

Xu Yuan Packaging Technology
Co., Ltd. and subsidiaries

Consolidated Financial Statements
for the Three Months Ended
March 31, 2023 and 2022 and
Independent Auditors' Review
Report

§Table of Contents§

Items	Page	Note of the financial statements
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Review Report	3~4	-
IV. Consolidated balance sheet	5	-
V. Consolidated Statements of Comprehensive Income	6~7	-
VI. Consolidated Statement of Changes in Equity	8	-
VII. Consolidated Statement of Cash Flow	9~10	-
VIII. Notes to consolidated financial statements		
(I) Corporate Milestones	11	I
(II) Approval Date and Procedures of the Financial Statements	11	II
(III) Application of New Standards, Amendments and Interpretations	11	III
(IV) Summary of Significant Accounting Policies	12	IV
(V) Sources of Uncertainties to Significant Account Judgments, Estimates, and Assumptions	12	V
(VI) Description of important accounting items	13~35	VI~XXVII
(VII) Related party transactions	35~37	XXVIII
(VIII) Assets pledged as collateral	37	XXIX
(IX) Significant contingencies and unrecognized contractual commitments	37	XXX
(X) Assets and liabilities denominated in foreign currencies with significant impacts	38~39	XXXI
(XI) Disclosures in notes		
1. Information about significant transactions	39~40	XXXII
2. Information on reinvested businesses	39~40	XXXII
3. Investment in Mainland China	41	XXXII
4. Information of major shareholders	41	XXXII
5. Business relationship and important transactions between the parent company and its subsidiaries	42~43	XXXII
(XII) Segment Information	43	XXXIII

Independent Auditors' Review Report

To: Xu Yuan Packaging Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated financial statements of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries, which comprise of the consolidated balance sheets as of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$354,466 thousand and NT\$667,901 thousand, representing 18% and 33%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$113,680 thousand and NT\$125,307 thousand, representing 11% and 12%, respectively, of the consolidated total liabilities. For the three month ended March 31, 2023 and 2022, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$16,138 thousand and NT\$26,316 thousand, representing (485)% and 5%, respectively, of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$36,125 thousand and NT\$28,783 thousand as of March 31, 2023 and 2022, respectively. The share of income(loss) of associates accounted for using the equity method was NT\$720 thousand and NT\$(2,276) thousand for the three month ended March 31, 2023 and 2022, respectively. The amounts of the related equity-method investments as well as the additional disclosures in Note 32 to the consolidated financial statements were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of March 31, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022, and in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

Deloitte Taiwan
CPA Shin-Tung Lin

CPA Ming-Hui Chen

Financial Supervisory Commission Approval
Reference Number
Letter Ref. Jin-Guan-Zheng-VI No.
1110348898

Securities and Futures Bureau Approval Reference
Number
Letter Ref. Tai-Cai-Zheng-VI No. 0930128050

May 10, 2023

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
Consolidated balance sheet
March 31, 2023 and 2022
(Reviewed, Not Audited)

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2023		December 31, 2022		March 31, 2022		Code	Liabilities and equity	March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
1100	Cash and cash equivalents (Notes IV and XXVII)	\$ 149,462	7	\$ 199,646	10	\$ 270,038	13	2100	Short-term borrowings (Notes XVII, XXVII and XXIX)	\$ 196,354	10	\$ 122,301	6	\$ 142,242	7
1136	Current Financial assets at amortized cost (Notes VII, XXVII and XXIX)	95,007	5	617	-	15,868	1	2130	Contract liabilities - Current (Note XXII)	19,644	1	9,521	-	16,798	1
1170	Notes and accounts receivable - Net (Notes VIII, XVII, XXII, XXVII and XXIX)	279,265	14	301,909	15	310,942	15	2150	Notes payable (Note XVIII and XXVII)	70,127	3	50,633	3	43,567	2
1180	Accounts receivable - related parties (Notes XXVII and XXVIII)	9,313	-	5,690	-	7,376	-	2170	Accounts payable (Note XVIII and XXVII)	112,714	6	118,827	6	139,360	7
1210	Other receivables - related party (Notes XXVII and XXVIII)	4,333	-	5,976	-	8,173	-	2180	Accounts payable - related parties (Note XXVII and XXVIII)	318	-	339	-	734	-
1220	Current income tax assets (Notes XXIV)	-	-	11	-	-	-	2230	Current income tax liabilities (Notes XX IV)	39	-	27	-	159	-
130X	Inventories (Notes IX)	318,835	16	323,216	17	338,721	17	2280	Lease liabilities - Current (Notes XIV)	7,575	-	7,742	-	8,889	1
1479	Other current assets (Notes XVI and XXVIII)	93,156	5	96,679	5	97,156	5	2322	Long-term borrowings due within one year (Notes XVII, XXVII and XXIX)	95,926	5	93,561	5	109,178	5
11XX	Total current assets	949,371	47	933,744	47	1,048,274	51	2399	Other payables and other current liabilities (Note XIX)	43,650	2	94,068	5	58,390	3
1550	Investment under equity method (Notes XXIX)	36,125	2	35,923	2	28,783	2	21XX	Total of current liabilities	546,347	27	497,019	25	519,317	26
1600	Property, plant and equipment (Notes XIII and XXIX)	918,404	46	872,567	44	846,234	41	2540	Non-current liabilities						
1755	Right-of-use assets (Notes XIV)	28,695	1	30,773	2	10,677	1	2580	Long-term borrowings (Notes XVII, XXVII and XXIX)	461,274	23	469,515	24	513,024	25
1805	Goodwill	10,922	1	10,922	1	10,922	1	2645	Lease liabilities - Non-current (Notes XIV)	17,359	1	17,696	1	1,392	-
1821	Intangible assets (Notes XV)	3,504	-	3,777	-	4,276	-	2670	Guarantee deposits received(Notes XXVII)	-	-	-	-	1,177	-
1840	Deferred income tax assets (Notes XXIV)	8,189	-	8,189	-	8,189	-	2700	Other non-current liabilities	7,347	-	7,574	-	-	-
1915	Prepayment for equipment purchase	37,037	2	66,621	3	67,596	3	25XX	Total non-current liabilities	485,980	24	494,785	25	515,611	25
1920	Refundable deposits (Note XXVII)	13,782	1	15,765	1	20,189	1	2XXX	Total liabilities	1,032,327	51	991,804	50	1,034,928	51
15XX	Total non-current assets	1,056,658	53	1,044,537	53	996,866	49		Equity attributable to owners of the Company (Notes XXI)						
								3110	Common stock/share capital	548,171	27	548,171	28	548,171	27
								3200	Additional paid-in capital	89,341	5	89,341	4	89,341	4
									Retained earnings						
								3310	Legal reserve	15,774	1	15,774	1	15,774	1
								3320	Special reserves	38,179	2	38,179	2	38,179	2
								3350	Undistributed earnings (losses to be compensated)	231,196	11	248,097	12	280,818	13
								3300	Total retained earnings	285,149	14	302,050	15	334,771	16
								3400	Other equity	(59,163)	(3)	(64,746)	(3)	(67,531)	(3)
								3500	Treasury stock	(9,450)	(-)	-	-	-	-
								31XX	Total equity of the Company	854,048	43	874,816	44	904,752	44
								36XX	Non-controlling interests (Notes XI and XXI)	119,654	6	111,661	6	105,460	5
								3XXX	Total equity	973,702	49	986,477	50	1,010,212	49
1XXX	Total assets	\$ 2,006,029	100	\$ 1,978,281	100	\$ 2,045,140	100		Total liabilities and equity	\$ 2,006,029	100	\$ 1,978,281	100	\$ 2,045,140	100

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

Unit: NTD thousand, except for earnings (losses) per share at NT\$1
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

		Three Months Ended March 31			
		2023		2022	
Code		Amount	%	Amount	%
4000	Net operating revenue (Notes XXII and XXVIII)	\$ 282,152	100	\$ 324,881	100
5000	Operating cost (Notes IX, XXIII and XXVIII)	(241,702)	(86)	(278,595)	(86)
5900	Gross profit	40,450	14	46,286	14
5920	(unrealized) gain on sales	(198)	-	2,455	1
5950	Realized gross profit	40,252	14	48,741	15
	Operating expenses (Notes XXIII and XXVIII)				
6100	Sales and marketing expenses	(18,896)	(6)	(21,558)	(7)
6200	Administrative expenses	(30,291)	(11)	(57,159)	(17)
6300	R&D expenses	(2,332)	(1)	(1,945)	(1)
6000	Total operating expenses	(51,519)	(18)	(80,662)	(25)
6900	Net operating loss	(11,267)	(4)	(31,921)	(10)
	Non-operating income and expense				
7100	Interest revenue (Notes XXIII)	985	1	163	-
7010	Other income (Notes XXIII)	-	-	6	-
7020	Other gains and losses (Notes XXIII)	2,962	1	558,556	172

(Continued on next page)

(Continued from previous page)

Code		2023		2022	
		Amount	%	Amount	%
7050	Finance cost (Notes XXIII)	(\$ 4,880)	(2)	(\$ 6,035)	(2)
7060	Share of profit and loss of associates accounted for using the equity method (Notes XII)	<u>720</u>	<u>-</u>	(<u>2,276</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>213</u>)	<u>-</u>	<u>550,414</u>	<u>170</u>
7900	Loss (Income) before tax	(11,480)	(4)	518,493	160
7950	Income tax expenses (Notes XXIV)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200	Current net loss (profit)	(11,480)	(4)	518,493	160
	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 XXI)	<u>8,155</u>	<u>3</u>	<u>1,687</u>	<u>-</u>
8500	Total comprehensive income for the year	(<u>\$ 3,325</u>)	(<u>1</u>)	<u>\$ 520,180</u>	<u>160</u>
	Net loss (profit) attributable to:				
8610	Owners of the Company	(\$ 16,901)	(6)	\$ 507,871	157
8620	Non-controlling interests	<u>5,421</u>	<u>2</u>	<u>10,622</u>	<u>3</u>
8600		(<u>\$ 11,480</u>)	(<u>4</u>)	<u>\$ 518,493</u>	<u>160</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	(\$ 11,318)	(4)	\$ 509,501	157
8720	Non-controlling interests	<u>7,993</u>	<u>3</u>	<u>10,679</u>	<u>3</u>
8700		(<u>\$ 3,325</u>)	(<u>1</u>)	<u>\$ 520,180</u>	<u>160</u>
	Losses (earnings) per share (Note XXV)				
9750	Basic	(<u>\$ 0.31</u>)		<u>\$ 9.26</u>	
9850	Diluted	(<u>\$ 0.31</u>)		<u>\$ 9.08</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 March 31, 2023 and 2022
(Reviewed, Not Audited)

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the Company										
		Common stock/share capital			Retained earnings			Other items of equity	Treasury stock	Total	Non-controlling interests	Total equity
Code		Shares (In Thousand)	Amount	Additional paid-in capital	Legal reserve	Special reserves	(Losses to be compensated undistributed earnings)	Exchange difference on translation of financial statements of foreign operations				
A1	Balance as of January 1, 2022	54,817	\$ 548,171	\$ 89,341	\$ 15,774	\$ 38,179	(\$ 227,053)	(\$ 69,161)	\$ -	\$ 395,251	\$ 94,781	\$ 490,032
D1	Net profit for the three months ended March 31, 2022	-	-	-	-	-	507,871	-	-	507,871	10,622	518,493
D3	Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	1,630	-	1,630	57	1,687
D5	Total comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	507,871	1,630	-	509,501	10,679	520,180
Z1	Balance as of March 31, 2022	<u>54,817</u>	<u>\$ 548,171</u>	<u>\$ 89,341</u>	<u>\$ 15,774</u>	<u>\$ 38,179</u>	<u>\$ 280,818</u>	<u>(\$ 67,531)</u>	<u>\$ -</u>	<u>\$ 904,752</u>	<u>\$ 105,460</u>	<u>\$ 1,010,212</u>
A1	Balance as of January 1, 2023	54,817	\$ 548,171	\$ 89,341	\$ 15,774	\$ 38,179	248,097	(64,746)	-	874,816	111,661	986,477
D1	2023 Net loss for the three months ended March 31, 2022	-	-	-	-	-	(16,901)	-	-	(16,901)	5,421	(11,480)
D3	Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	5,583	-	5,583	2,572	8,155
D5	Total comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	(16,901)	5,583	-	(11,318)	7,993	(3,325)
L1	Treasury stock acquired	-	-	-	-	-	-	-	(9,450)	(9,450)	-	(9,450)
Z1	Balance as of March 31, 2023	<u>54,817</u>	<u>\$ 548,171</u>	<u>\$ 89,341</u>	<u>\$ 15,774</u>	<u>\$ 38,179</u>	<u>\$ 231,196</u>	<u>(\$ 59,163)</u>	<u>(\$ 9,450)</u>	<u>\$ 854,048</u>	<u>\$ 119,654</u>	<u>\$ 973,702</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 Cash Flow
January 1 to March 31, 2023 and 2022
(Reviewed, Not Audited)

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flow from operating activities		
A10000	Current (loss) income before tax	(\$ 11,480)	\$ 518,493
A20000	Income and expenses items:		
A20100	Depreciation expense	27,054	23,628
A20200	Amortized expenses	273	264
A20900	Financial cost	4,880	6,035
A21200	Income from interest	(985)	(163)
A22300	Share of profit and loss of associates accounted for using the equity method	(720)	2,276
A22500	Gain on disposal of property, plant and equipment	(700)	(39)
A23000	Gains on disposal of non-current assets to be sold	-	(529,678)
A23900	Unrealized gain (realized) on sales between affiliates	198	(2,455)
A24100	Net gain on foreign currency exchange	(819)	(7,908)
A29900	Gain on lease modification		(1)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	22,810	42,044
A31140	Accounts receivable - related parties	(4,001)	(11,719)
A31190	Other receivables - related parties	1,682	2,699
A31200	Inventory	4,381	3,480
A31240	Other current assets	3,702	1,499
A32125	Contract liabilities	10,123	5,096
A32130	Notes payable	19,494	(747)
A32150	Accounts payable	(6,222)	(16,392)
A32160	Accounts payable - related parties	(21)	5
A32230	Other payables and other current liabilities	(51,425)	22,146
A32990	Other current liabilities	(227)	-
A33000	Cash inflow from operations	17,997	48,371
A33500	Income tax refunded	23	-
AAAA	Net cash inflow from operating activities	<u>18,020</u>	<u>48,371</u>

(Continued on next page)

(Continued from previous page)

Code		2023	2022
	Cash flows from investing activities		
B00040	Acquisition of Financial assets at amortized cost	(\$ 94,395)	\$ -
B00050	Proceeds from disposal of Financial assets at amortized cost for sale	-	7,122
B02600	Proceeds from disposal of non-current assets held for sale	-	816,256
B02700	Acquisition of property, plant and equipment	(29,617)	(10,737)
B02800	Proceeds from disposal of property, plant, and equipment	700	760
B03800	Decrease (increase) in refundable deposits	1,983	(3,114)
B07100	Increase in prepaid equipment purchase	(2,735)	(7,242)
B07500	Interest received	<u>985</u>	<u>163</u>
BBBB	Net cash outflows (inflows) from investing activities	(<u>123,079</u>)	<u>803,208</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	82,111	41,448
C00200	Decrease in short-term borrowings	(8,058)	(83,214)
C01700	Repayments of long-term debt	(4,872)	(693,960)
C03100	Decrease in guarantee deposits	-	(158)
C04020	Repayments of principal portion of lease liabilities	(2,777)	(1,301)
C04900	Treasury stock acquired	(9,450)	-
C05600	Interest paid	(<u>3,759</u>)	(<u>7,125</u>)
CCCC	Net cash inflows (outflow) from financing activities	<u>53,159</u>	(<u>744,310</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>1,680</u>	(<u>822</u>)
EEEE	Net (decrease) increase in cash and cash equivalents	(50,184)	106,447
E00100	Cash and cash equivalents at beginning of year	<u>199,646</u>	<u>163,591</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 149,462</u>	<u>\$ 270,038</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
For The Three Months Ended March 31, 2023 And 2022
(Amounts in NTD thousand unless stated otherwise)
(Reviewed, Not Audited)

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-sleeving 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 May 10, 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) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective date published by IASB (Note 1)</u>
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 accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC (collectively, "Taiwan-IFRSs").

(II) Basis of preparation

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) Basis of consolidation

The consolidated financial statements contain the financial statements of Xu Yuan Company and the entities controlled by Xu Yuan Company (subsidiaries). 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.

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

(IV) Basis of consolidation

Except for the following, refer to the summary of significant accounting policies and basis of preparation in the consolidated financial statements for the year ended December 31, 2022.

1. Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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.

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022 for the material accounting judgments and key sources of estimation uncertainty.

VI. Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Inventory of cash and allowances	\$ 623	\$ 609	\$ 1,082
Check deposits and demand deposits at banks	<u>148,839</u>	<u>199,037</u>	<u>268,956</u>
	<u>\$ 149,462</u>	<u>\$ 199,646</u>	<u>\$ 270,038</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bank deposits	0.001%~2.75%	0.001%~2.75%	0.001%~2.75%

VII. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic investments			
Pledge demand deposit(2)	\$ 64,557	\$ 617	\$ 15,868
Time deposits with original maturities of more than 3 months(3)	<u>30,450</u>	<u>-</u>	<u>-</u>
	<u>\$ 95,007</u>	<u>\$ 617</u>	<u>\$ 15,868</u>

1. Refer to Note XXVII for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
2. Refer to Note XXIX for information relating to investments in financial assets at amortized cost pledged as security.
3. In March 31, 2023, the effective interest rate of 4.85%.

VIII. Notes and accounts receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 40,054	\$ 47,673	\$ 47,451
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>40,054</u>	<u>47,673</u>	<u>47,451</u>
<u>Trade receivable</u>			
Measured at amortized cost			
Total carrying amount	252,486	267,521	276,668
Less: loss allowance	(<u>13,275</u>)	(<u>13,285</u>)	(<u>13,177</u>)
	<u>239,211</u>	<u>254,236</u>	<u>263,491</u>
	<u>\$ 279,265</u>	<u>\$ 301,909</u>	<u>\$ 310,942</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:

March 31, 2023

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortized cost
Not overdue	0.09%	\$ 208,887	(\$ 198)	\$ 208,689
Past due by 1 to 60 days	0.95%	18,359	(175)	18,184
Past due by 61 to 120 days	0.08%	3,695	(3)	3,692
Past due by 121 to 180 days	2.56%	936	(24)	912
Past due by 181 to 240 days	17.65%	34	(6)	28
Past due by 241 to 360 days	33.48%	1,727	(1,407)	320
Overdue for more than 361 days	81.47%	<u>18,848</u>	(<u>11,462</u>)	<u>7,386</u>
Total		<u>\$ 252,486</u>	(<u>\$ 13,275</u>)	<u>\$ 239,211</u>

December 31, 2022

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortized 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>

March 31, 2022

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortized cost
Not overdue	0.77%	\$ 235,009	(\$ 225)	\$ 234,784
Past due by 1 to 60 days	13.02%	24,413	(137)	24,276
Past due by 61 to 120 days	13.38%	2,269	(364)	1,905
Past due by 121 to 180 days	15.04%	489	(268)	221
Past due by 181 to 240 days	12.50%	7	(7)	-
Past due by 241 to 360 days	26.27%	293	(293)	-
Overdue for more than 361 days	100%	<u>14,188</u>	(<u>11,883</u>)	<u>2,305</u>
Total		<u>\$ 276,668</u>	(<u>\$ 13,177</u>)	<u>\$ 263,491</u>

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Opening balance	\$ 13,285	\$ 20,510
Less: Actual write-offs in the current year	(45)	(7,396)
Foreign currency translation difference	<u>35</u>	<u>63</u>
Year-end balance	<u>\$ 13,275</u>	<u>\$ 13,177</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.

IX. Inventory

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 95,422	\$ 112,212	\$ 105,027
Work-in-progress and semi- finished products	73,714	64,038	83,081
Raw materials	<u>149,699</u>	<u>146,966</u>	<u>150,613</u>
	<u>\$ 318,835</u>	<u>\$ 323,216</u>	<u>\$ 338,721</u>

The inventory-related costs of sales in for the three months ended March 31, 2023 and 2022 were NT\$241,702 thousand and NT\$278,595 thousand, respectively.

X. Non-current Assets Held for Sale

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. The sales proceeds substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses was recognized on the classification of these operations as held for sale.

XI. 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
			March 31, 2023	December 31, 2022	March 31, 2022	
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%	100%	1
	XU YUAN PACKAGING TECHNOLOGY CO., LTD. (XU YUAN Company)	General investment	100%	100%	100%	1
	DASE-SEAL PACKAGING TECHNOLOGY CO.,LTD. (DASE-SEAL Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	100%	1
	XYP Japan Co., Ltd. (XYP JAPAN Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	100%	1
	XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD. (XYP India Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	100%	1
	Director, XYPD DO BRASIL EMBALAGENS LTDA. (XYPD Company)	Manufacturing and sale of color shrink labels	51%	51%	51%	1&2
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%	62%	2
	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA (PT. Chen Hong Company)	Manufacturing and sale of plastic granules and transparent film materials	10%	10%	10%	1
	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%	95%	1
XU YUAN Company	Hongxu Packaging Machinery (Shanghai) Co., Ltd. (Shanghai Hongxu Company)	Manufacture of other plastic products	100%	100%	100%	1
Hong Yuan Company	HONG SHENG HOLDING LTD. (HONG SHENG Company)	General investment	100%	100%	100%	1
	PT. Chen Hong Company	Manufacturing and sale of plastic granules and transparent film materials	90%	90%	90%	1
	PT. CHENG Kuang Company	Manufacture and sale of complete sets of labeling machines and other equipment	5%	5%	5%	1
HONG SHENG Company	HONG TAI GLOBAL TRADING CO., LTD. (Hong Tai Company)	Sale of packaging machinery and plastic products	100%	100%	100%	1

1. This is an immaterial subsidiary for which financial statements have not been reviewed by the Company's independent accountants.
2. XYPD Company and PT.XUYUAN Company are subsidiaries with material non-controlling interests

(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		
		March31, 2023	December 31, 2022	March 31, 2022
XYPD Company	Brazil	49%	49%	49%
PT. XUYUAN Company	Indonesia	38%	38%	38%

Name of subsidiary	Profit or loss allocated to non-controlling equity		Non-controlling interests		
	Three Months Ended March 31,2023	Three Months Ended March 31,2022	March 31, 2023	December 31, 2022	March 31, 2022
XYPD Company	\$ 5,316	\$ 9,455	\$ 27,255	\$ 21,643	\$ 10,941
PT. XUYUAN Company	\$ 105	\$ 1,167	\$ 92,399	\$ 90,018	\$ 94,519

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

XYPD Company

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current asset	\$ 171,489	\$ 180,373	\$ 133,280
Non-current assets	94,174	93,663	89,706
Current liabilities	(167,361)	(182,125)	(195,876)
Non-current liabilities	(42,679)	(47,737)	(4,780)
Equity	<u>\$ 55,623</u>	<u>\$ 44,174</u>	<u>\$ 22,330</u>
Equity attributable to:			
Owners of the Company	\$ 28,368	\$ 22,531	\$ 11,389
Non-controlling interests of XYPD Company	<u>27,255</u>	<u>21,643</u>	<u>10,941</u>
	<u>\$ 55,623</u>	<u>\$ 44,174</u>	<u>\$ 22,330</u>
	<u>Three Months Ended March 31, 2023</u>	<u>Three Months Ended March 31, 2022</u>	
Operating revenue	<u>\$ 52,039</u>	<u>\$ 42,156</u>	
Current net profit	\$ 10,850	\$ 19,296	
Other comprehensive income	599	94	
Total comprehensive income	<u>\$ 11,449</u>	<u>\$ 19,390</u>	
Net profit attributable to:			
Owners of the Company	\$ 5,534	\$ 9,841	
Non-controlling interests of XYPD Company	<u>5,316</u>	<u>9,455</u>	
	<u>\$ 10,850</u>	<u>\$ 19,296</u>	
Total comprehensive income attributable to:			
Owners of the Company	\$ 5,837	\$ 9,890	
Non-controlling interests of XYPD Company	<u>5,612</u>	<u>9,500</u>	
	<u>\$ 11,449</u>	<u>\$ 19,390</u>	
Cash flows			
Operating activities	(\$ 13,401)	\$ 11,388	
Investing activities	(3,007)	(2,697)	
Financing activities	<u>3,687</u>	<u>(8,374)</u>	
Net cash (outflow) inflow	<u>(\$ 12,721)</u>	<u>\$ 317</u>	

PT. XUYUAN Company

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current asset	\$ 160,153	\$ 161,889	\$ 183,851
Non-current assets	189,784	190,086	199,787
Current liabilities	(106,623)	(114,888)	(134,904)
Non-current liabilities	(<u>164</u>)	(<u>201</u>)	<u>-</u>
Equity	<u>\$ 243,150</u>	<u>\$ 236,886</u>	<u>\$ 248,734</u>
Equity attributable to:			
Owners of the Company	\$ 150,751	\$ 146,868	\$ 154,215
PT. Non-controlling interests of XUYUAN Company	<u>92,399</u>	<u>90,018</u>	<u>94,519</u>
	<u>\$ 243,150</u>	<u>\$ 236,886</u>	<u>\$ 248,734</u>
	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>	
Operating revenue	<u>\$ 33,647</u>	<u>\$ 67,155</u>	
Net profit of the year	\$ 276	\$ 3,071	
Other comprehensive income	<u>5,988</u>	<u>32</u>	
Total comprehensive income	<u>\$ 6,264</u>	<u>\$ 3,103</u>	
Net profit attributable to:			
Owners of the Company	\$ 171	\$ 1,904	
PT. Non-controlling interests of XUYUAN Company	<u>105</u>	<u>1,167</u>	
	<u>\$ 276</u>	<u>\$ 3,071</u>	
Total comprehensive income attributable to:			
Owners of the Company	\$ 3,883	\$ 1,924	
PT. Non-controlling interests of XUYUAN Company	<u>2,381</u>	<u>1,179</u>	
	<u>\$ 6,264</u>	<u>\$ 3,103</u>	
Cash flows			
Operating activities	\$ 2,372	\$ 6,897	
Investing activities	(<u>778</u>)	(<u>192</u>)	
Net cash inflow	<u>\$ 1,594</u>	<u>\$ 6,705</u>	

XII. Investment under equity method

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Associates that are not individually material			
SLEEVE SEAL, LLC	<u>\$ 36,125</u>	<u>\$ 35,923</u>	<u>\$ 28,783</u>

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

<u>Company name</u>	<u>Percentage of shareholding and voting rights</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
SLEEVE SEAL, LLC	35%	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 reviewed by the certified public accountants, the said facts would not have a significant impact.

XIII. Property, plant and equipment

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Own use	<u>\$ 918,404</u>	<u>\$ 872,567</u>	<u>\$ 846,234</u>

(1) Own use

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Income-generating instruments</u>	<u>Transportation equipment</u>	<u>Lease improvement</u>	<u>Other equipment</u>	<u>Construction not completed</u>	<u>Total</u>
<u>Cost</u>									
Balance as of January 1, 2023	\$ 227,621	\$ 375,180	\$ 639,415	\$ 7,924	\$ 4,300	\$ 16,590	\$ 229,347	\$ 65,833	\$ 1,566,210
Increase	-	682	814	-	697	10,239	17,185	-	29,617
Reclassification	-	3,437	(754)	-	-	11,066	42,260	(23,690)	32,319
Disposal	-	-	(5,237)	-	-	-	-	-	(5,237)
Net exchange differences	<u>3,705</u>	<u>210</u>	<u>(1,322)</u>	<u>(715)</u>	<u>(1,534)</u>	<u>(6,942)</u>	<u>(6,847)</u>	<u>-</u>	<u>(13,445)</u>
Balance as of March 31, 2023	<u>\$ 231,326</u>	<u>\$ 379,509</u>	<u>\$ 632,916</u>	<u>\$ 7,209</u>	<u>\$ 3,463</u>	<u>\$ 30,953</u>	<u>\$ 281,945</u>	<u>\$ 42,143</u>	<u>\$ 1,609,464</u>
<u>Accumulated depreciation and impairment</u>									
Balance as of January 1, 2023	\$ -	\$ 130,373	\$ 422,124	\$ 6,312	\$ 4,049	\$ 16,233	\$ 114,552	\$ -	\$ 693,643
Depreciation expense	-	3,546	12,225	143	79	720	5,992	-	22,705
Disposal	-	-	(5,237)	-	-	-	-	-	(5,237)
Net exchange differences	<u>-</u>	<u>83</u>	<u>(3,613)</u>	<u>(674)</u>	<u>(1,580)</u>	<u>(6,927)</u>	<u>(7,340)</u>	<u>-</u>	<u>(20,051)</u>
Balance as of March 31, 2023	<u>\$ -</u>	<u>\$ 134,002</u>	<u>\$ 425,499</u>	<u>\$ 5,781</u>	<u>\$ 2,548</u>	<u>\$ 10,026</u>	<u>\$ 113,204</u>	<u>\$ -</u>	<u>\$ 691,060</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>
Net amount as of March 31, 2023	<u>\$ 231,326</u>	<u>\$ 245,507</u>	<u>\$ 207,417</u>	<u>\$ 1,428</u>	<u>\$ 915</u>	<u>\$ 20,927</u>	<u>\$ 168,741</u>	<u>\$ 42,143</u>	<u>\$ 918,404</u>
<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	-	2,748	1,123	90	-	-	6,776	-	10,737
Reclassification	-	-	35	-	-	-	2,920	(3,226)	(271)
Disposal	-	-	(6,158)	-	(1,730)	-	(250)	-	(8,138)
Net exchange differences	<u>329</u>	<u>437</u>	<u>2,620</u>	<u>4,969</u>	<u>(5,043)</u>	<u>-</u>	<u>3,743</u>	<u>-</u>	<u>7,055</u>
Balance as of March 31, 2022	<u>\$ 226,775</u>	<u>\$ 348,144</u>	<u>\$ 644,717</u>	<u>\$ 7,837</u>	<u>\$ 4,907</u>	<u>\$ 15,673</u>	<u>\$ 213,428</u>	<u>\$ 41,796</u>	<u>\$ 1,503,277</u>

(Continued on next page)

(Continued from previous page)

	Land	Houses and buildings	Machinery and equipment	Income-generating instruments	Transportation equipment	Lease improvement	Other equipment	Construction not completed	Total
<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	-	3,167	12,888	143	83	170	4,685	-	21,136
Disposal	-	-	(6,158)	-	(1,009)	-	(250)	-	(7,417)
Net exchange differences	-	157	1,385	2,880	(2,824)	1	365	-	1,964
Balance as of March 31, 2022	<u>\$ -</u>	<u>\$ 120,795</u>	<u>\$ 408,951</u>	<u>\$ 5,801</u>	<u>\$ 4,462</u>	<u>\$ 15,146</u>	<u>\$ 101,888</u>	<u>\$ -</u>	<u>\$ 657,043</u>
Net amount as of March 31, 2022	<u>\$ 226,775</u>	<u>\$ 227,349</u>	<u>\$ 235,766</u>	<u>\$ 2,036</u>	<u>\$ 445</u>	<u>\$ 527</u>	<u>\$ 111,540</u>	<u>\$ 41,796</u>	<u>\$ 846,234</u>

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.

XIV. Lease agreement

(1) Right-of-use asset

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Book value of right-of-use assets			
Building	\$ 23,844	\$ 26,603	\$ 6,201
Machinery and equipment	773	905	163
Transportation equipment	<u>4,078</u>	<u>3,265</u>	<u>4,313</u>
	<u>\$ 28,695</u>	<u>\$ 30,773</u>	<u>\$ 10,677</u>
	<u>Three Months Ended</u>	<u>Three Months Ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	
Increase in right-of-use assets	<u>\$ 2,143</u>	<u>\$ 4,159</u>	
Depreciation expense of right-of-use assets			
Building	\$ 3,230	\$ 1,283	
Machinery and equipment	132	114	
Transportation equipment	<u>987</u>	<u>1,095</u>	
	<u>\$ 4,349</u>	<u>\$ 2,492</u>	

XVII. Borrowings

(1) Short-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured borrowings (Note XXIX)</u>			
Borrowings for working capital			
(1)	\$ -	\$ 5,000	\$ -
<u>Unsecured borrowings</u>			
Borrowings for working capital			
(2)	175,907	105,000	124,530
Letter of credit (3)	<u>20,447</u>	<u>12,301</u>	<u>17,712</u>
	<u>\$ 196,354</u>	<u>\$ 122,301</u>	<u>\$ 142,242</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 March 31, 2023, December 31, 2022 and March 31, 2022, were 1.93% to 2.76%, 2.251% to 2.76% and 2.00% to 2.25%, respectively.
3. The interest rate of bank letters of credit as of March 31, 2023, December 31, 2022 and March 31, 2022, were 2.376% to 2.56%, 2.251 and 1.81% to 2.05%, respectively.

(II) Long-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured borrowings (Note XXIX)</u>			
Syndicated loans of First Bank and other 8 B-groups (1)	\$ 472,000	\$ 472,000	\$ 540,000
Bank borrowings (2)	-	-	17,300
<u>Unsecured borrowings</u>			
Bank borrowings (3)	-	-	11,411
Bank borrowings (4)	6,148	6,545	8,330
Bank borrowings (5)	6,347	6,942	8,727
Bank borrowings (6)	6,435	7,020	8,775
Bank borrowings (7)	6,800	7,400	9,200
Bank borrowings (8)	6,650	7,220	8,930
Bank borrowings (9)	6,660	7,215	8,880
Bank borrowings (10)	1,569	1,823	2,578
Bank borrowings (11)	42,344	45,165	-
Bank borrowings (12)	2,783	3,120	-
Bank borrowings (13)	<u>659</u>	<u>-</u>	<u>-</u>
Sub-total	558,395	564,450	624,131
Less: Portion due within one year	(95,926)	(93,561)	(109,178)
Less: Syndicated loan fees and participation fees	(<u>1,195</u>)	(<u>1,374</u>)	(<u>1,911</u>)
Long-term borrowings	<u>\$ 461,274</u>	<u>\$ 469,515</u>	<u>\$ 513,042</u>

1. 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 March 31, 2023, December 31, 2022 and March 31, 2022, was 2.4842%, 2.3263%, and 2.22%, respectively.

2. It is partially secured by accounts receivable (see Notes VIII and XXIX). It is repaid monthly from October 2021 to December 2022, with an effective interest rate of 1.20% - 2.376% per month as of March 31, 2022.
3. From October, 2019 to October 2022, it will be repaid quarterly with the annual interest rate floating. The effective annual interest rate on March 31, 2022 is 4.64%.
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 March 31, 2023, December 31, 2022 and March 31, 2022, is 2.47%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is 2.47%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is 2.47%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is 2.47%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is 2.47%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is 2.47%, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is 3.046%, 2.921% and 2.49%, respectively.
11. From December of 2022 to 2025, it will be repaid quarterly with the annual interest rate floating. The effective annual interest rate on March 31, 2023 and December 31, 2022 were 8.52%.
12. From January 2022 to January 2025, it will be repaid monthly. The effective annual interest rate on March 31, 2023 and December 31, 2022 were 1.8925%.
13. From February 2023 to February 2026, it will be repaid monthly. The effective annual interest rate on March 31, 2023 is 1.56%.

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.

XVIII. Notes payable and accounts payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes payable</u>			
Occurred due to business operations	\$ <u>70,127</u>	\$ <u>50,633</u>	\$ <u>43,567</u>
<u>Accounts payable</u>			
Occurred due to business operations	\$ <u>112,714</u>	\$ <u>118,827</u>	\$ <u>139,360</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.

XIX. Other payables and other current liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Payable employee bonus and remuneration to directors	\$ 21,574	\$ 21,574	\$ 24,419
Salaries and bonuses payable	9,528	22,740	14,778
Insurance premium payable	1,728	1,154	1,784
Output tax	154	-	8,738
Others (Note)	<u>10,666</u>	<u>48,600</u>	<u>8,671</u>
	<u>\$ 43,650</u>	<u>\$ 94,068</u>	<u>\$ 58,390</u>

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

XX. 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.

XXI. Equity

(I) Common stock/share capital

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Authorized number of shares (in thousand)	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
Authorized capital	\$ <u>650,000</u>	\$ <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>	<u>54,817</u>
Issued capital stock	<u>\$ 548,171</u>	<u>\$ 548,171</u>	<u>\$ 548,171</u>

(II)	Additional paid-in capital	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	<u>Can be used to offset losses, distribute cash or capitalize on share capital (Note)</u>			
	Premium from stock issuance	\$ 26,844	\$ 26,844	\$ 26,844
	Corporate bond conversion premium	61,412	61,412	61,412
	Premium from stock issuance (executed employee share warrants)	773	773	773
	Treasury stock trading	19	19	19
	<u>Not to be used for any purpose</u>			
	Stock options	<u>293</u>	<u>293</u>	<u>293</u>
		<u>\$ 89,341</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, Xu Yuan Company held a shareholders' meeting on June 8, 2022, respectively, and it was resolved not to distribute the earnings.

The appropriation of earnings for 2022, which were proposed by the Company, were as follows:

	<u>2022</u>
Legal reserve	<u>\$ 24,810</u>
Special reserve	<u>\$ 26,567</u>
Cash dividends	<u>\$ 54,817</u>
Cash dividends per share (NT\$)	\$ 1

The above appropriation for cash dividends has been resolved by the Company's board of directors in April 13, 2023; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 9, 2023.

(IV) Special reserves	Three Months Ended <u>March 31, 2023</u>	Three Months Ended <u>March 31, 2022</u>
Opening and closing balances	<u>\$ 38,179</u>	<u>\$ 38,179</u>
(V) Other items of equity		
<u>Exchange difference on translation of financial statements of foreign operations</u>	Three Months Ended <u>March 31, 2023</u>	Three Months Ended <u>March 31, 2022</u>
Opening balance	(\$ 64,746)	(\$ 69,161)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>5,583</u>	<u>1,630</u>
Year-end balance	<u>(\$ 59,163)</u>	<u>(\$ 67,531)</u>
(VI) Non-controlling interests	Three Months Ended <u>March 31, 2023</u>	Three Months Ended <u>March 31, 2022</u>
Opening balance	\$ 111,661	\$ 94,781
Portions attributable to non-controlling equity		
Current net profit	5,421	10,622
Exchange difference on translation of financial statements of foreign operations	<u>2,572</u>	<u>57</u>
Year-end balance	<u>\$ 119,654</u>	<u>\$ 105,460</u>
(VII) Treasury stock		Shares Transferred to Employees (In Thousands of Shares)
Purpose of Buy-back		<u> </u>
Number of shares at January 1, 2023		<u> -</u>
Increase during the year		<u> 568</u>
Number of shares at March 31, 2023		<u> 568</u>

On January 12, 2023, the Board of Directors resolved to repurchase treasury shares in order to motivate and enhance employees' centripetal force. The repurchase period is from January 13, 2023 to March 12, 2023, and the number of shares to be repurchased is 600,000 shares at a range of NT\$12 to NT\$20 per share. 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 NI\$9,450 thousand.

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

XXII. Income

	<u>Three Months Ended</u> <u>March 31, 2023</u>		<u>Three Months Ended</u> <u>March 31, 2022</u>	
Revenue from Contracts with Customers				
Revenue from sale of goods		<u>\$ 282,152</u>		<u>\$ 324,881</u>
(1) Contract balance				
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (Note VIII)	<u>\$ 239,211</u>	<u>\$ 254,236</u>	<u>\$ 263,491</u>	<u>\$ 288,762</u>
Contract liabilities				
Sales of goods	<u>\$ 19,644</u>	<u>\$ 9,521</u>	<u>\$ 16,798</u>	<u>\$ 21,894</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>Three Months Ended</u> <u>March 31, 2023</u>	<u>Three Months Ended</u> <u>March 31, 2022</u>
Taiwan		<u>\$ 136,618</u>	<u>\$ 147,567</u>
Americas		89,823	93,081
Asia		54,993	79,316
Others		<u>718</u>	<u>4,917</u>
		<u>\$ 282,152</u>	<u>\$ 324,881</u>

XXIII. Current net (loss) profit

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

(1) Income from interest		<u>Three Months Ended</u> <u>March 31, 2023</u>	<u>Three Months Ended</u> <u>March 31, 2022</u>
Bank deposits		<u>\$ 978</u>	<u>\$ 158</u>
Others		<u>7</u>	<u>5</u>
		<u>\$ 985</u>	<u>\$ 163</u>
(II) Other income		<u>Three Months Ended</u> <u>March 31, 2023</u>	<u>Three Months Ended</u> <u>March 31, 2022</u>
Rent income		<u>\$ -</u>	<u>\$ 6</u>

(III)	Other gains and losses	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
	Net foreign currency exchange gain	\$ 2,428	\$ 30,992
	Gain on disposal of property, plant and equipment	700	39
	Gains on disposal of non-current assets to be sold	-	529,678
	Others	(<u>166</u>)	(<u>2,153</u>)
		<u>\$ 2,962</u>	<u>\$ 558,556</u>
(IV)	Financial cost	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
	Interest on bank loans	\$ 5,626	\$ 7,019
	Interest on lease liabilities	114	23
	Less: Amount included in the cost of assets for meeting the criteria	(<u>860</u>)	(<u>1,007</u>)
		<u>\$ 4,880</u>	<u>\$ 6,035</u>
	Information about capitalization of interest is as follows:		
		<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
	Amount of capitalized interest	\$ 860	\$ 1,007
	Interest rate of capitalized interest	2.376%	2.22%
(V)	Depreciation and amortization	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
	Depreciation expenses by function		
	Operating cost	\$ 17,894	\$ 15,814
	Operating expenses	<u>9,160</u>	<u>7,814</u>
		<u>\$ 27,054</u>	<u>\$ 23,628</u>
	Amortization expenses are summarized by function		
	Administrative expenses	<u>\$ 273</u>	<u>\$ 264</u>
(VI)	Employee welfare expenses	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
	Short-term employee benefits	\$ 46,481	\$ 74,987
	Post-employment benefits		
	Defined contribution plans	1,574	1,621
	Other employee benefits	<u>6,778</u>	<u>6,155</u>
	Total employee benefit expenses	<u>\$ 54,833</u>	<u>\$ 82,763</u>
	Summary by function		

Operating cost	\$ 34,073	\$ 37,890
Operating expenses	<u>20,760</u>	<u>44,873</u>
	<u>\$ 54,833</u>	<u>\$ 82,763</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.

Three months ended March 31, 2023, it is the pre-tax loss, and it is not estimated.

Three months ended March 31, 2022, the employees and the remuneration of directors and supervisors are as follows:

Estimated allowance

	<u>Three Months Ended March 31, 2022</u>
Employee remuneration	5.00%
Remuneration to directors	3.00%

Amount

	<u>Three Months Ended March 31, 2022</u>
Employee remuneration	\$ 15,262
Remuneration to directors	9,157

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.

The appropriations of earnings for 2022 had been directors by the board of directors in March 16, 2023. The appropriations and dividends per share were as follows:

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.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended 2022.

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.

XXIV. Income Taxes

(1) Income tax recognized in profit or loss

	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
Current income tax		
Incurred in the current year	\$ -	\$ -
Deferred income tax		
Incurred in the current year	-	-
Income tax expenses recognized in profit or loss	<u>\$ -</u>	<u>\$ -</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) Authorization of income tax

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

XXV. (Losses) earnings per share

	<u>Three Months Ended March 31,2023</u>	<u>Unit: NTD per share Three Months Ended March 31,2022</u>
Basic (loss) earnings per share		
From continuing operations	(\$ <u>0.31</u>)	<u>\$ 9.26</u>
Diluted (loss) earnings per share		
From continuing operations	(\$ <u>0.31</u>)	<u>\$ 9.08</u>

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

Current net (loss) profit

	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
Net (loss) income used to calculate basic and diluted (loss) earnings per share	(\$ <u>16,901</u>)	<u>\$ 507,871</u>

Number of shares

	<u>Three Months Ended March 31,2023</u>	<u>Unit: Thousand shares Three Months Ended March 31,2022</u>
Weighted average number of ordinary shares used in calculating basic (loss) earnings per share	54,514	54,817
Effect of potential dilutive common stock:		
Employee remuneration	-	<u>1,114</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>54,514</u>	<u>55,931</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.

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 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial asset</u>			
Measured at amortized cost			
Cash and cash equivalents	\$ 149,462	\$ 199,646	\$ 270,038
Financial assets at amortized cost	95,007	617	15,868
Notes and accounts receivable - net	279,265	301,909	310,942
Accounts receivable - related parties	9,313	5,690	7,376
Other receivables - related parties	4,333	5,976	8,173
Refundable deposits	13,782	15,765	20,189
<u>Financial liability</u>			
Measured at amortized cost			
Short-term borrowings	196,354	122,301	142,242
Notes payable	70,127	50,633	43,567
Accounts payable	112,714	118,827	139,360
Accounts payable - related parties	318	339	734
Long-term borrowings (including portion due within one year)	557,200	563,076	622,220
Guarantee deposits received	-	-	1,177

(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	
	Three Months Ended March 31,2023	Three Months Ended March 31,2022	Three Months Ended March 31,2023	Three Months Ended March 31,2022
	Profit and loss	<u>\$ 19,120</u>	<u>\$ 21,917</u>	<u>\$ 507</u>

	Effect of Renminbi (RMB/CNY)		Effect of Euro	
	Three Months Ended March 31,2023	Three Months Ended March 31,2022	Three Months Ended March 31,2023	Three Months Ended March 31,2022
	Profit and loss	<u>\$ 1,006</u>	<u>\$ 696</u>	<u>\$ 109</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:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 94,395	\$ -	\$ -
- Financial liabilities	24,934	25,438	10,281
Cash flow interest rate risk			
- Financial assets	147,848	198,044	284,760
- Financial liabilities	753,554	685,377	764,462

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 three months ended March 31, 2023 and 2022 would have decreased/increased by NT\$151 thousand and NT\$120 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 March 31, 2023, December 31, 2022 and March 31, 2022, the Company's undrawn short-term banking facilities amounted to NT\$114,553 thousand, NT\$147,699 thousand and NT\$56,448 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.

March 31, 2023

	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	\$ 195,707	\$ -	\$ -
lease liabilities	4,466	3,436	17,752
Short-term borrowings	193,262	3,092	-
Long-term borrowings	<u>12,847</u>	<u>83,079</u>	<u>461,274</u>
	<u>\$ 406,282</u>	<u>\$ 89,607</u>	<u>\$ 479,026</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>\$ 7,902</u>	<u>\$ 17,752</u>

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	4,516	3,368	18,126
Short-term borrowings	117,301	5,000	-
Long-term borrowings	<u>12,777</u>	<u>80,784</u>	<u>469,515</u>
	<u>\$ 354,347</u>	<u>\$ 89,152</u>	<u>\$ 487,641</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>

March 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	\$ 204,031	\$ -	\$ -
lease liabilities	5,160	3,824	1,410
Short-term borrowings	142,242	-	-
Long-term borrowings	<u>23,661</u>	<u>85,517</u>	<u>513,042</u>
	<u>\$ 375,094</u>	<u>\$ 89,341</u>	<u>\$ 514,452</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>\$ 8,984</u>	<u>\$ 1,410</u>
(III)	Information on transfers of financial assets		

As of March 31, 2022, the amount of the Company's sale of accounts receivable contracts signed with banks was NT\$6,668 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. VIII, XVII, and XXIX.

As of March 31, 2022, the book value of the transferred accounts receivable, yet to be listed, was NT\$6,668 thousand and the book amount of the related liability was NT\$6,668 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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
SLEEVE SEAL, LLC (SSL Company)	Associate
Dase seal Packaging Technology Limitada (Dase seal 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

<u>Account Items</u>	<u>Category/ name of related party</u>	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
Sales revenue	Associate	\$ 7,571	\$ 7,873
	Substantive related party	<u>129</u>	<u>122</u>
		<u>\$ 7,700</u>	<u>\$ 7,995</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.

(III) Purchase of stock

<u>Account Items</u>	<u>Category of related party</u>	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
Cost of sales	Substantive related party	<u>\$ 474</u>	<u>\$ 594</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

<u>Account Items</u>	<u>Category/ name of related party</u>	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
Commission expenses	Substantive related party		
	Dase seal Company	<u>\$ 3,667</u>	<u>\$ 4,438</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) Receivables from related parties

Account Items	Category/name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable - related parties	Associate			
	SSL Corporation	\$ 9,313	\$ 5,664	\$ 7,358
	Substantive related party	<u>-</u>	<u>26</u>	<u>18</u>
		<u>\$ 9,313</u>	<u>\$ 5,690</u>	<u>\$ 7,376</u>
Other receivables - related parties	Associate			
	SSL Corporation	\$ 4,333	\$ 5,976	\$ 8,015
	Substantive related party	<u>-</u>	<u>-</u>	<u>158</u>
		<u>\$ 4,333</u>	<u>\$ 5,976</u>	<u>\$ 8,173</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 Balance Sheet date, the Company transferred the accounts receivable exceeding the normal collection due date from accounts receivable-related parties to other receivables-related parties, the aging distribution of its accounts is as follows:

March 31, 2023

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,333</u>	<u>\$ 4,333</u>

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>

March 31, 2022

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Associate	<u>\$ -</u>	<u>\$ 1,933</u>	<u>\$ 6,082</u>	<u>\$ 8,015</u>

(VI) Accounts payable to related parties

Account Items	Category of related party	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable - related parties	Substantive related party	<u>\$ 318</u>	<u>\$ 339</u>	<u>\$ 734</u>

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

(VII) Others

<u>Account Items</u>	<u>Category of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prepayments for purchases (recorded as other current assets)	Substantive related party	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ -</u>

(VIII) Compensation of key management personnel

	<u>Three Months Ended March 31,2023</u>	<u>Three Months Ended March 31,2022</u>
Short-term employee benefits	\$ 5,105	\$ 3,369
Post-employment benefits	<u>92</u>	<u>89</u>
	<u>\$ 5,197</u>	<u>\$ 3,458</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Net amount of property, plant and equipment	\$ 228,298	\$ 230,290	\$ 78
Pledge demand deposit (recorded in financial assets at amortized cost)	64,557	617	15,868
Trade receivable	<u>-</u>	<u>-</u>	<u>6,668</u>
	<u>\$ 292,855</u>	<u>\$ 230,907</u>	<u>\$ 22,614</u>

XXX. Significant contingencies and unrecognized contractual commitments

As of the end of March 2023, the Company had issued an unused letter of credit for an amount of NT\$8,242 thousand.

XXXI. 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:

March 31, 2023

	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	\$ 14,436	30.45	\$ 439,576
Japanese Yen	44,328	0.229	10,142
Euro	66	33.15	2,188
Renminbi	4,539	4.431	<u>20,112</u>
			<u>\$ 472,018</u>
<u>Non-monetary items</u>			
Investment under equity method			
US Dollars	1,186	30.45	<u>\$ 36,125</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
US Dollars	1,878	30.45	<u>\$ 57,185</u>

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>

March 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	\$ 16,250	28.63	\$ 465,156
Japanese Yen	46,593	0.24	10,963
Euro	63	31.92	2,011
Renminbi	3,150	4.51	<u>14,194</u>
			<u>\$ 492,324</u>
<u>Non-monetary items</u>			
Investment under equity method			
US Dollars	1,006	28.63	<u>\$ 28,783</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
US Dollars	973	28.63	<u>\$ 26,822</u>

In three months ended March 31, 2023 and 2022, the Company's realized and unrealized net gains on foreign currency exchange were NT\$2,428 thousand and NT\$30,992 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.

XXXII. 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	\$135,439	\$ 135,439 (Note 3)	-	Business transactions	2023 Net sales \$ 203	-	\$ -	-	\$ -	\$341,619	\$341,619	-

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	\$ 854,048	\$ 15,000	\$ 15,000	\$6,291	\$ -	1.76%	\$ 854,048	Yes	No	No
	XYPD Company	2	341,619	90,000	50,000	43,391	6,851	5.85%	427,024	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	\$ 136,967	0.55%	\$ 135,439	Continuing collection	\$ 7,919	\$ -

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	\$ 11,788	\$ 811	(\$ 2,728)	Notes 2 and 3
	XU YUAN Company	USA	Overseas holding company	16,000	16,000	700	100	10,187	(336)	(336)	Note 2
	DASE-SEAL Company	BVI	Sales of sleeve (sticker) labeling machines and color shrink labels	8,336	8,336	320	100	9,461	USD -	-	Note 2
	SLEEVE SEAL, LLC	USA	Manufacture and sale of sleeve (applicator) labeling machines and color shrink labels	6,455	6,455	1	35	36,125	2,055	USD 68	720

(Continued on next page)

(Continued from previous page)

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	Shares (In Thousand)	Percentage (%)	Carrying amount			
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	1,875	- RUPEE -	-	Note 2
	XYPD Company	Brazil	Manufacturing and sale of color shrink labels	63,522	63,522	4,608	51	27,324	10,850 REAL 1,855	5,534	Notes 2 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	146,057	276 RUPIAH 138,168	171	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	4,065	1,268 RUPIAH 634,041	127	Notes 2 and 3
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	26,026	26,026	9	95	23,319	(63) (RUPIAH 31,284)	(60)	Note 2
Hong Yuan Company	HONG SHENG Company	Samoa	Overseas holding company	3,076	3,076	100	100	7,954	(2) (USD 1)	(2)	Note 2
	PT. Chen Hong Company	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	41,094	41,094	1	90	42,027	1,268 RUPIAH 634,041	1,141	Note 2
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	1,370	1,370	1	5	23,318	(63) (RUPIAH 31,284)	(3)	Note 2
HONG SHENG Company	Hong Tai Company	Taiwan	Sale of packaging machinery and plastic products	3,000	3,000	300	100	7,870	(2)	(2)	Note 2

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

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

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

Note 4: As of March 31, 2023, 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	Note 1	\$ 20,370 USD 700	\$ -	\$ -	\$ -	(\$ 336) (RMB 76)	100%	(\$ 336) (RMB 76)	\$ 8,282 RMB 1,869	\$ -

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)	\$ 512,428

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 reviewed 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 XXXII (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, 2023 to March 31, 2023

Name of Transaction Party	Counterparty of transactions	Relationship with counterparties (Note 4)	Status of transaction			
			Account titles	Amount	Trading conditions	Percentage (%) of consolidated total operating revenues or total assets
Xu Yuan Company	Hong Yuan Company	1	Other receivables	\$ 30,254	Note 1	2%
		1	Prepayment for purchase	4,150	Note 1	-
	Shanghai Hongxu Company	1	Operating revenue	96	Note 1	-
		1	Trade receivable	117	Note 1	-
		1	Other receivables	4,636	Note 1	-
	XYP India Company	1	Accounts payable	273	Note 1	-
		1	Other receivables	1,616	Note 1	-
	XYPD Company	1	Trade receivable	19	Note 1	-
		1	Operating revenue	203	Note 1	-
		1	Other income	621	Note 1	-
		1	Trade receivable	203	Note 1	-
		1	Other receivables	136,764	Note 1	7%
			1	Contract liabilities	260	Note 1

(Continued on next page)

(Continued from previous page)

Name of Transaction Party	Counterparty of transactions	Relationship with counterparties (Note 4)	Status of transaction			
			Account titles	Amount	Trading conditions	Percentage (%) of consolidated total operating revenues or total assets
	XYP JAPAN PT. XUYUAN Company PT. CHENG HONG Company	1	Other receivables	9,225	Note 1	-
		1	Operating revenue	3	Note 1	-
		1	Trade receivable	3	Note 1	-
		1	Other receivables	64,377	Note 1	3%
		1	Accounts payable	2,040	Note 1	-
		1	Other receivables	4,505	Note 1	-
Hong Yuan Company	XYPD Company Hong Tai Company PT. XUYUAN Company	2	Other receivables	5,893	Note 1	-
		2	Contract liabilities	20	Note 1	-
		2	Trade receivable	6,358	Note 1	-
		2	Accounts payable	13,144	Note 1	1%
		2	Accounts payable	2,582	Note 1	-
PT. CHENG Hong Corporation	PT. XUYUAN Company	2	Operating revenue	15,024	Note 1	5%
		2	Trade receivable	41,108	Note 1	2%
		2	Accounts payable	32,054	Note 1	2%
		2	Operating cost	603	Note 1	-
		2	Other payable	3,796	Note 1	-
		2	Contract liabilities	13,783	Note 1	1%
PT. CHENG Kuang Corporation	PT. XUYUAN Company	2	Accounts payable	355	Note 1	-
XYPD Company	PT. XUYUAN Company	2	Accounts payable	24	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.

XXXIII. Segment Informatio

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 three months ended March 31, 2023 and 2022, please refer to the consolidated comprehensive income statements for three months ended March 31, 2023 and 2022; For the reportable segment assets as of March 31, 2023, December 31, 2022 and March 31, 2022, refer to the consolidated balance sheets as of March 31, 2023, December 31, 2022 and March 31, 2022.