notes IV and XIII)	30,773	2	9,083	-	2645	Guarantee deposits received	-	-	1,335	-
1805	Goodwill (Note 4)	10,922	1	10,922	1	2670	Other non-current liabilities	7,574	-	-	-
1821	Intangible assets (Notes IV, XIV and XXVIII)	3,777	-	4,540	-	25XX	Total non-current liabilities	494,785	25	46,648	2
1840	Deferred income tax assets (Notes IV and XXIII)	8,189	-	8,189	-	2XXX	Total liabilities	991,804	50	1,769,514	78
1915	Prepayment for equipment purchase	66,621	3	60,083	3		Equity attributable to owners of the Company (Notes IV and XX)				
1920	Refundable deposits (Note IV and XXVII)	15,765	1	17,700	1	3110	Common stock/share capital	548,171	28	548,171	24
15XX	Total non-current assets	1,044,537	53	990,621	44	3200	Additional paid-in capital	89,341	4	89,341	4
							Retained earnings				
						3310	Legal reserve	15,774	1	15,774	1
						3320	Special reserves	38,179	2	38,179	2
						3350	Undistributed earnings (losses to be compensated)	248,097	12	(227,053)	(10)
						3300	Total retained earnings	302,050	15	(173,100)	(7)
						3400	Other equity	(64,746)	(3)	(69,161)	(3)
						31XX	Total equity of the Company	874,816	44	395,251	18
						36XX	Non-controlling interests (Notes X and XX)	111,661	6	94,781	4
						3XXX	Total equity	986,477	50	490,032	22
1XXX	Total assets	\$ 1,978,281	100	\$ 2,259,546	100		Total liabilities and equity	\$ 1,978,281	100	\$ 2,259,546	100

Unit: In Thousands of New Taiwan Dollars

The accompanying notes form part of the consolidated financial statements.

Chairman: Huang, Nan-yuan

Manager: Chuang, Ya-Ping

Accounting supervisor: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NT\$1,000, except for earnings (losses) per share at NT\$1

Code		2022		2021	
		Amount	%	Amount	%
4000	Net operating revenue (Notes IV, XXI and XXVIII)	\$ 1,269,863	100	\$ 1,287,755	100
5000	Operating cost (Notes VIII, XXII and XXVIII)	( <u>1,124,876</u> )	( <u>88</u> )	( <u>1,118,514</u> )	( <u>87</u> )
5900	Gross profit	144,987	12	169,241	13
5920	Realized (unrealized) gain on sales	<u>2,455</u>	<u>-</u>	( <u>1,913</u> )	<u>-</u>
5950	Realized gross profit	<u>147,442</u>	<u>12</u>	<u>167,328</u>	<u>13</u>
	Operating expenses (Notes XXII and XXVIII)				
6100	Sales and marketing expenses	( 79,847)	( 6)	( 78,224)	( 6)
6200	Administrative expenses	( 138,679)	( 11)	( 91,621)	( 7)
6300	R&D expenses	( 8,110)	( 1)	( 16,279)	( 1)
6450	Gain (loss) on expected credit impairment reversal	<u>53</u>	<u>-</u>	( <u>5,179</u> )	( <u>1</u> )
6000	Total operating expenses	( <u>226,583</u> )	( <u>18</u> )	( <u>191,303</u> )	( <u>15</u> )
6900	Net operating loss	( <u>79,141</u> )	( <u>6</u> )	( <u>23,975</u> )	( <u>2</u> )
	Non-operating income and expense				
7100	Interest revenue (Notes XXII)	1,276	-	814	-
7010	Other income (Notes XXII, XXV and XXVIII)	5,006	-	6,921	-
7020	Other gains and losses (Notes IV, XII, XXII and XXVIII)	600,037	47	( 66,054)	( 5)

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Code		2022		2021	
		Amount	%	Amount	%
7050	Finance cost (Notes IV and XXII)	(\$ 18,791)	( 1)	(\$ 30,280)	( 2)
7060	Share of profit and loss of associates accounted for using the equity method (Notes IV and XI)	<u>2,521</u>	<u>-</u>	( <u>1,948</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>590,049</u>	<u>46</u>	( <u>90,547</u> )	( <u>7</u> )
7900	Income (loss) before tax	510,908	40	( 114,522)	( 9)
7950	Income tax expenses (Notes IV and XXIII)	( <u>19,501</u> )	( <u>1</u> )	( <u>1,631</u> )	<u>-</u>
8200	Current net profit (loss)	491,407	39	( 116,153)	( 9)
	Other comprehensive income				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translation of the financial statements of foreign operations (Notes IV and XX)	<u>5,038</u>	<u>-</u>	( <u>12,670</u> )	( <u>1</u> )
8500	Total comprehensive income for the year	<u>\$ 496,445</u>	<u>39</u>	( <u>\$ 128,823</u> )	( <u>10</u> )
	Net profit (loss) attributable to:				
8610	Owners of the Company	\$ 475,150	38	(\$ 113,730)	( 9)
8620	Non-controlling interests	<u>16,257</u>	<u>1</u>	( <u>2,423</u> )	<u>-</u>
8600		<u>\$ 491,407</u>	<u>39</u>	( <u>\$ 116,153</u> )	( <u>9</u> )
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 479,565	38	(\$ 123,331)	( 10)
8720	Non-controlling interests	<u>16,880</u>	<u>1</u>	( <u>5,492</u> )	<u>-</u>
8700		<u>\$ 496,445</u>	<u>39</u>	( <u>\$ 128,823</u> )	( <u>10</u> )
	Earnings (losses) per share (Note XXIV)				
9750	Basic	<u>\$ 8.67</u>		( <u>\$ 2.07</u> )	
9850	Diluted	<u>\$ 8.50</u>		( <u>\$ 2.07</u> )	

The accompanying notes form part of the consolidated financial statements.

Chairman: Huang, Nan-yuan

Managerial Officer: Chuang, Ya-Ping Accounting supervisor: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the Company						Other items of equity			
		Common stock/share capital		Retained earnings			Exchange difference on translation of financial statements of foreign operations	Total	Non-controlling interests	Total equity	
Code		Shares (In Thousand)	Amount	Additional paid-in capital	Legal reserve	Special reserves	undistributed earnings (Losses to be compensated)				
A1	Balance as of January 1, 2021	54,817	\$ 548,171	\$ 89,341	\$ 15,774	\$ 38,179	(\$ 113,323)	(\$ 59,560)	\$ 518,582	\$ 100,273	\$ 618,855
D1	2021 Net loss	-	-	-	-	-	( 113,730)	-	( 113,730)	( 2,423)	( 116,153)
D3	2021 Other comprehensive income	-	-	-	-	-	-	( 9,601)	( 9,601)	( 3,069)	( 12,670)
D5	2021 Total comprehensive income	-	-	-	-	-	( 113,730)	( 9,601)	( 123,331)	( 5,492)	( 128,823)
Z1	Balance as of December 31, 2021	54,817	548,171	89,341	15,774	38,179	( 227,053)	( 69,161)	395,251	94,781	490,032
D1	2022 Net profit	-	-	-	-	-	475,150	-	475,150	16,257	491,407
D3	2022 Other comprehensive income	-	-	-	-	-	-	4,415	4,415	623	5,038
D5	2022 Total comprehensive income	-	-	-	-	-	475,150	4,415	479,565	16,880	496,445
Z1	Balance as of December 31, 2022	54,817	\$ 548,171	\$ 89,341	\$ 15,774	\$ 38,179	\$ 248,097	(\$ 64,746)	\$ 874,816	\$ 111,661	\$ 986,477

The accompanying notes form part of the consolidated financial statements.

Chairman: Huang, Nan-yuan

Managerial Officer: Chuang, Ya-Ping

Accounting supervisor: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code		2022	2021
	Cash flow from operating activities		
A10000	Current income (loss) before tax	\$ 510,908	(\$ 114,522)
A20000	Income and expenses items:		
A20100	Depreciation expense	98,996	114,677
A20200	Amortized expenses	1,052	778
A20300	Expected credit impairment (reversal gain) loss	( 53)	5,179
A20900	Financial cost	18,791	30,280
A21200	Income from interest	( 1,276)	( 814)
A22300	Share of profit and loss of associates accounted for using the equity method	( 2,521)	1,948
A22500	Gain on disposal of property, plant and equipment	( 3,023)	( 9,648)
A22600	Impairment losses of property, plant and equipment	2,347	35,143
A22800	Loss from disposal of intangible assets	-	13
A23000	Gains on disposal of non-current assets to be sold	( 541,195)	-
A23700	Inventory devaluation and obsolescence losses	6,349	10,900
A23900	Unrealized gain (realized) on sales between affiliates	( 2,455)	1,913
A24100	Net loss on foreign currency exchange	1,011	4,879
A29900	Gain (loss) on lease modification	( 9)	133
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	43,413	( 24,891)
A31140	Accounts receivable - related parties	( 2,390)	5,718
A31190	Other receivables - related parties	5,099	( 2,095)
A31200	Inventory	12,636	11,544
A31240	Other current assets	( 37,787)	( 6,939)
A32125	Contract liabilities	( 12,373)	6,218
A32130	Notes payable	6,319	2,162
A32150	Accounts payable	( 37,070)	( 6,087)
A32160	Accounts payable - related parties	( 390)	729
A32230	Other payables and other current liabilities	<u>66,284</u>	<u>9,161</u>
A33000	Cash inflow from operations	132,663	76,379
A33500	Income tax refunded (payment)	( <u>19,640</u> )	<u>1,202</u>
AAAA	Net cash inflow from operating activities	<u>113,023</u>	<u>77,581</u>

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Code		2022	2021
	Cash flows from investing activities		
B02600	Proceeds from disposal of non-current assets held for sale	\$ 827,773	\$ -
B02700	Acquisition of property, plant and equipment	( 64,312)	( 44,950)
B02800	Proceeds from disposal of property, plant, and equipment	6,529	15,196
B03800	Decrease (increase) in refundable deposits	1,935	( 2,419)
B04500	Acquisition of intangible assets	( 289)	( 3,475)
B04600	Proceeds from disposal of intangible assets	-	52
B06600	Decrease (increase) of other financial assets	22,180	( 3,466)
B07100	Increase in prepaid equipment purchase	( 9,214)	( 23,579)
B07500	Interest received	1,276	814
B07600	Collection of dividends from affiliates	-	6,955
BBBB	Net cash inflows (outflows) from investing activities	<u>785,878</u>	<u>( 54,872)</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	187,364	202,475
C00200	Decrease in short-term borrowings	( 249,073)	( 185,604)
C01600	Proceeds from long-term debt	45,165	51,782
C01700	Repayments of long-term debt	( 804,767)	( 49,846)
C03100	Decrease in guarantee deposits	( 1,335)	( 285)
C04020	Repayments of principal portion of lease liabilities	( 11,586)	( 9,321)
C05600	Interest paid	<u>( 20,615)</u>	<u>( 29,956)</u>
CCCC	Net cash outflow from financing activities	<u>( 854,847)</u>	<u>( 20,755)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 7,999)</u>	<u>( 11,204)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	36,055	( 9,250)
E00100	Cash and cash equivalents at beginning of year	<u>163,591</u>	<u>172,841</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 199,646</u>	<u>\$ 163,591</u>

The accompanying notes form part of the consolidated financial statements.

Chairman: Huang, Nan-yuan

Managerial Officer: Chuang, Ya-Ping

Accounting supervisor: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries  
Notes to consolidated financial statements  
January 1 to December 31, 2022 and 2021  
(Amounts in NTD thousand unless stated otherwise)

I. Corporate Milestones

Xu Yuan Packaging Technology Co., Ltd. (hereinafter referred to as "Xu Yuan Company") was approved for establishment on October 26, 2004. The main business includes manufacturing and retailing of heat shrinkable film, tube-sleeping plastic packaging materials, machinery and equipment manufacturing, mould manufacturing and retailing, other chemical product wholesale, product design, and international trade.

Xu Yuan Company's shares were listed on the Taipei Exchange on November 23, 2012.

The consolidated financial statements of Xu Yuan Company are presented in the Company's functional currency, the New Taiwan dollar.

Hereinafter, Xu Yuan Company and its subsidiaries are collectively referred to as the Company.

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 16, 2023.

III. Application of New Standards, Amendments and Interpretations

- (1) The first adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and Standing Interpretations Committee Interpretations (SIC) (collectively, the "IFRSs") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The amendments to the IFRSs endorsed and issued into effect by the FSC will not result in a material change in the Company's accounting policies.

- (II) FSC-approved IFRSs from 2023 onwards

New/ Amended/ Revised Standards and Interpretations	Effective date issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Income Tax Relating to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment shall apply to the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.



As of the publication date of the consolidated financial statements, the Company has assessed that the above-mentioned standards and amendments to the interpretations will not have a significant impact on the Company's financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New/ Amended/ Revised Standards and Interpretations	Effective date published by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined
Amendments to IFRS 16 "Lease liability in a sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with covenants"	January 1, 2024

Note 1: Unless otherwise specified, the aforesaid new/amended/revised standards or interpretations is effective for the annual reporting periods beginning on or after the respective dates.

Note 2: Vendors and lessees shall apply the amendments to IFRS 16 retroactively for sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the publication date of the consolidated financial statements, the Company continues to assess the above-mentioned standards and amendments to the interpretations on the Company's financial position and financial performance, and will disclose relevant impacts when the evaluation is completed.

#### IV. Summary of Significant Accounting Policies

(1) Compliance Statement

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

(II) Basis of preparation

Except for financial instruments measured at fair value, the consolidated financial statements have been prepared under the historical cost convention:

The fair value measurement is divided into Level 1 to Level 3 according to the observability and significance of the relevant input value:

1. Level 1 input value: Refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. inference from price).
3. Level 3: Unobservable inputs for the asset or liability.

(III) Classification of Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities that are to be settled within twelve months from the balance sheet date; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets or current liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

The consolidated financial statements contain the financial statements of Xu Yuan Company and the entities controlled by Xu Yuan Company (subsidiaries). The operating profit and loss of the subsidiaries acquired or disposed of in the current period has been included in the consolidated statement of comprehensive income from the date of acquisition or until the date of disposal. Adjustments have been made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's. All intra-group transactions, balances, income, and expenses are eliminated in full in the consolidated financial statements. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if the non-controlling interests become a deficit.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are treated as equity transactions. The carrying amounts of the Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the adjustment amount of the non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributed to the owners of Xu Yuan Company.

Please refer to Notes X and XXXII for details of subsidiaries, shareholding ratio and business items.

(V) Foreign currency

When the preparing each of the entity's financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are translated into the functional currency at the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the settlement of monetary items or the translation of monetary items is recognized in profit or loss in the year of occurrence.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting translation difference is recognized in profit or loss for the year. Except for fair value changes that are recognized in other comprehensive income, their translation differences are recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not re-translated.

In preparing the consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries or associates that operate in countries or use currencies different from those of Xu Yuan Company) are translated into NTD at the exchange rate on each balance sheet date. Income and expenses are translated at the average exchange rate for the current year, and the resulting exchange difference is recognized in other comprehensive income (attributable to the Company's owners and non-controlling interests respectively).

(VI) Inventory

Inventories include raw materials, work-in-progress, semi-finished products, and finished products. Inventories are measured at the lower of cost and net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of sale. The cost of inventories is calculated using the weighted average method.

(VII) Investments in Associates

Affiliates are those over which the Company has significant influence but is not a subsidiary or a joint venture.

The Company adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. In addition, the changes in the equity of the affiliated enterprise shall be recognized based on the shareholding percentage.

The excess of the acquisition cost exceeding the Company's share of the net fair value of the identifiable assets and liabilities of the affiliated enterprise on the acquisition date is recognized as goodwill, which is included in the book value of the investment and shall not be amortized; The share of the net fair value of the identifiable assets and liabilities of the

associate exceeds the acquisition cost, and is recognized in profit or loss for the year.

When assessing impairment, the Company regards the entire book value of the investment (including goodwill) as a single asset to compare the recoverable amount with the book value, and conducts an impairment test. The recognized impairment loss is not amortized to the components that constitute the book value of the investment of any assets, including goodwill. Any reversal of the impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investment.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the Company and the affiliated company is recognized in the consolidated financial statement within the range that is irrelevant to the Company's interest in the affiliated company.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost and are subsequently measured at the amount by taking cost less accumulated depreciation and accumulated impairment loss.

Except for the self-owned land that is not depreciated, the remaining properties, plants, and equipment are depreciated separately on a straight-line basis over their useful lives. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and applies the effect of changes in accounting estimates in a deferred application.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Goodwill

The goodwill acquired from a business combination is recognized at the cost of the goodwill on the date of acquisition, and is subsequently measured at the cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is amortized to each cash-generating unit or group of cash-generating units (referred to as "cash-generating unit") that the Company expects to benefit from the consolidation.

The cash-generating unit of amortized goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit containing goodwill with its recoverable amount on a yearly basis (and when there is an indication that the unit may be impaired). If the goodwill amortized to the cash-generating unit is acquired from business combination in the current year, the unit shall be tested for impairment before the end of the current year. When the recoverable amount of cash generating unit is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the cash generating unit, and then the carrying amounts of other assets of the cash generating unit proportionately. Any impairment loss is directly recognized as current loss. The impairment loss of goodwill shall not be reversed in subsequent periods.

When disposing of an operation in the cash-generating unit of the amortized goodwill, the amount of goodwill related to the disposal of the operation is included in the book value of the operation to determine the gain or loss on disposal.

(X) Intangible assets

1. Acquired separately

A separately acquired intangible asset with finite useful life is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

2. Derecognition

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

(XI) Impairment of property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill)

The Company assesses whether there are any signs of possible impairment of property, plant, and equipment as well as right-of-use and intangible assets (excluding goodwill) at each balance sheet date. If there is any sign of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the selling cost and the value in use. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount shall not exceed the book value amount (less amortization or depreciation) that is not determined at the time of the impairment loss being recognized in the previous year for the asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XII) Non-current Assets Held for Sale

When the book value of non-current assets is expected to be recovered mainly through a sale transaction instead of continued use, it is classified as available for sale. Non-current assets that meet this classification must be available for immediate sale in the current state, and the sale must be highly probable. The sale is highly probable when an appropriate level of management commits to a plan to sell the asset, and the sale is expected to be completed within one year from the classification date.

Non-current assets classified as available-for-sale are measured at the lower of their book value and fair value less selling costs, and provision for depreciation of such assets is stopped.

(XIII) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the terms and conditions of the instrument contract.

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

1. Financial asset

Conventional transactions in financial assets are recognized and derecognized using the transaction date accounting method.

(1) Type of measurement

The financial assets held by the Company are those measured at amortized cost.

A. Financial assets measured at amortized cost

If the Company's investment in financial assets meets the following two conditions at the same time, it is classified as financial assets measured at amortized cost:

- a. Held under a certain business model, and the purpose of such model is to hold financial assets to collect contractual cash flows; and
- b. The cash flows on specific dates that arise from the terms of the contract are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at cost after amortization (including cash and cash equivalents, notes and accounts receivable measured at cost after amortization (including related parties), other receivables (including related parties) are measured at the amortized cost of the total book value determined by the effective interest method less any impairment loss upon initial recognition. Any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total book value of financial assets.

Cash equivalents include bank time deposits with high liquidity that can be converted into known amounts of cash at any time with insignificant risk of change in value within 3 months from the date of acquisition, and are used to satisfy short-term cash commitments.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable shall be recognized for allowance for loss based on expected credit loss throughout the duration. For other financial assets, the allowance is assessed as to whether the credit risk has increased significantly since the original recognition. If

there is no significant increase, the allowance is recognized according to the 12 month expected credit loss. If there is a significant increase, it is recognized according to the expected credit loss throughout the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. Expected credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Expected credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

The impairment loss of all financial assets is reduced by the book value of the allowance account.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights from the cash flows of the financial assets expire, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to another enterprise.

Where a financial asset measured at amortized cost was derecognized as a whole, the difference between the book value and the received consideration was recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the its carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. When the investment in equity instrument measured at FVTOCI is derecognized as a whole, the accumulated income is directly transferred to the retained earnings without reclassification as income.

2. Equity instrument

The equity instruments issued by the Company are classified as equity according to the substance of contractual agreements and the definition of equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity instrument retrieved is debited or credited to the equity. The book value is calculated based on the weighted average of the types of shares and calculated separately based on the reasons for recovery. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any

transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

(XIV) Revenue recognition

The Company, after identifying the performance obligations for the customer contracts, has the transaction price amortized to each performance obligation and recognizes it as income when each performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable, less estimated customer returns, discounts, and other similar allowances.

1. Sale of goods

Sales of goods are recognized as income when the following conditions are fully met:

- (1) The Company has transferred the significant risks and rewards of the ownership of the product to the buyer;
- (2) The Company neither continuously participates in the management nor maintains effective control over the sold products;
- (3) The amount of income can be measured reliably;
- (4) It is probable that the economic benefits related to the transaction will flow into the Company; and
- (5) The cost incurred or to be incurred related to the transaction can be measured reliably.

2. Royalty

Income from royalties is recognized on an accrual basis according to the substantive conditions agreed upon when the economic benefits associated with the transaction will likely flow into the Company and the amount of income can be measured reliably. The premiums determined based on production, sales, and other measurement methods are recognized as income according to the terms of the agreements.

(XV) Lease

The Company assesses whether the contract is (or contains) a lease on the establishment date of the contract.

1. The Company as lessor

When the terms of the lease are to transfer almost all the risks and rewards attached to the ownership of the assets to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Lease payments under operating leases and deducting lease incentives, are recognized as income on a straight-line basis over the relevant lease period. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The Company as the lessee

The Company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value underlying assets and short-term leases where expenses are recognized on a straight-line basis over the lease period.



The right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, lease payments made before the start of the lease less lease incentives received, initial direct cost, and the estimated cost of restoring the underlying asset), and subsequently it is measured at cost less accumulated depreciation and after the accumulated impairment loss is measured, the re-measurement of the lease liabilities is adjusted. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiry date of the lease or the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in the lease is easily determined, the lease payment is discounted at the interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest method, and the interest expenses are amortized over the lease term. If there is any change to the lease period or the index or rate that is used to determine the lease payment resulting in the changes to the future lease payments, the Company will re-measure its lease liabilities and make corresponding adjustments to right-of-use assets. If, however, the book value of right-of-use assets has already been reduced to zero, any remaining re-measurements are recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVI) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring in the current year.

(XVII) Government grants

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

(XVIII) Employee benefits

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at the non-discounted amount of cash that the Company expects to pay in exchange for employees' services.

2. Post-employment benefits

For defined contribution plans, the amount of contributions that is appropriated to pension funds over the duration of employees' services is recognized as expense.

(XIX) Income Taxes

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

1. Current income tax

The Company determines the income (loss) of the current period in accordance with the laws and regulations of the jurisdiction for each income tax filings, and calculates the income tax payable (recoverable) accordingly.

In accordance with the Income Tax Act of the Republic of China, additional income tax levied on undistributed earnings is recognized in the year resolved by the shareholders' meeting.

Adjustments to income tax payable from previous years are recognized in current income tax.

2. Deferred tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

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

The book value of deferred income tax assets is re-reviewed at each balance sheet date, and the book value is reduced if it is no longer probable that there will be sufficient taxable income to recover all or part of the assets. The assets that were not initially recognized as deferred income tax assets are also re-reviewed at each balance sheet date, and the carrying amount is adjusted upwards when it is probable that taxable income will be generated in the future against which all or part of the assets can be recovered.

Deferred income tax assets and liabilities are measured at the tax rates in the current period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences that would arise from the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

V. Sources of Uncertainties to Significant Account Judgments, Estimates, and Assumptions

When adopting accounting policy, the management of the Company shall make related judgments, estimations, and assumptions for information that cannot be easily retrieved from other sources based on historical experiences and other relevant factors. Actual results may differ from these estimates.

The Company has taken the recent development of COVID-19 and the possible impact on the economic environment into its consideration of important accounting estimates related to cash flow estimates, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions. If the estimate revision affects only the current period, it shall be recognized in the current period; if the amendment to the accounting estimate affects the current period and future periods at the same time, it is recognized in the current period and future periods.

Key Sources of Estimation and Assumption Uncertainty

(I) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the default rate and expected loss rate assumed by the Company. The Company considers historical experience, current market conditions and forward-looking information to make assumptions and select the input value for impairment assessment. Please refer to Note VII for important assumptions and input values adopted. If the actual cash flow in the future is less than the Company's expectation, significant impairment loss may occur.

(II) Inventory impairment

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost required to complete the sale. These estimates are based on the current market conditions and historical sales of similar products. Based on experience, changes in market conditions may materially affect the estimated results.

(III) Impairment of property, plant and equipment

Impairment of property, plant, and equipment is evaluated based on the recoverable amount of the assets (that is, the higher of the fair value of the assets less the cost of sale and the value in use). The impact on the recoverable amount of these assets may result in the Company having to recognize additional impairment loss or reversing the recognized impairment loss.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Inventory of cash and allowances	\$ 609	\$ 534
Check deposits and demand deposits at banks	<u>199,037</u>	<u>163,057</u>
	<u>\$199,646</u>	<u>\$163,591</u>

The interest rate ranges of deposits in banks at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.001%~2.75%	0.001%~2.75%

VII. Notes and accounts receivable

	December 31, 2022	December 31, 2021
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 47,673	\$ 55,993
Less: loss allowance	<u>          -</u>	<u>          -</u>
	<u>47,673</u>	<u>55,993</u>
<u>Trade receivable</u>		
Measured at amortized cost		
Total carrying amount	267,521	309,272
Less: loss allowance	( <u>13,285</u> )	( <u>20,510</u> )
	<u>254,236</u>	<u>288,762</u>
	<u>\$301,909</u>	<u>\$344,755</u>

The Company's credit period for sales of goods is 120 days from current to monthly settlement, and no interest is accrued on accounts receivable. The Company has defined credit and accounts receivable management regulations to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss has been recognized for the irrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has been significantly reduced.

The Company recognizes the loss allowance for accounts receivable based on the lifetime expected credit losses. The expected credit losses throughout the duration are calculated using a provision matrix, which takes into account customers' past default record and current financial position, industry economic conditions, and industry prospects. As the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the reserve matrix does not further divide the customer groups, and only sets the expected credit loss rate based on the number of overdue days of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, the Company directly writes off the relevant accounts receivable, but will continue to collect the receivables, and the recovered amount is recognized in profit or loss.

The Company's allowance for loss of accounts receivable based on the reserve matrix is as follows:

December 31, 2022

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortised cost
Not overdue	0.08%	\$ 217,240	(\$ 184)	\$ 217,056
Past due by 1 to 60 days	0.51%	20,504	( 105)	20,399
Past due by 61 to 120 days	4.73%	4,460	( 211)	4,249
Past due by 121 to 180 days	4.03%	1,116	( 45)	1,071
Past due by 181 to 240 days	12.55%	3,227	( 405)	2,822
Past due by 241 to 360 days	10.40%	6,009	( 625)	5,384
Overdue for more than 361 days	78.25%	<u>14,965</u>	<u>( 11,710)</u>	<u>3,255</u>
Total		<u>\$ 267,521</u>	<u>(\$ 13,285)</u>	<u>\$ 254,236</u>

December 31, 2021

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortised cost
Not overdue	0.77%	\$ 259,484	(\$ 60)	\$ 259,424
Past due by 1 to 60 days	13.09%	24,437	( 35)	24,402
Past due by 61 to 120 days	9.71%	2,513	( 44)	2,469
Past due by 121 to 180 days	7.98%	250	( 212)	38
Past due by 181 to 240 days	8.49%	330	-	330
Past due by 241 to 360 days	47.73%	1,612	-	1,612
Overdue for more than 361 days	97.64%	<u>20,646</u>	<u>( 20,159)</u>	<u>487</u>
Total		<u>\$ 309,272</u>	<u>(\$ 20,510)</u>	<u>\$ 288,762</u>

The information about changes in the loss allowance on accounts receivable is as follows:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 20,510	\$ 15,537
Plus: Provision of impairment loss for the current year	-	5,179
Less: Actual write-offs in the current year	( 7,396)	-
Less: Reversal of impairment loss for the current year	( 53)	-
Foreign currency translation difference	<u>224</u>	<u>( 206)</u>
Year-end balance	<u>\$ 13,285</u>	<u>\$ 20,510</u>

Please refer to Note XXVII "Financial instruments" (III) for information on the transfer of financial assets for the amount and related terms of the accounts receivable assigned by the Company.

Please refer to Note XXIX for the amount of accounts receivable set by the Company as collateral for borrowings.

#### VIII. Inventory

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$112,212	\$102,933
Work-in-progress and semi-finished products	64,038	83,926
Raw materials	<u>146,966</u>	<u>155,342</u>
	<u>\$323,216</u>	<u>\$342,201</u>

The inventory-related costs of sales in 2022 and 2021 were NT\$1,124,876 thousand and NT\$1,118,514 thousand, respectively. The cost of sales for 2022 and 2021, including inventory valuation and obsolescence losses, was NT\$6,349 thousand and NT\$10,900 thousand.

IX. Non-current Assets Held for Sale

December 31,  
2021

Land and buildings for sale

\$282,940

On December 15, 2021, the Company's board of directors resolved to sell the land and buildings of the Hsinchu Factory, and on December 22, 2021, a sales contract was signed with a non-related party for a total contract price of NT\$840,379 thousand. The transfer process has been completed in March 2022.

X. Subsidiary

(1) Subsidiaries included in the consolidated financial statements

The entities preparing the consolidated financial statements are as follows:

Name of investment company	Name of subsidiary	Nature of business	Percentage of shareholding		Explanation
			December 31, 2022	December 31, 2021	
Xu Yuan Company	Hong Yuan Packaging Technology Co., Ltd. (Hong Yuan Company)	Manufacturing and wholesale of plastic products and related machinery and molds	100%	100%	-
	XU YUAN PACKAGING TECHNOLOGY CO., LTD. (XU YUAN Company)	General investment	100%	100%	-
	DASE-SEAL PACKAGING TECHNOLOGY CO.,LTD. (DASE-SEAL Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	-
	XYP Japan Co., Ltd. (XYP JAPAN Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	-
	XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD. (XYP India Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	-
	Director, XYPD DO BRASIL EMBALAGENS LTDA. (XYPD Company)	Manufacturing and sale of color shrink labels	51%	51%	Note

(Continued on next page)

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Name of investment company	Name of subsidiary	Nature of business	Percentage of shareholding		Explanation
			December 31, 2022	December 31, 2021	
Xu Yuan Company	PT. XUYUAN PACKAGING TECHNOLOGY INDONESIA (PT. XUYUAN Company)	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	62%	62%	Note
	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA (PT. Chen Hong Company)	Manufacturing and sale of plastic granules and transparent film materials	10%	10%	-
	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA (PT. CHENG Kuang Company)	Manufacture and sale of complete sets of labeling machines and other equipment	95%	95%	-
XU YUAN Company	Hongxu Packaging Machinery (Shanghai) Co., Ltd. (Shanghai Hongxu Company)	Manufacture of other plastic products	100%	100%	-
Hong Yuan Company	HONG SHENG HOLDING LTD. (HONG SHENG Company)	General investment	100%	100%	-
	PT. Chen Hong Company	Manufacturing and sale of plastic granules and transparent film materials	90%	90%	-
	PT. CHENG Kuang Company	Manufacture and sale of complete sets of labeling machines and other equipment	5%	5%	-
HONG SHENG Company	HONG TAI GLOBAL TRADING CO., LTD. (Hong Tai Company)	Sale of packaging machinery and plastic products	100%	100%	-

Note: The shares of the non-controlling equity held by the other non-controlling shareholders of XYPD Company and PT. XUYUAN Company are listed in the non-controlling equity and non-controlling equity income in this consolidated financial statements.

(II) Subsidiaries with significant non-controlling equity

Name of subsidiary	Principal place of business	Percentage of shareholding and voting rights held by non-controlling interests	
		December 31, 2022	December 31, 2021
XYPD Company	Brazil	49%	49%
PT. XUYUAN Company	Indonesia	38%	38%

  

Name of subsidiary	Profit or loss allocated to non-controlling equity		Non-controlling interests	
	2022	2021	December 31, 2022	December 31, 2021
XYPD Company	\$ 19,704	(\$ 4,218)	\$ 21,643	\$ 1,441
PT. XUYUAN Company	(\$ 3,447)	\$ 1,795	\$ 90,018	\$ 93,340



The summarized financial information of each subsidiary is based on the amount before writing off the intercompany transactions:

XYPD Company

	December 31, 2022	December 31, 2021
	<u>2022</u>	<u>2021</u>
Current asset	\$180,373	\$144,852
Non-current assets	93,663	85,002
Current liabilities	( 182,125)	( 224,333)
Non-current liabilities	( <u>47,737</u> )	( <u>2,581</u> )
Equity	<u>\$ 44,174</u>	<u>\$ 2,940</u>
Equity attributable to:		
Owners of the Company	\$ 22,531	\$ 1,499
Non-controlling interests of XYPD Company	<u>21,643</u>	<u>1,441</u>
	<u>\$ 44,174</u>	<u>\$ 2,940</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$186,898</u>	<u>\$155,912</u>
Current net profit (loss)	\$ 40,212	(\$ 8,607)
Other comprehensive income	<u>1,022</u>	( <u>1,530</u> )
Total comprehensive income	<u>\$ 41,234</u>	( <u>\$ 10,137</u> )
Net profit (loss) attributable to:		
Owners of the Company	\$ 20,508	(\$ 4,389)
Non-controlling interests of XYPD Company	<u>19,704</u>	( <u>4,218</u> )
	<u>\$ 40,212</u>	( <u>\$ 8,607</u> )
Total comprehensive income attributable to:		
Owners of the Company	\$ 21,032	(\$ 5,167)
Non-controlling interests of XYPD Company	<u>20,202</u>	( <u>4,970</u> )
	<u>\$ 41,234</u>	( <u>\$ 10,137</u> )
Cash flows		
Operating activities	\$ 18,990	\$ 7,480
Investing activities	( 10,574)	( 5,720)
Financing activities	<u>11,198</u>	( <u>1,964</u> )
Net cash inflow (outflow)	<u>\$ 19,614</u>	( <u>\$ 204</u> )

PT. XUYUAN Company

	December 31, 2022	December 31, 2021
Current asset	\$161,889	\$171,512
Non-current assets	190,086	204,609
Current liabilities	( 114,888)	( 130,490)
Non-current liabilities	( <u>201</u> )	<u>-</u>
Equity	<u>\$236,886</u>	<u>\$245,631</u>
Equity attributable to:		
Owners of the Company	\$146,868	\$152,291
PT. Non-controlling interests of XUYUAN Company	<u>90,018</u>	<u>93,340</u>
	<u>\$236,886</u>	<u>\$245,631</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$222,078</u>	<u>\$229,345</u>
Net profit (loss) of the year	(\$ 9,071)	\$ 4,724
Other comprehensive income	<u>326</u>	( <u>6,097</u> )
Total comprehensive income	<u>(\$ 8,745)</u>	<u>(\$ 1,373)</u>
Net profit (loss) attributable to:		
Owners of the Company	(\$ 5,624)	\$ 2,929
PT. Non-controlling interests of XUYUAN Company	<u>( 3,447)</u>	<u>1,795</u>
	<u>(\$ 9,071)</u>	<u>\$ 4,724</u>
Total comprehensive income attributable to:		
Owners of the Company	(\$ 5,423)	(\$ 851)
PT. Non-controlling interests of XUYUAN Company	<u>( 3,322)</u>	<u>( 522)</u>
	<u>(\$ 8,745)</u>	<u>(\$ 1,373)</u>
Cash flows		
Operating activities	\$ 11,911	(\$ 24,692)
Investing activities	<u>( 512)</u>	<u>( 2,594)</u>
Net cash inflow (outflow)	<u>\$ 11,399</u>	<u>(\$ 27,286)</u>

XI. Investment under equity method

	December 31, 2022	December 31, 2021
Associates that are not individually material		
SLEEVE SEAL, LLC	<u>\$ 35,923</u>	<u>\$ 27,570</u>

The Company's percentages of ownership interests and voting rights in associates at the balance sheet date are as follows:

Company name	Percentage of shareholding and voting rights	
	December 31, 2022	December 31, 2021
SLEEVE SEAL, LLC	35%	35%

For information on the nature of business, principal place of business, and country of incorporation of the affiliated enterprise referred to above, refer to Note XXXII "Information about investees and regions where the company is situated."

The investment under the equity method and the Company's share of profit or loss and other comprehensive income are calculated based on the financial statements not audited by CPAs; however, the management of the Company have a significant impact. The Company's management, nevertheless, held the opinion that since the financial statement of the aforementioned investee has not been duly audited by the certified public accountants, the said facts would not have a significant impact.

The aggregate information of affiliates that are not individually material is as follows:

	2022	2021
The Company's share		
Current net profit (loss)	\$ 2,521	(\$ 1,948)
Other comprehensive income	<u>3,377</u>	<u>(4,781)</u>
Total comprehensive income	<u>\$ 5,898</u>	<u>(\$ 6,729)</u>

## XII. Property, plant and equipment

	December 31, 2022					December 31, 2021			
Own use	<u>\$872,567</u>					<u>\$852,534</u>			
(1) Own use									
	Land	Houses and buildings	Machinery and equipment	Income-generating instruments	Transportation equipment	Lease improvement	Other equipment	Construction not completed	Total
<u>Cost</u>									
Balance as of January 1, 2022	\$ 226,446	\$ 344,959	\$ 647,097	\$ 2,778	\$ 11,680	\$ 15,673	\$ 200,239	\$ 45,022	\$1,493,894
Increase	-	10,898	9,883	118	-	917	24,303	18,193	64,312
Reclassification	-	18,723	9,226	-	-	-	7,252	2,618	37,819
Disposal	-	( 960)	( 36,137)	-	( 2,373)	-	( 6,652)	-	( 46,122)
Net exchange differences	1,175	1,560	9,346	5,028	( 5,007)	-	4,205	-	16,307
Balance as of December 31, 2022	<u>\$ 227,621</u>	<u>\$ 375,180</u>	<u>\$ 639,415</u>	<u>\$ 7,924</u>	<u>\$ 4,300</u>	<u>\$ 16,590</u>	<u>\$ 229,347</u>	<u>\$ 65,833</u>	<u>\$1,566,210</u>
<u>Accumulated depreciation and impairment</u>									
Balance as of January 1, 2022	\$ -	\$ 117,471	\$ 400,836	\$ 2,778	\$ 8,212	\$ 14,975	\$ 97,088	\$ -	\$ 641,360
Depreciation expense	-	13,220	51,324	588	238	565	20,104	-	86,039
Disposal	-	( 880)	( 35,400)	-	( 1,608)	-	( 4,728)	-	( 42,616)
Recognized as impairment loss	-	-	805	15	-	700	827	-	2,347
Net exchange differences	-	562	4,559	2,931	( 2,793)	( 7)	1,261	-	6,513
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 130,373</u>	<u>\$ 422,124</u>	<u>\$ 6,312</u>	<u>\$ 4,049</u>	<u>\$ 16,233</u>	<u>\$ 114,552</u>	<u>\$ -</u>	<u>\$ 693,643</u>
Net amount as of December 31, 2022	<u>\$ 227,621</u>	<u>\$ 244,807</u>	<u>\$ 217,291</u>	<u>\$ 1,612</u>	<u>\$ 251</u>	<u>\$ 357</u>	<u>\$ 114,795</u>	<u>\$ 65,833</u>	<u>\$ 872,567</u>
<u>Cost</u>									
Balance as of January 1, 2021	\$ 438,534	\$ 475,514	\$ 745,385	\$ 8,517	\$ 7,418	\$ 15,674	\$ 192,851	\$ 16,097	\$1,899,990
Increase	-	846	19,593	-	-	438	24,073	47,528	92,478
Reclassification	-	84	11,239	-	-	-	2,912	( 18,603)	( 4,368)
Disposal	-	-	( 116,889)	( 592)	( 375)	( 294)	( 2,934)	-	( 121,084)
Reclassified as held for sale	( 207,445)	( 130,029)	-	( 463)	-	-	( 13,028)	-	( 350,965)
Net exchange differences	( 4,643)	( 1,456)	( 12,231)	( 4,684)	4,637	( 145)	( 3,635)	-	( 22,157)
Balance as of December 31, 2021	<u>\$ 226,446</u>	<u>\$ 344,959</u>	<u>\$ 647,097</u>	<u>\$ 2,778</u>	<u>\$ 11,680</u>	<u>\$ 15,673</u>	<u>\$ 200,239</u>	<u>\$ 45,022</u>	<u>\$1,493,894</u>
<u>Accumulated depreciation and impairment</u>									
Balance as of January 1, 2021	\$ -	\$ 168,218	\$ 418,684	\$ 5,561	\$ 5,582	\$ 13,592	\$ 89,086	\$ -	\$ 700,723
Depreciation expense	-	18,815	63,336	616	575	1,797	18,538	-	103,677
Disposal	-	-	( 111,488)	( 592)	( 330)	( 294)	( 2,832)	-	( 115,536)
Recognized as impairment loss	-	-	35,143	-	-	-	-	-	35,143
Reclassified as held for sale	-	( 69,093)	-	( 273)	-	-	( 6,825)	-	( 76,191)
Net exchange differences	-	( 469)	( 4,839)	( 2,534)	2,385	( 120)	( 879)	-	( 6,456)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 117,471</u>	<u>\$ 400,836</u>	<u>\$ 2,778</u>	<u>\$ 8,212</u>	<u>\$ 14,975</u>	<u>\$ 97,088</u>	<u>\$ -</u>	<u>\$ 641,360</u>
Net amount as of December 31, 2021	<u>\$ 226,446</u>	<u>\$ 227,488</u>	<u>\$ 246,261</u>	<u>\$ -</u>	<u>\$ 3,468</u>	<u>\$ 698</u>	<u>\$ 103,151</u>	<u>\$ 45,022</u>	<u>\$ 852,534</u>

The Company evaluated that the decrease in future economic effect of some of the fixed assets will result in the recoverable amount being less than the book value. Therefore, NT\$2,347 thousand and NT\$35,143 thousand were recognized as impairment loss in 2022 and 2021. The impairment loss has been included into the other gains and losses in the standalone income statement.

The Company determines the recoverable amount based on the fair value less the disposal cost. The relevant fair value is determined by the

market method. The main assumption includes the estimated selling value and belongs to Level 3 fair value measurement.

Depreciation expenses are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Houses and buildings	
Plant and main building	15 to 30 years
Electromechanical power equipment and engineering	2 to 22 years
Machinery and equipment	2 to 10 years
Income-generating instruments	2 to 8 years
Transportation equipment	3 to 5 years
Lease improvement	5 to 8 years
Other equipment	2 to 20 years

Please refer to Note XXIX for the amount of property, plant and equipment pledged for borrowings.

XIII. Lease agreement

(1) right-of-use asset

	December 31, 2022	December 31, 2021
	<u>2022</u>	<u>2021</u>
Book value of right-of-use assets		
Building	\$ 26,603	\$ 5,640
Machinery and equipment	905	347
Transportation equipment	<u>3,265</u>	<u>3,096</u>
	<u>\$ 30,773</u>	<u>\$ 9,083</u>
	<u>2022</u>	<u>2021</u>
Increase in right-of-use assets	<u>\$ 35,940</u>	<u>\$ 7,796</u>
Depreciation expense of right-of-use assets		
Building	\$ 8,460	\$ 5,523
Machinery and equipment	529	531
Transportation equipment	<u>3,968</u>	<u>4,946</u>
	<u>\$ 12,957</u>	<u>\$ 11,000</u>

(II) lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Liquidity	<u>\$ 7,742</u>	<u>\$ 3,160</u>
Non-current	<u>\$ 17,696</u>	<u>\$ 660</u>

The range of the discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Building	2.48%~9.95%	3.85%~8%
Machinery and equipment	1.85%~2.48%	1.85%
Transportation equipment	1.85%~9.95%	1.85%~9.95%

(III) Significant lease activities and terms and conditions

The Company leases machinery and transportation equipment for product manufacturing, and the lease term is 2 to 3 years. At the end of the lease term, there is no clause for renewal of lease or purchase option in said lease agreements.

The Company also leases buildings for use as factory buildings, offices, warehouses, and employee dormitories. The lease terms are 1 to 5 years. At the end of the lease term, the Company does not have preferential rights to acquire the land and buildings leased, and it is agreed that the Company shall not sublease or transfer the whole or part of the subject matter of the lease without the consent of the lessor.

(IV) Other lease information

	2022	2021
Short-term rental expenses	<u>\$ 6,095</u>	<u>\$ 6,758</u>
Total cash outflow for leases	<u>\$ 17,856</u>	<u>\$ 16,265</u>

The Company has elected to apply the recognition exemption to buildings, machinery, equipment, and transportation equipment that qualify as short-term leases, and has not recognized right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 18,550	\$ 424	\$ 18,974
Acquired separately	289	-	289
Disposal	( 100)	-	( 100)
Balance as of December 31, 2022	<u>\$ 18,739</u>	<u>\$ 424</u>	<u>\$ 19,163</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2022	\$ 14,010	\$ 424	\$ 14,434
Amortized expenses	1,052	-	1,052
Disposal	( 100)	-	( 100)
Balance as of December 31, 2022	<u>\$ 14,962</u>	<u>\$ 424</u>	<u>\$ 15,386</u>
Net amount as of December 31, 2022	<u>\$ 3,777</u>	<u>\$ -</u>	<u>\$ 3,777</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 16,298	\$ 424	\$ 16,722
Acquired separately	3,475	-	3,475
Disposal	( 1,223)	-	( 1,223)
Balance as of December 31, 2021	<u>\$ 18,550</u>	<u>\$ 424</u>	<u>\$ 18,974</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2021	\$ 14,390	\$ 424	\$ 14,814
Amortized expenses	778	-	778
Disposal	( 1,158)	-	( 1,158)
Balance as of December 31, 2021	<u>\$ 14,010</u>	<u>\$ 424</u>	<u>\$ 14,434</u>
Net amount as of December 31, 2021	<u>\$ 4,540</u>	<u>\$ -</u>	<u>\$ 4,540</u>

Amortization expenses are accrued on a straight-line basis over the following useful years:

Computer software	3 to 5 years
Others	3 years

XV. Other current assets

	December 31, 2022	December 31, 2021
Payment on behalf of others	\$ 15,680	\$ 14,380
Temporary payment	13,047	24,205
Prepaid rent and other prepaid expenses	5,965	6,398
Prepayment for purchase	9,685	7,146
Retained tax credit	4,468	3,322
Tax refund receivable	-	2,743
Others	<u>47,834</u>	<u>40,282</u>
	<u>\$ 96,679</u>	<u>\$ 98,476</u>

XVI. Borrowings

(1) Short-term borrowings

	December 31, 2022	December 31, 2021
<u>Secured borrowings (Note XXIX)</u>		
Borrowings for working capital (1)	\$ 5,000	\$ -
<u>Unsecured borrowings</u>		
Borrowings for working capital (2)	105,000	135,000
Letter of credit (3)	<u>12,301</u>	<u>49,010</u>
	<u>\$122,301</u>	<u>\$184,010</u>

1. The interest rate on bank loans for revolving funds as of December 31, 2022 was 2.975%.
2. The interest rates of bank working capital borrowings as of December 31, 2022 and 2021 were 2.251% to 2.76% and 1.75% to 2.25%, respectively.
3. The interest rate of bank letters of credit as of December 31, 2022 and 2021 were 2.251% and 1.75% to 2.05%, respectively.



(II) Long-term borrowings

	December 31, 2022	December 31, 2021
<u>Secured borrowings (Note XXIX)</u>		
Syndicated loans of First Bank and other 8 A-groups (1)	\$ -	\$ 546,000
Syndication of First Bank and other 8 B-groups (2)	472,000	680,000
Bank borrowings (11)	-	19,710
<u>Unsecured borrowings</u>		
Bank borrowings (3)	-	17,376
Bank borrowings (4)	6,545	8,925
Bank borrowings (5)	6,942	9,322
Bank borrowings (6)	7,020	9,360
Bank borrowings (7)	7,400	2,827
Bank borrowings (8)	7,220	9,800
Bank borrowings (9)	7,215	9,500
Bank borrowings (10)	1,823	9,435
Bank borrowings (12)	45,165	-
Bank borrowings (13)	<u>3,120</u>	<u>-</u>
Sub-total	564,450	1,322,255
Less: Portion due within one year	( 93,561 )	( 1,275,511 )
Less: Syndicated loan fees and participation fees	( <u>1,374</u> )	( <u>2,091</u> )
Long-term borrowings	<u>\$ 469,515</u>	<u>\$ 44,653</u>

1. The syndicated loan of First Bank and other 8 banks was mortgaged and secured with the land and buildings of Xu Yuan Company (see Note XXIX). From December 2019 to December 2024, it was amortized in 9 instalments. The annual interest rate on the principal is floating. The effective interest rate on December 31, 2021 was 1.89%.
2. The syndicated loan of First Bank and other 8 banks was mortgaged and secured with the land and buildings owned by Xu Yuan Company (see Note XXIX). The loan facility may be drawn on a revolving basis from December 2019 to December 2024, with a deduction of the credit line starting from the third year of maturity. The effective interest rate as of December 31, 2022 and 2021, was 2.3263% and 2.22%, respectively.

3. From October, 2019 to October 2022, it will be repaid quarterly with the annual interest rate floating. The effective annual interest rate on December 31, 2021 is 4.75%.
4. From September 2020 to September 30, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.47% and 1.845%, respectively.
5. From November 2020 to November 4, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.345% and 1.845%, respectively.
6. From December 2020 to December 3, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.345% and 1.845%, respectively.
7. From January 2021 to January 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.345% and 1.845%, respectively.
8. From February 2021 to February 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.345% and 1.845%, respectively.
9. From March 2021 to March 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.345% and 1.845%, respectively.
10. From September 11, 2019 to September 11, 2024, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 2.921% and 2.49%, respectively.
11. It is partially secured by accounts receivable (see Notes VII and XXIX). It is repaid monthly from October 2021 to December 2022, with an effective interest rate of 1.20% - 2.12% per month as of December 31, 2021 .
12. From December of 2022 to 2025, it will be repaid quarterly with the annual interest rate floating. The effective annual interest rate on December 31, 2022 and 2021 is 8.52%.

13. From January 2022 to January 2025, it will be repaid monthly. The effective annual interest rate on December 31, 2022 is 1.8925%.

Syndicated loan with First Bank

The Company shall maintain the following financial ratios and requirements in the consolidated financial statements at the end of each year throughout the duration of the credit extension:

1. The current ratio (current assets/current liabilities less medium and long-term liabilities due within a year) shall be maintained at or above 100%;
2. The debt ratio [(debt less cash and cash equivalents)/tangible net worth] shall be maintained below 200%.
3. The interest coverage ratio ((pre-tax net profit + interest expense + depreciation + amortization)/interest expense) shall be maintained at 3 times or above;
4. The minimum tangible net worth (net worth - intangible assets - deferred expenses) shall be maintained at more than NT\$600 million (inclusive).

If the above requirements are not met, the interest rate of the syndicated loan shall be increased by 0.10%, and the Company shall make adjustments before the annual consolidated financial statements are audited and verified in the next fiscal year (hereinafter referred to as the "improvement period") to conform with the agreement. The improvement period shall not be deemed as a breach of contract (however, if the improvement is not completed within the improvement period, it still constitutes a breach of contract). However, during the improvement period, except for the loaning of new loans and repayment of the old loans under the terms of this contract, the use of this loan shall be suspended.

The Company's financial ratios as of December 31, 2022 did not violate the above requirements.

XVII. Notes payable and accounts payable

	December 31, 2022	December 31, 2021
<u>Notes payable</u>		
Occurred due to business operations	\$ <u>50,633</u>	\$ <u>44,314</u>
<u>Accounts payable</u>		
Occurred due to business operations	\$ <u>118,827</u>	\$ <u>155,736</u>

The average credit period for some products purchased is 30 to 120 days. The Company has financial risk management policies in place to ensure that all payables are repaid within the pre-agreed credit term.

XVIII. Other payables and other current liabilities

	December 31, 2022	December 31, 2021
Salaries and bonuses payable	\$ 22,740	\$ 15,166
Payable employee bonus and remuneration to directors	21,574	-
Insurance premium payable	1,154	2,640
Output tax	-	6,231
Others (Note)	<u>48,600</u>	<u>13,320</u>
	<u>\$ 94,068</u>	<u>\$ 37,357</u>

Note: As of December 31, 2022, including Chiayi Factory's approved air pollution control fee payable of NT\$30,806 thousand.

XIX. Post-employment benefit plans

Xu Yuan and Hong Yuan Companies' pension system under the Labor Pension Act is a government-managed defined contribution pension plan. The Company contributes 6% of employees' monthly salary as pension fund to the personal accounts of the Bureau of Labor Insurance.

XX. Equity

(I) Common stock/share capital

	December 31, 2022	December 31, 2021
Authorized number of shares (in thousand)	<u>65,000</u>	<u>65,000</u>
Authorized capital	<u>\$650,000</u>	<u>\$650,000</u>
Number of shares issued and fully paid (thousand shares)	<u>54,817</u>	<u>54,817</u>
Issued capital stock	<u>\$548,171</u>	<u>\$548,171</u>

(II) Additional paid-in capital

	December 31, 2022	December 31, 2021
<u>Can be used to offset losses, distribute cash or capitalize on share capital (Note)</u>		
Premium from stock issuance	\$ 26,844	\$ 26,844
Corporate bond conversion premium	61,412	61,412
Premium from stock issuance (executed employee share warrants)	773	773
Treasury stock trading	19	19
<u>Not to be used for any purpose</u>		
Stock options	<u>293</u>	<u>293</u>
	<u>\$ 89,341</u>	<u>\$ 89,341</u>

Note: Such capital surplus may be used to offset a deficit, and may be distributed as cash or applied to share capital when the Company has no deficits, provided that the capital surplus shall not exceed a certain percentage of the Company's paid-in share capital each year.

(III) Retained earnings and dividend policy

According to the Xu Yuan Company's Articles of Incorporation, the Company authorizes the Board of Directors to make special resolutions, to distribute dividends and bonuses that shall be distributed in cash, and to report to the shareholders' meeting.

According to the earnings distribution policy stipulated in the Xu Yuan Company's Articles of Incorporation, if the Company has current profit after tax in the year's accounts, the accumulated losses shall be covered first and then 10% shall be set aside as the legal reserve as required by law; where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The special reserve is then appropriated or reversed in accordance with laws or regulations of the competent authority. If there are earnings still to be distributed, such as undistributed earnings of the beginning of the year, the Board of Directors is to propose an earnings distribution proposal for submission to the shareholders' meeting to resolve the distribution of

dividends to shareholders. Please refer to Note XXII (VII) for the employees' and directors' remuneration distribution policy stipulated in the Xu Yuan Company's Articles of Incorporation.

Xu Yuan Company will manage its future capital expenditures, business expansion and sound financial plan in line with the environment and growth stage it is at in the pursuit of sustainable development. Xu Yuan Company's dividend policy shall adopt a joint distribution method for the stock and cash dividends of the above-mentioned earnings distribution for shareholders dividends depending on the future capital expenditure budget and funding requirements of Xu Yuan Company. The cash dividends shall account for at least 10% of the entire dividends.

The legal reserve shall be appropriated until the balance reaches the Company's paid-in capital. Legal reserves may be used to offset losses. If the Company has no deficit, the portion exceeding 25% of the paid-in capital by the legal reserve may be appropriated into capital or distributed in cash.

Due to the net loss after tax in 2021 and 2020, Xu Yuan Company held a shareholders' meeting on June 8, 2022 and July 15, 2021, respectively, and it was resolved not to distribute the earnings.

The 2022 profit and loss supplementary statement has yet to be proposed by the Company's Board of Directors and will be resolved in the shareholders annual general meeting to be held on June 9, 2023.

(IV) Special reserves

	<u>2022</u>	<u>2021</u>
Opening and closing balances	<u>\$ 38,179</u>	<u>\$ 38,179</u>

(V) Other items of equity

Exchange difference on translation of financial statements of foreign operations

	<u>2022</u>	<u>2021</u>
Opening balance	(\$ 69,161)	(\$ 59,560)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>4,415</u>	( <u>9,601</u> )
Year-end balance	<u>(\$ 64,746)</u>	<u>(\$ 69,161)</u>

(VI) Non-controlling interests

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 94,781	\$100,273
Portions attributable to non-controlling equity		
Current net profit (loss)	16,257	( 2,423)
Exchange difference on translation of financial statements of foreign operations	<u>623</u>	( <u>3,069</u> )
Year-end balance	<u>\$111,661</u>	<u>\$ 94,781</u>

XXI. Income

	<u>2022</u>	<u>2021</u>
Revenue from Contracts with Customers		
Revenue from sale of goods	\$ 1,269,086	\$ 1,286,082
Revenue from royalties (Note XXVIII)	<u>777</u>	<u>1,673</u>
	<u>\$ 1,269,863</u>	<u>\$ 1,287,755</u>

(1) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Accounts receivable (Note VII)	<u>\$ 254,236</u>	<u>\$ 288,762</u>	<u>\$ 286,442</u>
Contract liabilities			
Sales of goods	<u>\$ 9,521</u>	<u>\$ 21,894</u>	<u>\$ 15,676</u>

Changes in contract liabilities are mainly due to the difference between the time when the performance obligation is met and the time when the customer makes the payment.

(II) Breakdown of revenue from contracts with customers

	<u>2022</u>	<u>2021</u>
Taiwan	\$ 531,520	\$ 594,834
Asia	376,693	307,354
Americas	349,620	376,698
Others	<u>12,030</u>	<u>8,869</u>
	<u>\$ 1,269,863</u>	<u>\$ 1,287,755</u>

XXII. Current net profit (loss)

Net income (loss) for the year includes the following:

(1) Income from interest

	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 1,250	\$ 788
Others	<u>26</u>	<u>26</u>
	<u>\$ 1,276</u>	<u>\$ 814</u>

(II) Other income

	<u>2022</u>	<u>2021</u>
Government subsidy income (Note XXV)	\$ 5,000	\$ 6,763
Rent income	<u>6</u>	<u>158</u>
	<u>\$ 5,006</u>	<u>\$ 6,921</u>

(III) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains on disposal of non-current assets to be sold	\$541,195	\$ -
Net foreign currency exchange gain (loss)	48,092	( 36,630)
Gain on disposal of property, plant and equipment	3,023	9,648
Impairment losses of property, plant and equipment	( 2,347)	( 35,143)
Others	<u>10,074</u>	<u>( 3,929)</u>
	<u>\$600,037</u>	<u>(\$ 66,054)</u>



(IV) Financial cost

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 22,633	\$ 32,624
Interest on lease liabilities	175	186
Less: Amount included in the cost of assets for meeting the criteria	( <u>4,017</u> )	( <u>2,530</u> )
	<u>\$ 18,791</u>	<u>\$ 30,280</u>

Information about capitalization of interest is as follows:

	<u>2022</u>	<u>2021</u>
Amount of capitalized interest	\$ 4,017	\$ 2,530
Interest rate of capitalized interest	2.22%	1.89%

(V) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Depreciation expenses by function		
Operating cost	\$ 65,370	\$ 81,712
Operating expenses	<u>33,626</u>	<u>32,965</u>
	<u>\$ 98,996</u>	<u>\$114,677</u>
Amortization expenses are summarized by function		
Administrative expenses	<u>\$ 1,052</u>	<u>\$ 778</u>

(VI) Employee welfare expenses

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$208,337	\$192,490
Post-employment benefits		
Defined contribution plans	6,500	7,427
Other employee benefits	<u>25,469</u>	<u>27,196</u>
Total employee benefit expenses	<u>\$240,306</u>	<u>\$227,113</u>
Summary by function		
Operating cost	\$144,741	\$151,786
Operating expenses	<u>95,565</u>	<u>75,327</u>
	<u>\$240,306</u>	<u>\$227,113</u>

(VII) Employees' compensation and remuneration of directors

According to Xu Yuan Company's Articles of Incorporation, no less than 4% and no more than 4% of the pre-tax income before deduction of employees' and directors' remuneration, respectively, shall be appropriated as remuneration to employees and directors. If there are still accumulated deficits, the amount shall be set aside to cover the losses first. The remuneration to employees referred to in the preceding paragraph may be paid in the form of shares or cash, and the allocation may include employees of affiliated companies that meet certain criteria; the remuneration to directors referred to above may be paid in cash only.

The estimated 2022 employees' compensation and remuneration of directors for the year ended March 16, 2023:

Estimated allowance

	<u>2022</u>
Employee remuneration	4.80%
Remuneration to directors	2.88%

Amount

	<u>2022</u>
Employee remuneration	\$ 13,484
Remuneration to directors	8,090

On March 18, 2022, the Board of Directors decided not to distribute remuneration to employees and directors for 2021 due to a loss before tax.

If there is still a change in the amounts after the annual consolidated financial statements were approved for issue, they are treated as changes in accounting estimates and adjusted and accounted for in the following year.

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

XXIII. Income Taxes

(1) Income tax recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current income tax		
Incurred in the current year	\$ 17,929	\$ -
Adjustments made in previous years	<u>1,572</u>	<u>1,631</u>
Income tax expenses recognized in profit or loss	<u>\$ 19,501</u>	<u>\$ 1,631</u>

The accounting income and income tax expenses are reconciled as follows:

	<u>2022</u>	<u>2021</u>
Income (loss) before tax	<u>\$510,908</u>	<u>(\$114,522)</u>
Income tax expense of income (loss) before tax at the statutory tax rate (20%)	\$102,182	(\$ 22,904)
Non-deductible (non-weighted) profit and loss for tax purposes	( 107,880)	13,005
Land value increment tax	11,516	-
Unrecognized temporary difference	( 9,137)	3,176
Unrecognized loss carryforwards	20,746	6,723
Effect of different tax rates applicable to the consolidated entity	502	-
Adjustments to current income tax expenses of previous years	<u>1,572</u>	<u>1,631</u>
Income tax expenses recognized in profit or loss	<u>\$ 19,501</u>	<u>\$ 1,631</u>

The individual tax rate applicable to Xu Yuan Company and Hong Yuan Company under the Income Tax Act of the Republic of China is 20%; the tax rate applicable to subsidiaries in China is 25%; the tax amount generated in other jurisdictions is calculated according to the tax rate applicable to the respective jurisdiction.

(II) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivable	\$ <u>11</u>	\$ <u>34</u>
Current income tax liabilities		
Income tax payable	\$ <u>27</u>	\$ <u>155</u>

(III) Deferred tax assets

Changes in deferred income tax assets are as follows:

2022

Deferred tax assets	Opening balance	Recognized in profit or loss	Year-end balance
Temporary difference	\$ <u>8,189</u>	\$ <u>-</u>	\$ <u>8,189</u>

2021

Deferred tax assets	Opening balance	Recognized in profit or loss	Year-end balance
Temporary difference	\$ <u>8,189</u>	\$ <u>-</u>	\$ <u>8,189</u>

(IV) Unused loss carryforwards of deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carryforwards		
Mature in 2030	\$ 81,239	\$ 81,239
Mature in 2031	33,613	33,613
Mature in 2032	<u>103,731</u>	<u>-</u>
	<u>\$218,583</u>	<u>\$114,852</u>

(V) Information on unused loss carryforwards

As of December 31, 2022, information on loss carryforwards is as follows:

Balance yet to be deducted	Last crediting year
\$ 81,239	2030
33,613	2031
<u>126,762</u>	2032
<u>\$241,614</u>	

(VI) Authorization of income tax

Xu Yuan and Hong Yuan Companies's income tax returns for profit-seeking enterprises up to 2020 have been approved by the taxation authorities.

XXIV. Earnings (losses) per share

	Unit: NTD per share	
	<u>2022</u>	<u>2021</u>
Basic earnings (loss) per share		
From continuing operations	<u>\$ 8.67</u>	<u>(\$ 2.07)</u>
Diluted earnings (loss) per share		
From continuing operations	<u>\$ 8.50</u>	<u>(\$ 2.07)</u>

The net income (loss) and the weighted average number of ordinary shares issued for the calculation of earnings (loss) per share are as follows:

Current net profit (loss)

	<u>2022</u>	<u>2021</u>
Net income (loss) used to calculate basic and diluted earnings (loss) per share	<u>\$475,150</u>	<u>(\$113,730)</u>

Number of shares

	Unit: Thousand shares	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in calculating basic earnings (loss) per share	54,817	54,817
Effect of potential dilutive common stock:		
Employee remuneration	<u>1,062</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>55,879</u>	<u>54,817</u>

If the Company may choose to distribute the compensation to employees in shares or cash, for the calculation of diluted earnings per share, it is assumed that the compensation to employees will be distributed in shares, and the potential common stock may be included into the weighted average number of

shares outstanding when there is a dilution effect. In the calculation of diluted earnings per share before the number of shares to be distributed to employees is resolved in the following year, the dilutive effect of these potential common shares will also be considered.

XXV. Government grants

Due to the impact of COVID-19, Xu Yuan and Hong Yuan Company applied to the Ministry of Economic Affairs for wage and working capital subsidies for hardships. As of December 31, 2021, the subsidy was approved at \$6,763 thousand.

Xu Yuan Company applied to the Bureau of Energy, Ministry of Economic Affairs for subsidy for the demonstration application of waste heat and waste cooling recovery technology. As of December 31, 2022, the subsidy amounted to NT\$5,000 thousand.

XXVI. Capital risk management

The Company conducts capital management to ensure that it can maximize the return to shareholders under the premise of continuing as a business. There is no material change in the Company's overall strategy.

The capital structure of the Company consists of the net debt (borrowings less cash and cash equivalents) and equity (capital, additional paid-in capital, retained earnings, and other equity items).

The Company is not subject to other external capital requirements.

XXVII. Financial Instruments

(1) Type of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial asset</u>		
Measured at amortized cost		
Cash and cash equivalents	\$ 199,646	\$ 163,591
Notes and accounts receivable - net	301,909	344,755
Accounts receivable - related parties	5,690	3,181
Other receivables - related parties	5,976	11,075
Other financial assets	617	22,706
Refundable deposits	15,765	17,700

## Financial liability

### Measured at amortized cost

Short-term borrowings	122,301	184,010
Notes payable	50,633	44,314
Accounts payable	118,827	155,736
Accounts payable - related parties	339	729
Long-term borrowings (including portion due within one year)	563,076	1,320,164

## (II) Financial risk management objectives and policies

The Company's financial risk management objective is to manage the market risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Company is committed to identifying, evaluating and circumventing uncertainties in the market to reduce the potential adverse impact of market changes on the Company's financial performance.

Important financial activities of the Company are reviewed by the management in accordance with the relevant regulations and internal control system. During the implementation of the financial plan, the Company strictly follows relevant financial operating procedures.

### 1. Market risk

The main financial risks that the Company is exposed to due to the Company's operating activities are the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

#### (1) Exchange rate risk

Some of the Company's inflows and outflows of cash and cash equivalents are denominated in foreign currencies, so they have a natural hedging effect; the Company's exchange rate risk management is based on hedging as its purpose, not profit.

As the net investment in foreign operating institutions is a strategic investment, the Company does not hedge against it.

### Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of USD and JPY.

The following table details the Company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 5% against each relevant foreign currency. The sensitivity analysis takes into account the monetary items denominated in foreign currencies and adjusts their translation at the end of the year based on a 5% change in the exchange rate. The positive numbers in the table below indicate that when the New Taiwan dollar appreciates by 5% against the relevant currencies, the net income before tax will be reduced; when the New Taiwan dollar depreciates by 5% against the relevant foreign currencies, the impact on the net income before tax will be the negative number of the same amount.

	Effect of USD		Effect of JPY	
	2022	2021	2022	2021
Profit and loss	<u>\$ 12,600</u>	<u>\$ 19,433</u>	<u>\$ 521</u>	<u>\$ 575</u>

  

	Effect of Renminbi (RMB/CNY)		Effect of Euro	
	2022	2021	2022	2021
Profit and loss	<u>\$ 1,000</u>	<u>\$ 988</u>	<u>\$ 97</u>	<u>\$ 96</u>

## (2) Interest rate risk

Because the Company holds assets with fixed and floating interest rates at the same time, the exposure to the interest rate risk arises.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	\$ -	\$ -
- Financial liabilities	25,438	3,820
Cash flow interest rate risk		
- Financial assets	198,044	182,224
- Financial liabilities	685,377	1,504,174



## Sensitivity analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. For floating rate assets, the analysis is based on the assumption that the amount of assets outstanding on the balance sheet date was outstanding during the reporting period.

If the interest rate increased/ decreased by 0.1%, with all other variables remaining unchanged, the Company's net income before tax for 2022 and 2021 would have decreased/increased by NT\$427 thousand and NT\$1,322 thousand, respectively. The main reason is the Company's liability exposure risk due to the interest rates changes.

### 2. Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial losses to the Company. As of the balance sheet date, the Company's maximum credit risk exposure of financial losses that may be caused by the counterparty's failure to perform its obligations is mainly from the book value of the financial assets recognized in the consolidated balance sheet.

The accounts receivable are from many customers, and they are distributed in different industries and geographical regions. The Company continuously evaluates the financial status of accounts receivable customers.

### 3. Liquidity risk

The ultimate responsibility for the Company's liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework to meet the Company's short, medium and long-term funding and liquidity management needs. The Company manages liquidity risk by maintaining adequate reserves, bank financing facilities and borrowing commitments, continuously monitoring expected and actual cash flows, and matching the maturing portfolio of financial assets and liabilities. As of December 31, 2022 and 2021, the Company's undrawn short-term banking facilities amounted to NT\$147,699 thousand and NT\$20,837 thousand, respectively.

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

The remaining contractual maturity analysis of non-derivative financial liabilities is based on the earliest date at which the Company may be required to repay and is compiled based on the undiscounted cash flows of financial liabilities, which include cash flows of interest and principal .

December 31, 2022

	Pay on demand or less than 6 months	6 months to 1 year	More than 1 year
<u>Non-derivative financial liabilities</u>			
Non-interest- bearing liabilities	\$ 219,553	\$ -	\$ -
lease liabilities	4,517	3,225	17,696
Short-term borrowings	117,301	5,000	-
Long-term borrowings	<u>12,777</u>	<u>80,784</u>	<u>469,515</u>
	<u>\$ 354,148</u>	<u>\$ 89,009</u>	<u>\$ 487,211</u>

Further information on the maturity analysis of undiscounted lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 to 5 years</u>
lease liabilities	<u>\$ 8,084</u>	<u>\$ 18,126</u>

December 31, 2021

	Pay on demand or less than 6 months	6 months to 1 year	More than 1 year
<u>Non-derivative financial liabilities</u>			
Non-interest- bearing liabilities	\$ 220,803	\$ -	\$ -
lease liabilities	1,864	1,296	660
Short-term borrowings	184,010	-	-
Long-term borrowings	<u>1,207,966</u>	<u>67,545</u>	<u>44,653</u>
	<u>\$ 1,614,643</u>	<u>\$ 68,841</u>	<u>\$ 45,313</u>

Further information on the maturity analysis of undiscounted lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 to 5 years</u>
lease liabilities	<u>\$ 3,208</u>	<u>\$ 665</u>

(III) Information on transfers of financial assets

As of 2021, the amount of the Company's sale of accounts receivable contracts signed with banks was NT\$9,855 thousand. According to the contract, if the accounts receivable cannot be collected on maturity, the bank has the right to demand payment of the unsettled balance from the Company. Therefore, the Company did not transfer the significant risk and return of the accounts receivable. The Company continued to recognize all accounts receivable and used the transferred accounts receivable as collateral for borrowings. Please refer to the notes. VII, XVI, and XXIX.

As of December 31, 2021, the book value of the transferred accounts receivable, yet to be listed, was NT\$9,855 thousand and the book amount of the related liability was NT\$9,855 thousand.

XXVIII. Related party transactions

Transactions, account balances, income, and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated on consolidation and are not disclosed in this note. The transactions between the Company and other related parties are as follows.

(1) Names of related parties and their relationships

Name of Related Party	Relationship with the Company
SLEEVE SEAL, LLC (SSL Company)	Associate
Daseseal Packaging Technology Limitada (Daseseal Company)	Substantive related party
HRP SUL AMERICAIND .E COM .DE MÁQUIAS E EQUIP AMENTOS LTDA. (HRP Company)	Substantive related party
Dase-Sing Packaging Technology Co., LTD. (Dase-Sing Company)	Substantive related party

(II) Operating revenue

Account Items	Category/name of related party	2022	2021
Sales revenue	Associate	\$ 21,708	\$ 36,211
	Substantive related party	<u>211</u>	<u>13</u>
		<u>\$ 21,919</u>	<u>\$ 36,224</u>
Revenue from royalties	Associate		
	SSL Corporation	<u>\$ 777</u>	<u>\$ 1,673</u>

The Company's sales to related parties are conducted in accordance with the general selling conditions, and the collection period is monthly settlement of 30 to 90 days.

The royalty income received by the Company from the affiliated enterprise is subject to the terms and conditions negotiated by both parties.

(III) Purchase of stock

Account Items	Category of related party	2022	2021
Cost of sales	Substantive related party	<u>\$ 3,100</u>	<u>\$ 711</u>

The Company and the related party purchase goods in accordance with the general purchase conditions, and the payment period is determined by the negotiation between the two parties.

(IV) Operating expenses

Account Items	Category/ name of related party	2022	2021
Commission expenses	Substantive related party Daseal Company	<u>\$ 16,106</u>	<u>\$ 17,678</u>

The Company's payment of commission to related parties is negotiated according to the contract between the two parties, and there is no other suitable counterparty for comparison.

(V) Non-operating income and expense

Account Items	Category/ name of related party	2022	2021
Other income	Substantive related party Dase-Sing Company	<u>\$ -</u>	<u>\$ 150</u>

The Company's transactions with related parties are negotiated according to the contract between the two parties, and there is no other suitable counterparty for comparison.

(VI) Receivables from related parties

Account Items	Category/ name of related party	December 31, 2022	December 31, 2021
Accounts receivable - related parties	Associate  SSL Corporation	\$ 5,664	\$ 3,151

	Substantive related party	<u>26</u>	<u>30</u>
		<u>\$ 5,690</u>	<u>\$ 3,181</u>
Other receivables - related parties	Associate SSL Company Substantive related party	\$ 5,976	\$ 10,918
		<u>-</u>	<u>157</u>
		<u>\$ 5,976</u>	<u>\$ 11,075</u>

As of December 31, 2022 and 2021, no loss allowance was provided for accounts receivable-related parties, and the collection period was settled monthly for 30 to 90 days. account receivables. However, the Company accommodates the operation of the related parties by temporarily collecting and paying accounts depending on the status of their funds. Other receivables - related parties are the premiums and royalties receivable from the related parties.

As of December 31, 2022 and 2021, the Company transferred the accounts receivable exceeding the normal collection due date for NT\$5,976 thousand and NT\$10,918 thousand from accounts receivable-related parties to other receivables-related parties, The aging distribution of its accounts is as follows:

December 31, 2022

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Associate	<u>\$ -</u>	<u>\$ 905</u>	<u>\$ 5,071</u>	<u>\$ 5,976</u>

December 31, 2021

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Associate	<u>\$ 857</u>	<u>\$ 7,071</u>	<u>\$ 2,990</u>	<u>\$ 10,918</u>

(VII) Accounts payable to related parties

Account Items	Category of related party	December 31, 2022	December 31, 2021
Accounts payable - related parties	Substantive related party	<u>\$ 339</u>	<u>\$ 729</u>

No collateral was provided for the balance of outstanding accounts payable to related parties.

(VIII) Disposal of property, plant and equipment

<u>Category/name of related party</u>	<u>Disposal price</u>	<u>Gain on disposal</u>
	<u>2021</u>	<u>2021</u>
Substantive related party Dase-Sing Company	<u>\$ 7,948</u>	<u>\$ 7,138</u>

Transactions of property, plant, and equipment between the Company and related parties are conducted at the prices agreed upon by both parties.

(IX) Disposal of intangible assets

<u>Category/name of related party</u>	<u>Disposal price</u>	<u>Loss on disposal</u>
	<u>2021</u>	<u>2021</u>
Substantive related party Dase-Sing Company	<u>\$ 52</u>	<u>(\$ 13)</u>

Transactions of intangible assets between the Company and related parties are conducted at prices agreed upon by both parties.

(X) Others

<u>Account Items</u>	<u>Category of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments for purchases (recorded as other current assets)	Substantive related party	<u>\$ 214</u>	<u>\$ -</u>

(XI) Compensation of key management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 11,806	\$ 10,895
Post-employment benefits	<u>360</u>	<u>371</u>
	<u>\$ 12,166</u>	<u>\$ 11,266</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXIX. Assets pledged as collateral

The Company's following assets have been provided as collateral for long-term and short-term loans:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net amount of property, plant and equipment	\$230,290	\$562,423
Bank deposits (recorded in other financial assets - current)	617	22,706
Trade receivable	<u>-</u>	<u>9,855</u>
	<u>\$230,907</u>	<u>\$604,839</u>

XXX. Significant contingencies and unrecognized contractual commitments

As of the end of December 2022, the Company had issued an unused letter of credit for an amount of NT\$10,000 thousand.

XXXI. Material Events After the Reporting Period

The Company's Board of Directors has resolved on January 12, 2023 to buyback common shares of 600 thousand shares from the centralized securities exchange market. The expected buyback period is from January 13, 2023 to March 12, 2023, and the buyback price range is NT\$12 to NT\$20. The filing of the treasury stock buyback date is January 12, 2023 and its execution has been completed within the two months from the date of filing according to the laws and regulations. Thus, the board meeting on March 10, 2023 has resolved and approved the change to the scheduled buyback period from January 17, 2023 to March 10, 2023. As of March 10, 2023, a total of 568 thousand shares had been repurchased for an amount of NT\$9,450 thousand.

According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and shall not be entitled to the distribution of dividends and voting rights.

XXXII. Assets and liabilities denominated in foreign currencies with significant impacts

The following information is aggregated and expressed in foreign currencies other than each of the Company entity's functional currency. The disclosed exchange rates refer to the exchange rates at which these foreign currencies were converted into the functional currency. Assets and liabilities denominated in foreign currencies with significant impacts:

December 31, 2022

Unit: Each foreign currency is in thousand

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US Dollars	\$ 9,803	30.71	\$ 301,050
Japanese Yen	44,814	0.232	10,415
Euro	59	32.72	1,930
Renminbi	4,535	4.408	<u>19,990</u>
			<u>\$ 333,385</u>
<u>Non-monetary items</u>			
Investment under equity method			
US Dollars	1,170	30.71	<u>\$ 35,923</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
US Dollars	1,597	30.71	<u>\$ 49,044</u>

December 31, 2021

Unit: Each foreign currency is in thousand

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US Dollars	\$ 15,364	27.68	\$ 425,276
Japanese Yen	47,895	0.240	11,495
Euro	61	31.32	1,911
Renminbi	4,550	4.344	<u>19,765</u>
			<u>\$ 458,446</u>
<u>Non-monetary items</u>			
Investment under equity method			
US Dollars	996	27.68	<u>\$ 27,570</u>



Foreign currency  
liabilities

Monetary items

US Dollars 1,323 27.68 \$ 36,621

In 2022 and 2021, the Company's realized and unrealized net gains (losses) on foreign currency exchange were NT\$48,092 thousand and (NT\$36,630) thousand, respectively. Foreign exchange gains and losses are disclosed. Due to the wide variety of foreign currency transactions and the Group's functional currencies, it is difficult to disclose all exchange gains or losses for all foreign currencies based on impact significance.

XXXIII. Disclosures in notes

- (1) Significant transactions and (II) information on investees: Except for the following, there are no other matters to be disclosed. All significant transactions between the parent company and subsidiaries have been eliminated in full when the consolidated financial statements are prepared.

1. Loans to others:

Unit: Unless otherwise stated  
in Thousands of New Taiwan Dollars (NTD)

Serial No.	Company that lent funds	Recipient of loan	Items of the dealings	Whether is a related party	Maximum balance in the current period	Closing balance	Actual Amount Contributed	Interest rate range	Nature of loaning of funds	Amount of business transactions	Reasons for the need for short-term financing	Allowance for bad debt	Collaterals		Limit of lending to individual borrowers (Note 1)	Total limit of loans (Note 2)	Remarks
													Name	Value			
1	Xu Yuan Company	XYPD DO BRASIL EMBALAGENS LTDA.	Other receivables - related parties	Yes	\$166,816	\$155,258	\$ 155,258 (Note 3)	-	Business transactions	2022 Net sales \$ 887	-	\$ -	-	\$ -	\$349,926	\$349,926	-

Note 1: The limit of Xu Yuan's loaning to individual borrowers shall not exceed 40% of the net worth of Xu Yuan.

Note 2: The loaning limit of Xu Yuan to other parties shall not exceed 40% of the net worth of the Company.

Note 3: Eliminated when the consolidated financial statements were prepared.

2. Endorsements and guarantees for others:

Unit: NTD thousand

Endorsing/guaranteeing company name	Endorsed/guaranteed parties		Limit of single enterprise endorsements/guarantees (Note 2)	Maximum endorsement/guarantee balance in the current period	Endorsement/guarantee balance at end of period	Actual Amount Contributed	Endorsement/guarantee amount secured by property	Percentage of cumulative endorsement/guarantee amount to net worth in the most recent financial statements	Maximum amount of endorsements/guarantees (Note 2)	Endorsement/guarantee made by parent company to subsidiary	Endorsement/guarantee provided by the subsidiary to the parent company	Endorsement/guarantee made for Mainland China
	Company name	Relations (Note 1)										
Xu Yuan Company	Hong Yuan Company	2	\$ 874,816	\$ 15,000	\$ 15,000	\$ 6,823	\$ -	1.71%	\$ 874,816	Yes	No	No
	XYPD Company	2	349,926	90,000	50,000	46,065	6,910	5.72%	437,408	Yes	No	No

Note 1: 1. The Company has a business relationship with.

2. Subsidiaries with more than 50% common stock shares held directly.

3. An investee in which the parent company and its subsidiaries hold more than 50% of the common shares in aggregate.

Note 2: According to the "Procedure for Endorsement and Guarantee" of the Company, the amount of endorsement and guarantee made for a single 100%-owned reinvestment enterprise shall not exceed the net worth of the Company; The amount of a single enterprise endorsement and guarantee shall not exceed 40% of the net worth of the company. The total amount of endorsement and guarantee for the reinvested enterprises for which the Company holds 100% of its shares shall not exceed the net worth of the Company; the total amount of endorsements and guarantees for the investees to which the Company does not hold 100% of its shares shall not exceed 50% of the net worth of the Company.

3. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

The company that accounts for the accounts receivable	Name of counterparty	Relations	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Subsequent recovered amount of receivables from related parties	Allowance for bad debt
					Amount	Treatment method		
Xu Yuan Company	XYPD Company	Subsidiary	\$ 157,661	0.57%	\$ 155,258	Continuing collection	\$ 6,622	\$ -

4. The name and location of the investee company and other relevant information:

Name of investment company	Name of investee	Location of the Company	Main business activities	Initial investment amount		Shareholding at the end of the period			Gain (loss) of investees	Investment income (loss) recognized in the current period	Remarks
				End of current period	End of last year	Number of shares (Thousand shares)	Ratio (%)	Carrying amount			
Xu Yuan Company	Hong Yuan Company	Taiwan	Manufacturing and wholesale of plastic products and related machinery and molds	\$ 24,738	\$ 24,738	4,400	100	\$ 13,460	(\$ 7,345)	(\$ 1,862)	Notes 1 and 3
	XU YUAN Company	USA	Overseas holding company	16,000	16,000	700	100	10,477	( 1,120) ( USD 38)	( 1,120)	Note 1
	DASE-SEAL Company	BVI	Sales of sleeve (sticker) labeling machines and color shrink labels	8,336	8,336	320	100	9,466	( 87) ( USD 2)	( 87)	Note 2
	SLEEVE SEAL, LLC	USA	Manufacture and sale of sleeve (applicator) labeling machines and color shrink labels	6,455	6,455	1	35	35,923	7,204 USD 225	2,521	Notes 2 and 3
Xu Yuan Company	XYP JAPAN Company	Japan	Sales of sleeve (sticker) labeling machines and color shrink labels	\$ 25,097	\$ 25,097	8	100	\$ -	\$ - JPY -	\$ -	Note 2
	XYP India Company	India	Sales of sleeve (sticker) labeling machines and color shrink labels	4,255	4,255	22	100	1,871	428 RUPEE 1,124	428	Note 2
	XYPD Company	Brazil	Manufacturing and sale of color shrink labels	63,522	63,522	4,608	51	21,280	40,212 REAL 7,087	20,508	Notes 1 and 3
	PT. XUYUAN Company	Indonesia	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	194,396	194,396	6,200	62	141,878	( 9,071) ( RUPIAH 4,415,810)	( 5,624)	Notes 1 and 3
	PT. Chen Hong Company	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	4,566	4,566	1	10	3,804	3,613 RUPIAH 1,782,000	361	Note 1
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	26,026	26,026	9	95	22,802	129 RUPIAH 63,836	123	Note 1
	Hong Yuan Company	HONG SHENG Company	Samoa	Overseas holding company	3,076	3,076	100	100	7,956	( 1,834) ( USD 62)	( 1,834)
PT. Chen Hong Company		Indonesia	Manufacturing and sale of plastic granules and transparent film materials	41,094	41,094	1	90	39,862	3,613 RUPIAH 1,782,000	3,252	Note 1
PT. CHENG Kuang Company		Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	1,370	1,370	1	5	1,200	129 RUPIAH 63,836	6	Note 1
HONG SHENG Company	Hong Tai Company	Taiwan	Sale of packaging machinery and plastic products	3,000	3,000	300	100	7,872	( 1,834)	( 1,834)	Note 1

Note 1: Calculated based on the investee company's financial statements audited and verified by CPAs during the same period.

Note 2: Calculated based on the investee company's financial statements not audited and verified by CPAs during the same period.

Note 3: Includes write-off of intercompany unrealized gains and losses.

Note 4: As of December 31, 2022, the aforementioned securities were not secured, pledged for borrowings, or otherwise restricted to users as agreed.

(III) Disclosure of investment information in Mainland China

- Name of the investee company in Mainland China, main business activities, paid-in capital, method of investment, inflow and outflow of capital, ownership percentage, investment income or loss, book value of the investment at the end of the year, repatriations of investment income, and limit of investment in Mainland China:

Unit: NTD, CNY, and USD in thousand

Name of investee company in Mainland China	Main business activities	Paid-in capital	Method of investment	Accumulated investment amount remitted from Taiwan at the beginning of the current year	Investment amount remitted outwards or recovered in the current year		Accumulated investment amount remitted from Taiwan at the end of the current year	Gain (loss) of investees	Direct or indirect shareholding of the Company	Investment income (loss) recognized in the current period (Note 2)	Book value of investment at end of period	Investment income repatriated by the end of the year
					Outward remittance	Recovered						
Shanghai Hongxu Company	Assembly of packaging machinery and equipment and spare parts, grinding machines, and giant beds, sales of self-produced products, and provision of related technical consultation and technical services	\$ 20,370 RMB 5,056	Not e 1	\$ 20,370 USD 700	\$ -	\$ -	\$ -	(\$ 1,121) (RMB254)	100%	(\$ 1,121) (RMB254)	\$ 8,572 RMB 1,945	\$ -

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the current year	Investment amount approved by the Investment Commission, MOEA	Per the limit of investment in Mainland China as specified by the Investment Commission, MOEA
\$20,370 USD 700	\$20,370 USD 700 (Note 1)	\$ 524,890

Note 1: Xu Yuan Company has invested in XU YUAN PACKAGING TECHNOLOGY CO., LTD. in December 2009 and indirectly acquired the investee companies in Mainland China. The investment has been approved by the Investment Commission, Ministry of Economic Affairs.

Note 2: The calculation is based on the financial statements of the same period that have not been audited by CPAs.

- The following significant transactions with investee companies in Mainland China, either directly or indirectly through a third region, and their prices, terms of payment, unrealized gains and losses, and other information helpful for understanding the impact of investments in Mainland China on the financial statements: Please refer to Note XXII (V).

- (IV) Information of major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage:

Name of major shareholder	Share	
	Number of shares currently held (share)	Share holding ratio
Xu Yao Investment Co., Ltd.	9,081,949	16.56%
Xu Hung Investment Co., Ltd.	4,265,288	7.78%
Ya-Ping Chuang	3,244,015	5.91%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the Company's common and special shares that have

completed scriptless registration (including treasury shares) on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to different calculation bases.

Note 2: The above information will be disclosed based on the trust accounts opened by the trustees. As for the insider declaration of the ownership of more than 10% of the shares held by the shareholders in accordance with the Securities and Exchange Act, including the shares held by the shareholder and the shares delivered into the trust and with the decision power over the utilization of the trust assets, please refer to the MOPS for information on the insider declaration of equity.

(V) Business relationship and important transactions between the parent company and its subsidiaries and among the subsidiaries, and amounts: January 1, 2022 to December 31, 2022

Name of Transaction Party	Counterparty of transactions	Relationship with counterparties (Note 2)	Status of transaction				
			Account titles	Amount	Trading conditions	Percentage (%) of consolidated total operating revenues or total assets	
Xu Yuan Company	Hong Yuan Company	1	Prepayment for purchase	\$ 3,050	Note 1	-	
		1	Other receivables	44,383	Note 1	2%	
	Shanghai Hongxu Company	1	Accounts payable	272	Note 1	-	
		1	Operating revenue	824	Note 1	-	
		1	Operating cost	32	Note 1	-	
		1	Trade receivable	43	Note 1	-	
		1	Other receivables	4,660	Note 1	-	
	XYP India Company	1	Trade receivable	390	Note 1	-	
		1	Other receivables	1,259	Note 1	-	
		1	Operating revenue	558	Note 1	-	
		1	Operating revenue	887	Note 1	-	
	XYPD Company	1	Other income	3,137	Note 1	-	
		1	Trade receivable	1	Note 1	-	
		1	Other receivables	157,660	Note 1	7%	
		1	Contract liabilities	260	Note 1	-	
		XYP JAPAN PT. XUYUAN Company	1	Other receivables	9,370	Note 1	-
			1	Operating revenue	182	Note 1	-
			1	Trade receivable	137	Note 1	-
			1	Other receivables	69,971	Note 1	4%
			1	Accounts payable	2,059	Note 1	-

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Name of Transaction Party	Counterparty of transactions	Relationship with counterparties (Note 2)	Status of transaction			
			Account titles	Amount	Trading conditions	Percentage (%) of consolidated total operating revenues or total assets
Xu Yuan Company	PT. Chen Hong Company	1	Other receivables	\$ 4,543	Note 1	-
Hong Yuan Company	XYPD Company	2	Other receivables	5,795	Note 1	-
		2	Contract liabilities	20	Note 1	-
	Hong Tai Company	2	Trade receivable	6,358	Note 1	-
		2	Accounts payable	13,144	Note 1	-
		2	Accounts payable	2,582	Note 1	-
PT. CHENG Hong Corporation	PT. XUYUAN Company	2	Operating revenue	105,406	Note 1	8%
		2	Trade receivable	37,602	Note 1	2%
		2	Accounts payable	31,726	Note 1	2%
		2	Contract liabilities	13,444	Note 1	1%
PT. CHENG Kuang Corporation	PT. XUYUAN Company	2	Accounts payable	346	Note 1	-
XYPD Company	PT. XUYUAN Company	2	Accounts payable	25	Note 1	-
PT. XUYUAN Company	XYPD Company	2	Operating revenue	1,617	Note 1	-

Note 1: The sales and purchases between the parent company and its subsidiaries are conducted in accordance with the general sales and purchase conditions. The payment period is O/A 30 to 120 days, and the collection period is O/A 30 to 90 days. Currently, the amount is charged based on the subsidiary's funding position.

Note 2: 1 Represents transactions between the parent company and its subsidiaries.

2 Represents transactions between subsidiaries.

#### XXXIV. Segment Information

##### (1) Segment revenue, results of operations, and segment assets

The information used by the Company's operating decision-makers to allocate resources and evaluate department performance focuses on product-specific information. The measurement basis of the segment information provided by the Company to the operating decision-maker for review is the same as that in the financial statements. Therefore, for the segment revenue and operating results to be reported in 2022 and 2021, please refer to the consolidated comprehensive income statements for 2022 and 2021; For the reportable segment assets as of December 31, 2022 and 2021, refer to the consolidated balance sheets as of December 31, 2022 and 2021.

(II) Revenue from major products:

The revenue analysis of the Company's main products is as follows:

	<u>2022</u>	<u>2021</u>
Label printing	\$ 1,121,621	\$ 1,121,118
Sleeve (sticker) labeling machine	112,385	138,134
Transparent film	7,660	7,716
Royalties	777	1,672
Others	<u>27,420</u>	<u>19,115</u>
Total	<u>\$ 1,269,863</u>	<u>\$ 1,287,755</u>

(III) Information by region:

The Company's revenue from continuing operations from external customers is classified according to the country where the customer is located, and the information on non-current assets is classified according to the location of the asset as follows:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan (where the Company is located)	\$ 531,520	\$ 594,834	\$ 641,128	\$ 589,406
Asia	376,693	307,354	245,637	260,547
Americas	349,620	376,698	93,814	85,368
Other countries	<u>12,030</u>	<u>8,869</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,269,863</u>	<u>\$ 1,287,755</u>	<u>\$ 980,579</u>	<u>\$ 935,321</u>

Non-current assets do not include investments accounted for using the equity method, deferred income tax assets, and refundable deposits.

(IV) Information of major customers:

The Company does not have a single customer whose revenue exceeds 10% of the Company's total revenue.