

Stock Code: 8421



**XU YUAN PACKAGING
TECHNOLOGY CO., LTD.**
旭源包裝科技股份有限公司

2023

Annual report

April 30, 2024

**The contents of this annual report and related information of the
Company are available at the following website**

Market Observation Post System <http://mops.twse.com.tw>

- I. Names, titles, contact numbers and e-mail addresses of the spokesperson and acting spokesperson
Name of Spokesperson: Su-Huan Yang
Title: Chief Financial Officer
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E-mail: spokesperson@xuyuanpack.com
Name of Acting Spokesperson: Yu-Ying Hsu
Title: Division Chief
Contact number: 03-598-2727
E-mail: spokesperson@xuyuanpack.com
- II. Addresses, Websites, and Telephone Numbers of Headquarters and Factories
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Hsinchu Factory Telephone: 03-598-2727
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Chiayi Factory Tel: 05-295-2888
- III. Name, Address, and Telephone Number of Stock Registrar
Name: First Securities Incorporation
Address: 6F., No. 27, Sec. 1, Anhe Rd., Daan Dist., Taipei City, Taiwan (R.O.C.)
Website: <http://www.ftsi.com.tw>
TEL: 02-2563-5711
- IV. Name, CPA firm, address, website, and telephone number of the independent auditors for the financial statements in the most recent year
The names of CPAs: Hsin-Tung Lin, Ming-Huei Chen
Name of CPA Firm: Deloitte Taiwan
Address: 6F, No. 2, Zhanye 1st Road, Science Park, East Dist., Hsinchu City, Taiwan (R.O.C.)
Website: <http://www.deloitte.com.tw>
TEL: 03-578-0899
- V. Names of overseas securities exchanges and methods of inquiry for the overseas securities: None.
- VI. Company website: <http://www.xuyuanpack.com>

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One. Letter to Shareholders

In 2023, the consolidated total revenue of Shih-yuan Company was approximately NT\$1.18 billion, the consolidated after-tax loss was approximately NT\$12 million, and the EPS after tax was NT\$-0.45.

In 2023, due to the impact of events such as international inflation, the pressure to raise interest rates still existed, the stalemate in the Russia-Ukraine war, and the Red Sea crisis, the Company faced challenges in various aspects such as sudden rise in raw material prices, fragmentation of the production supply chain, rising logistics costs, and a sharp decline in terminal consumption. The Company's flexibility and ability to respond flexibly are being tested all the time. In addition to coordinating with customers in adjusting production rhythm, the Company also communicates and coordinates at its best to ensure a stable supply of goods to customers, explore new customer groups, and expand revenue sources and sources. We never give up.

Facing the changes in the operation environment and market challenges, there is still space for improvement in the overall operation in 2023. The Company's operation team still faces challenges and solves problems with a positive attitude, and also strengthens the management system, increases revenue and reduces expenditure, and continues to develop forward-looking technical capabilities, and accumulates long-term competitive advantages.

Important promotion matters in 2023 include:

- Optimize the organization and provide employees with multi-functional training.
- Improve asset activation and reduce financial burden.
- Continue to transform process technology and update process equipment, improve production capacity, production efficiency and meet the goals of sustainable production and energy conservation.
- Continue to develop energy-saving and intelligent equipment to meet the sustainable needs of the market.
- Continue to utilize the Group's overall resources to sign long-term cooperation contracts with customers, provide comprehensive services, and adjust the flexibility of capacity allocation.

Looking forward to 2024, the Company could be able to operate sustainably in this rapidly changing competitive environment. In addition to deeply cultivating and optimizing its original areas, the following matters are the focus of the Company's efforts:

- Continue to recruit strategic partners, expand market presence, and strengthen product mix.
- Combine existing process technology and resources, formulate sustainable development strategies, systems and management guidelines to achieve the Company's sustainable management process.
- Strengthen existing investments, strengthen market layout in India and Indonesia, and accelerate and expand economic benefits.
- To adopt a lean focus and to integrate limited resources to maximize comprehensive benefits.

Aiming at the capability of technological innovation, the quality improvement of business development and management, the Company will actively discover and cultivate talents, and continue to improve in the fields of technology, quality and service, and continue to focus on the implementation of sustainable operations and the reduction of such risk impacts. These enable the Company to maintain its competitive advantage.

The Company's management team and all employees will hold the consistent stable and pragmatic business philosophy, integrate group resources, improve management systems, continue to move forward, achieve the goal of stable operations, enhance the Company's overall value and competitiveness, and create good returns for shareholders. We also hope that all shareholders can support us continually.

Finally, I wish all shareholders healthy and all the best.

Chairman: Nan Yuan Huang



Two. Company Profile

I. Date of establishment: October 26, 2004

II. Company History:

- (I) Mergers and acquisitions, re-investments in affiliated companies, and re-organization of the company in the most recent year and up till the publication date of this annual report: None.
- (II) Major transfer or replacement of shares held by directors, supervisors, or major shareholders with more than 10% ownership interest in the most recent year up till the publication date of this annual report: None.
- (III) Any changes in management rights, major changes in the method of operation or in the scope of business, and other important events that may affect shareholders' equity in the most recent year and up to the publication date of this annual report, and their impacts on the Company: As of March 10, 2023, the Company has bought back treasury shares accumulating to 568 thousand shares at the amount of NT\$9,450 thousand.
- (IV) Important information from previous years and up to the publication date of this annual report:

Year	Item
2004	<ul style="list-style-type: none">● In October, the Company was established in Xinfeng Township, Hsinchu County, with paid-in capital of NT\$10,000 thousand.● In December, the Chiayi Factory was established in Shuishang Township, Chiayi County, and capital was increased to NT\$20,000 thousand.
2005	<ul style="list-style-type: none">● Started mass production of the full-automatic sleeve labeling machine at Hsinchu Factory in January.● February: Hsinchu Factory passed the CE certification.● Purchased two automatic gravure printing presses (10-color and 8-color) for Chiayi Factory in March .● Capital increased by NT\$23,000 thousand cash in May, paid-in capital amounted to NT\$43,000 thousand.● Capital increase by NT\$15,000 thousand cash in September; paid-in capital amounted to NT\$58,000 thousand.● Launched XYL-250 and XYL-450 sleeve labeling models .
2006	<ul style="list-style-type: none">● November: Chiayi Factory awarded ISO9001 quality assurance certification.● Launched XYL-800 and XYLC-400 sleeve labeling models.
2007	<ul style="list-style-type: none">● Capital increased by NT\$7,000 thousand cash in May; paid-in capital amounted to NT\$65,000 thousand.● Purchased the third automatic gravure printing press (9 colors) for Chiayi Factory in July .● Capital increased by NT\$15,000 thousand cash in August; paid-in capital amounted to NT\$80,000 thousand.● Capital increased by NT\$20,000 thousand cash in November; paid-in capital amounted to NT\$100,000 thousand. Purchased the existing plant of Hsinchu Factory and began to move in that month.● In November, the Company signed a NT\$230 million joint loan agreement with E-Sun Bank .● Launched the XYL-060, XYL-100L over-the-counter labeling machines, EHT-701, 702 and other electric heating furnace models, and the vat-type overlying labeling machines.
2008	<ul style="list-style-type: none">● Capital increase in cash by NT\$10,000 thousand in April; paid-in capital amounted to NT\$110,000 thousand.● Capital increase by NT\$15,000 thousand cash in June; paid-in capital amounted to NT\$125,000 thousand.● Purchased one 10-color automatic gravure printing press and back-end processing equipment for Hsinchu Factory in June .● Launched the XYC-600 bottle capping machine, XYH-250 horizontal machine, and XYM-400 labeling machine.
2009	<ul style="list-style-type: none">● Acquired 47% equity of XYPB (ASIA) CO., LTD. in January .● Acquired 100% equity of Hong Yuan Packaging Technology Co., Ltd. in August .● Capital increase in cash by NT\$49,000 thousand in September; paid-in capital

Year	Item
2010	<p>amounted to NT\$174,000 thousand.</p> <ul style="list-style-type: none"> ● Launched the XYL-1200 labeling machine and other models in October. ● Acquired 100% equity of Xu Yuan Packaging Technology CO.,LTD. in December. ● Launched the eco-friendly shrink film blowing system. ● Capital increase by NT\$16,000 thousand cash in January; paid-in capital amounted to NT\$190,000 thousand. ● Purchased the first German-made automatic copper plate engraving machine at Hsinchu Factory in May. ● Acquired 100% equity of Dase-Seal Packaging Technology CO.,LTD. in May ● The retained earnings in June were capitalized by NT\$17,100 thousand, and the paid-in capital was NT\$207,100 thousand. ● Launched the XYM-600 labeling machine in June. ● Capital increase by transferring employee stock warrants to NT\$9,880 thousand in June, and paid-in capital of NT\$216,980 thousand. ● Capital increase by NT\$16,000 thousand cash in July, paid-in capital amounted to NT\$232,980 thousand. ● Capital increase by NT\$30,000 thousand cash in August, paid-in capital amounted to NT\$262,980 thousand. ● Purchased the 4th automatic gravure printing press (ten colors) for Chiayi Factory in August . ● Approved the public offering of shares by the Financial Supervisory Commission, Executive Yuan in September. ● Invested in Sleeve Seal,LLC. in September ● The Company listed its emerging stock in October. ● Purchased the second German-made automatic copper plate engraving machine for Hsinchu Factory in December. ● In December, the Company signed a NT\$630 million joint loan agreement with E-Sun Bank . ● Launched the post-printing slitting, palms-pressing, re-inspecting, and slicing machines.
2011	<ul style="list-style-type: none"> ● The subsidiary in Japan was established in January. ● NT\$23,003 thousand of June's earnings and employee bonus were transferred to capital increase, and the paid-in capital was NT\$285,983 thousand. ● In June, Hsinchu Factory was awarded the ISO9001 international quality assurance certification. ● Purchased an automatic ink preparation system at the Hsinchu Factory in July . ● Purchased the second automatic gravure printing press (ten colors) for the Hsinchu Factory in October . ● Launched XYL-450SJ and XYL-150B new-type sleeve labeling machines.
2012	<ul style="list-style-type: none"> ● In February, the Meixin Plant in Dapo, Chiayi, obtained the factory registration certificate. The Chiayi Plant was relocated from the former site in Shuishang Township to the new site in Dapumei, Dalin Township, Chiayi County. The fifth automated gravure printing press (10 colors) was purchased. ● NT\$12,869 thousand of retained earnings were transferred to capital increase in July, and the paid-in capital was NT\$298,853 thousand. ● Capital increase by NT\$40,000 thousand cash in September, paid-in capital amounted to NT\$338,853 thousand. ● September Chiayi Factory obtained ISO14001 (environmental management system), OHSAS18001 (occupational safety and health management system), and TOSHMS (Taiwan occupational safety and health management system) certification. ● In September, Chiayi Factory obtained FSSC 22000 (Food Safety System Certification 22000) and ISO 22000: Food Safety Management System certification. ● October: Hsinchu Factory received ISO14001 (environmental management system), OHSAS18001 (occupational safety and health management system), and TOSHMS (Taiwan occupational safety and health management system)

Year	Item
	certification.
	<ul style="list-style-type: none"> ● Launched XYMR-150 rotary labeling machine in October. ● Capital increase in cash by NT\$42,360 thousand in November; it was used for initial public underwriting of listed company; the paid-in capital amounted to NT\$381,213 thousand; the Company was also listed on TPEX (stock code: 8421).
2013	<ul style="list-style-type: none"> ● The subsidiary in India was established in January. ● The subsidiary in Brazil was established in February. ● NT\$3,812 thousand of retained earnings were transferred to capital increase in August, and the paid-in capital was NT\$385,024 thousand. ● In September, the Company participated in the Drinktec exhibition in Munich, Germany, and introduced the new XYL-600AJ sleeve labeling machine and the ST-3340 steam furnace.
2014	<ul style="list-style-type: none"> ● Entered a NT\$1 billion joint loan agreement with E-Sun Bank in October. ● Issued the first secured convertible corporate bond at NT\$150,000 thousand in March. ● Chiayi Factory purchased the 6th automatic gravure printing press (9 colors) in April, mainly for the production of multi-layer bags. ● Participated in the Interpack packaging exhibition in Dusseldorf, Germany in May, and exhibited heat-shrinkable film printing labels, multi-layer bag products, and new type of sleeve/labeling machine. ● In May, the Company passed the Sedex Members Ethical Trade Audits (SMETA) to ensure that its operations meet the requirements of relevant social responsibility and ethical standards. ● Participated in Foodpro Australia in June, and exhibited labeling machine, heat shrinkable film label printing and lamination bag products. ● In October, the Company participated in the Tokyo Pack International Packaging Exhibition in Japan, where the Company exhibited sleeve labeling machines, labels printed on heat-shrinkable film, and laminate bags.
2015	<ul style="list-style-type: none"> ● In October, the Company participated in the GULFOOD food processing industry exhibition in Dubai, and exhibited the label sleeve machine, heat-shrinkable film label printing and multi-layer bag products. ● In March, Established PT XUYUAN PACKAGING TECHNOLOGY INDONESIA in Indonesia. ● In March, the Company participated in the Auspack Plus exhibition in Australia, and exhibited labeling machine, heat shrinkable film label printing and lamination bag products.
2016	<ul style="list-style-type: none"> ● Capital increased by NT\$60,000 thousand in cash in December, and the paid-in capital was NT\$445,024 thousand. ● In October, the Company participated in the China Brew China Beverage exhibition in Shanghai, China and launched the XYLR-600AJ new rotary sleeve labeling machine. ● In October, the company's bonds were converted into shares for NT\$10,149 thousand, and the paid-in capital was NT\$455,174 thousand.
2017	<ul style="list-style-type: none"> ● Signed a NT\$1.2 billion syndicated loan agreement with First Bank in November. ● In December, the company's bonds were converted to share capital of NT\$6,707 thousand, and the paid-in capital was NT\$461,880 thousand. ● In February, the Company's bonds were converted to share capital with NT\$5,623 thousand, and the paid-in capital was NT\$467,504 thousand. ● Participated in Auspack 2017 in March, and exhibited label sleeve machine, heat shrinkable film label printing and lamination bag products. ● In March, the Company participated in Nigeria Plastpack, the Nigeria Plastics, Rubber, Printing and Packaging Industry Exhibition, displaying labeling machines, shrinkable film printed labels and laminated bag products. ● In April, the company's bonds were converted to shares of NT\$67,298 thousand, and the paid-in capital was NT\$534,801 thousand. ● Participated in Chinaplas Australia International Rubber and Plastic Exhibition in May, and exhibited label sleeve machine, heat-shrinkable film label printing and lamination bag products. ● In June, the Company participated in the Brazil International Beverage and Food

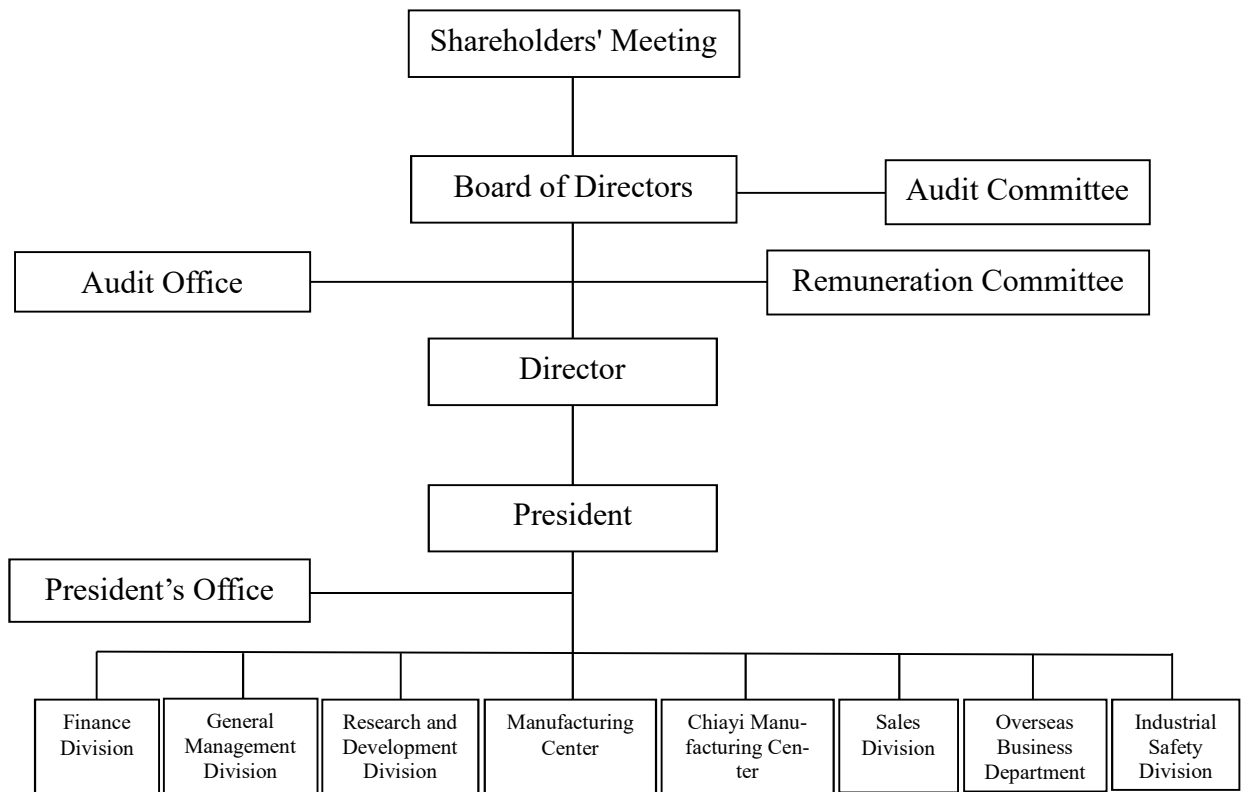
Year	Item
	Processing, Packaging, and Logistics Exhibition.
	<ul style="list-style-type: none"> ● The Indonesian subsidiary PT. was established in July. CHENG HONG PACKAGING TECHNOLOGY INDONESIA ◦ ● The Indonesian subsidiary PT. was established in July. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA ● In September, the Company participated in the International Beverage and Liquid Food Industry Exhibition in Munich, Germany, and exhibited labeling machines, heat-shrinkable film labels, and laminate bags. ● In September, the Company participated in the Philippine International Food Processing and Packaging Equipment Exhibition and exhibited sleeve labeling machines, heat-shrinkable film labels, and laminate bags. ● In November, participated in the Indonesia International Food Packaging Machinery Exhibition, exhibited label sleeve machine, heat shrinkable film label printing and laminate bag products. ● December, participated in the Myanmar International Plastics and Rubber Industry Exhibition, Packaging and Printing Industry Exhibition, exhibited label sleeve machine, heat-shrinkable film printed labels, and laminate bags.
2018	<ul style="list-style-type: none"> ● In June, the Company exhibited labeling machine and heat-shrinkable film printing label at the Beverage Packaging Machinery Exhibition in Mexico. ● In July, the Company exhibited label sleeves, labels printed on heat-shrinkable film, and laminate bags at the Food Packaging Equipment Exhibition in Las Vegas, USA. ● In November, participated in the GFM Dubai Food Industry Equipment Exhibition, exhibited labeling machine, heat shrinkable film printed labels and laminate bags. ● In November, participated in the Indonesia International Food Packaging Machinery Exhibition, exhibited label sleeve machine, heat shrinkable film label printing and laminate bag products.
2019	<ul style="list-style-type: none"> ● In March, the Vietnam International Packaging and Food Processing Exhibition, exhibited a set of labeling machines. ● Participated in the Thailand Packaging Equipment Exhibition in June and exhibited set of labeling machine products. ● September: Exhibited labeling machine and heat shrinkable film at PACK EXPOLAS VEGAS 2019 in the United States ● Printing of labels and multilayer bag products. ● In November, the Company signed a NT\$1.28 billion joint loan agreement with First Bank.
2021	<ul style="list-style-type: none"> ● In September, the Pack Expo Las Vegas 2021, USA.
2022	<ul style="list-style-type: none"> ● In March, the Company sold Hsinchu plant. ● Fispal Tecnologia, Brazil, in June. ● September, the International Beverage Packaging Exhibition in Munich, Germany.
2023	<ul style="list-style-type: none"> ● In December, the Company moved to Hsinpu plant. ● In June, participated in Fispal Tecnologia packaging exhibition in Brazil. ● In September, participated in Expo Las Vegas 2023 in Chicago/Las Vegas Packaging Exhibition in the U.S.
2024	<ul style="list-style-type: none"> ● In October, participated in ALLPack Indonesia. ● In January, participated in Propak in the Philippines. ● In March, the Indonesian subsidiary started groundbreaking for the first phase of its plant. ● In April, participated in beverage packaging and baking equipment international exhibition in Singapore.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure

Xu Yuan Packaging Technology Co., Ltd.



(II) Business scope of each main department:

Department	Main duties and responsibilities
Audit Office	Establishment, revision, and review of internal audit policies; Inspect and evaluate the internal control system, and provide analysis and recommendations.
Audit Committee	Supervise the proper presentation of the Company's financial statements, the selection (discharge) of CPAs and their independence and performance, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks.
Remuneration Committee	Review the performance evaluation, compensation and remuneration of directors and managers of the Company, and compensation policies and plans.
President's Office	Responsible for the evaluation and planning of the Company's policies and business policies and the formulating of systems.
General Management Division	Responsible for human resources, education and training, procurement, and general affairs.
Sales Division	Takes charge of strategic planning of marketing activities and development and promotion at home and abroad.
Manufacturing Center	Responsible for the production planning and management.
Finance Division	<ol style="list-style-type: none">1. Coordinate accounting affairs, provide accounting information, plan and supervise budget, operation analysis and control, and tax planning and execution.2. Coordinates the utilization and management of the Company's funds, the handling of the Board of Directors and the Shareholders' Meeting, shareholding planning and management, and listing of the funds raised on TWSE/GTSM, and announces and declares matters according to the regulations of the competent authority.
Chiayi Manufacturing Center	Responsible for overall planning and management of production, production management, warehousing, recruitment, education and training, general affairs, and factory affairs of Chiayi Factory.
Research and Development Division	Responsible for planning and executing the R&D of new products and technologies of the Company.
Overseas Business Department	Responsible for the planning and execution of overseas invested businesses
Industrial Safety Division	Responsible for planning and executing factory administration, labor safety and health, and environmental protection systems

II. Information of the Director, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches:

(I) Directors:

1. Information of directors

March 26, 2024; Unit: share

Title	Nationality or place of registration	Name	Gender (age range)	Elected (onboard) date	Term of office	Date first elected	Shares held at the time of election		Number of shares held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Positions held concurrently in the Company and other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relations	
Chairman	Taiwan (R.O.C.)	Huang Nan-Yuan	Male (51-60)	2022/06/08	3 years	2006 06 27	2,696,464	4.92%	2,519,464	4.60%	4,438,290	8.10%	-	-	Bachelor, Department of Technology Management, Chung Hua University	Chairman of the Company Chairman, Hong Yuan Packaging Technology Co., Ltd. Chairman, Hongxu Packaging Machinery (Shanghai) Co., Ltd. Chairman, Xu Yao Investment Co., Ltd. Chairman, Dase-Seal Packaging Technology Co., Ltd. Director of Sleeve Seal, LLC. Chairman, XYP JAPAN CO., LTD. Chairman, XU YUAN Packaging Technology (India) Private Limited	President Director	Chuang, Ya-Ping	Spouse	Note 1
																Chairman, XYP DO BRASIL EMBALAGENS LTDA. PT. Chairman, XU YUAN PACKAGING TECHNOLOGY INDONESIA PT. Chairman, CHENG HONG PACKAGING TECHNOLOGY INDONESIA PT. Chairman, CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Assistant Vice President of Public Security Department	Chuang, Shih-Ho	Brother-in-law	
Director	Taiwan (R.O.C.)	Chuang, Ya-Ping	Female (41-50)	2022/06/08	3 years	2004 10 26	3,205,015	5.85%	3,245,015	5.92%	3,712,739	6.77%	-	-	Graduated from EMBA, National Yang Ming Chiao Tung University	President of the Company Director, Hong Yuan Packaging Technology Co., Ltd. Chairman, Xu Hung Investment Co., Ltd. Director, XYP DO BRASIL EMBALAGENS LTDA. Director of Sleeve Seal, LLC. Director, XYP JAPAN CO., LTD. Director, XU YUAN Packaging Technology (India) Private Limited PT. Director, XU YUAN PACKAGING TECHNOLOGY INDONESIA PT. Director, CHENG HONG PACKAGING TECHNOLOGY INDONESIA PT. Director, CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Chairman	Huang, Nan-Yuan	Spouse	Note 1
																PT. Director, CHENG HONG PACKAGING TECHNOLOGY INDONESIA PT. Director, CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Assistant Vice President of Public Security Department	Chuang, Shih-Ho	Brother	
Corporate director	Taiwan (R.O.C.)	Xu Yao Investment Co., Ltd.	-	2022/06/08	3 years	2013 11 22	9,081,949	16.57%	9,081,949	16.57%	-	-	-	-	-	-	None	None	None	-
	Taiwan (R.O.C.)	Representative: Yang, Su-Huan	Female (51-60)				20,499	0.04%	20,499	0.04%	3,075	0.01%	-	-	Graduated from Department of International Trade, Taichung College of Business Financial Manager, Jiamao Precision Co., Ltd. Financial Manager, SETEC CORPORATION Manager, Finance Department, UNIBRIGHT CHEMICAL CO., LTD.	Chief Financial Officer of the Company Director, Hong Yuan Packaging Technology Co., Ltd. Director, XYP DO BRASIL EMBALAGENS LTDA. PT. Director, CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	None	None	None	-
Corporate director	Taiwan (R.O.C.)	Xu Hung Investment Co., Ltd.	-	2022/06/08	3 years	2022 06 08	4,265,288	7.78%	4,376,288	7.98%	-	-	-	-	-	-	None	None	None	-
	Taiwan (R.O.C.)	Representative: Hu, Wen-Lung	Male (61-70)				-	-	-	-	530,205	0.97%	-	-	Department of Mechanical Engineering, Chien Hsin University of Science and Technology Director of Transportation Department, DHL EXPRESS (TAIWAN) CORP. Chief, Storage and Transportation Dept., GTM TEXTILE CO., LTD.	Chairman, HONG TAI GLOBAL TRADING CO., LTD.	None	None	None	-

Title	Nationality or place of registration	Name	Gender (age range)	Elected (onboard) date	Term of office	Date first elected	Shares held at the time of election		Number of shares held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Positions held concurrently in the Company and other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relations	
														Manager of Operation Dept. of Tekek Co., Ltd.						
Director	Taiwan (R.O.C.)	Cheng, Shu-Jing	Female (51-60)	2022/06/08	3 years	2016 06 07	419,183	0.76%	419,183	0.76%	185,382	0.34%	-	-	Graduated from EMBA, National Yang Ming Chiao Tung University	CFO of Open Creative Digital Technology Co., Ltd. PT. Supervisor, XU YUAN PACKAGING TECHNOLOGY INDONESIA	None	None	None	-
Director	Taiwan (R.O.C.)	Yang, Ching-Hsiang	Male (41-50)	2022/06/08	3 years	2022 06 08	16,000	0.03%	16,000	0.03%	-	-	-	-	MBA, University of Detroit - Mercy Graduated from EMBA, National Yang Ming Chiao Tung University	Chairman and CEO, XIN YUAN DEVELOPMENT CO., LTD.	None	None	None	-
Independent director	Taiwan (R.O.C.)	Chi, Yi-Tan	Female (41-50)	2022/06/08	3 years	2022 06 08	-	-	-	-	28,949	0.05%	-	-	Bachelor of Accounting, College of Law and Business, National Chung Hsing University Passed the CPA exam	CPA, CYUAN YI Certified Public Accounting Firm	None	None	None	-
Independent director	Taiwan (R.O.C.)	Chang Yu-Chu	Female (51-60)	2022/06/08	3 years	2013 11 22	-	-	-	-	-	-	-	-	Graduated from Department of Applied Commerce, National Taichung Institute of Technology Manager of Grant Thornton	Assistant Vice President, Moores Rowland CPAs Representative of corporate supervisor of Chi Loc Restaurant Co., Ltd., Jia Sheng Asset Management Co., Ltd., and Ching Cheng Property Development Co., Ltd. Supervisor of Chia Yang Asset Management Co., Ltd. Director of Wang Guan Investment Co., Ltd.	None	None	None	-
Independent director	Taiwan (R.O.C.)	Lin Ching-Huang	Male (51-60)	2022/06/08	3 years	2019 06 10	-	-	-	-	-	-	-	-	Graduated from Graduate School of Business Administration, National Chiao Tung University, Ph.D.	Professor, Department of Technology Management, Chung Hua University	None	None	None	-

Note 1: In response to the rapid changes in the global business environment and to strengthen the Company's competitiveness, the Company adjusted the Company's organizational structure so that the Chairman and President can have sufficient time to respond to the changes in the overall market, lead the Company's sustained and steady growth and achieve profitability. On March 18, 2022, the Board of Directors approved the appointment of Ya-Ping Chuang, Vice President of the Company, promoted to the position of President of the Company. Although the President of the Company and the Chairman are spouses to each other, they each have industry experience and different professional skills which is beneficial to the overall business development of the Company.

Note 2: Xu Yuan has actively promoted the succession development plan. In order to establish a good structure for corporate governance, more than half of the directors currently do not serve as employees or managers concurrently, and Xu Yuan has planned to add independent director seats in future director elections in order to further strengthen the effectiveness of the board of directors, to serve as the highest decision-making body and substantive supervisory function.

2. Major shareholders of corporate shareholders

March 26, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders	Share holding ratio
Xu Yao Investment Co., Ltd.	Huang, Nan-Yuan	100%
Xu Hung Investment Co., Ltd.	Chuang, Ya-Ping	100%

3. If the major shareholder of the above table is a corporate body, its major shareholder: None

4. Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

April 26, 2024

Name	Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Huang, Nan-Yuan		The current chairman of the Company has served in Xu yuan Packaging for more than 19 years. In order to improve his business management competency, he obtained a bachelor's degree in Science and Technology Management from Chung Hua University. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Chuang, Ya-Ping		The current general manager of the Company has served in Xu yuan for more than 19 years and obtained a master's degree in EMBA from National Yang Ming Chiao Tung University. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Representative of Xu Yao Investment Co., Ltd.: Yang, Su-Huan		The current Chief Financial Officer of the Company, graduated from the Department of International Trade of Taichung University of Commerce. She used to work as Accounting Manager of Jiamao Precision Co., Ltd., Accounting Manager of Xiang Sheng Enterprise Co., Ltd., and Manager of Finance Department of Kun Hui Technology Co., Ltd.. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Representative of Xu hung Investment Co., Ltd. Hu, Wen-Lung		Graduated from Chien Hsin University, Department of Mechanical Engineering. Currently, he is the Chairman of Hong Tai Trading Co., Ltd. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Shu-Jing Cheng		She received a bachelor's degree in Technology Management from Chung Hua University and an EMBA degree from National Yang Ming Chiao Tung University. Currently, she is the Chief Financial Officer of pen Creative Digital Technology Co., Ltd.. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Yang, Ching-Hsiang		MBA, University of Detroit Mercy; EMBA, National Yang Ming Chiao Tung University. He is currently the Chairman and CEO of XIN YUAN DEVELOPMENT CO., LTD. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Chi, Yi-Tan		Graduated from College of Law and Business, Department of Accounting, National Chung Hsing University. Currently, she is a certified public accountant of CYUAN YI Certified Public Accounting Firm. At least 5 years of work experience required for corporate operations and have passed the college entrance examination for CPAs.	Please refer to the table below: Independence Status	1
Chang, Yu-Chu		Graduated from Department of Applied Commerce, National Taichung Institute of Technology. Currently serving as Assistant Vice President, Moores Rowland CPAs. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-
Lin, Ching-Huang		He graduated from the Graduate School of Business Administration, National Chiao Tung University with a doctorate degree. Currently serving as a professor in the Department of Science and Technology Management of Chung Hua University for 20 years. At least 5 years of work experience required by the Company.	Please refer to the table below: Independence Status	-

Name (Note 1)	Criteria	Compliance with independence (Note 2)											
		1	2	3	4	5	6	7	8	9	10	11	12
Huang, Nan-Yuan									V	V		V	V
Chuang, Ya-Ping									V	V		V	V
Representative of Xu Yao Investment Co., Ltd.: Yang, Su-Huan				V	V	V			V	V	V	V	
Representative of Xu hung Investment Co., Ltd. Hu, Wen-Lung	V	V	V	V	V	V	V	V	V	V	V	V	V
Cheng, Shu-Jing	V			V	V				V	V	V	V	V
Yang, Ching-Hsiang	V	V	V	V	V	V	V	V	V	V	V	V	V
Chi, Yi-Tan	V	V	V	V	V	V	V	V	V	V	V	V	V
Chang, Yu-Chu	V	V	V	V	V	V	V	V	V	V	V	V	V
Lin, Ching-Huang	V	V	V	V	V	V	V	V	V	V	V	V	V

Note 2: If any of the following conditions is met for each director and supervisor during the two years prior to and during their tenure, please put "✓" under each condition code.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.
- (4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NTS500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship of any other director.
- (11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.
- (12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.

5. Description of the diversity and independence of the Board of Directors, and implementation status:
The Company clearly stipulates in the "Corporate Governance Best Practice Principles" that the Board of Directors shall have diversity in its composition. There is no restriction on gender, race, and nationality. In addition to the knowledge, skills, and literacy required for the performance of duties, the Board of Directors shall possess the following abilities for achieving the ideal goals of corporate governance: 1. Operational judgment; 2. Accounting and financial analysis; 3. Business management; 4. Crisis management; 5. Industry knowledge; 6. International market perspective; 7. Leadership; 8. Strategic decisions; and so on diversified professional background.

The current implementation of the diversity policy of the board by individual directors of the Company is as follows:

Name of director	Diversified core items	Nationality	Gender	Age	Employee status	Operation judgment	Accounting and Finance	Management	Crisis management	Industry knowledge	View of international market	Leadership and decision-making
Huang, Nan-Yuan		Taiwan (R.O.C.)	Male	59	Yes	√		√	√	√	√	√
Chuang, Ya-Ping		Taiwan (R.O.C.)	Female	48	Yes	√	√	√	√	√	√	√
Yang, Su-Huan		Taiwan (R.O.C.)	Female	60	Yes	√	√	√	√	√	√	√
Hu, Wen-Lung		Taiwan (R.O.C.)	Male	68	No	√		√	√	√	√	√
Cheng, Shu-Jing		Taiwan (R.O.C.)	Female	56	No	√	√	√	√		√	√
Yang, Ching-Hsiang		Taiwan (R.O.C.)	Male	44	No	√	√	√	√		√	√
Chi, Yi-Tan		Taiwan (R.O.C.)	Female	48	No	√	√	√	√		√	√
Chang, Yu-Chu		Taiwan (R.O.C.)	Female	53	No	√	√	√	√		√	√
Lin, Ching-Huang		Taiwan (R.O.C.)	Male	62	No	√		√	√	√	√	√

There are 9 current directors, including 3 independent directors, 5 female directors and 3 employee directors (the proportions of all directors are 33.3%, 55.5% and 33.3% respectively). As of the end of 2023, there were 3 directors aged between 40 and 49 years old; 3 directors are between 50 and 59 years old, and the remaining directors are over 60 years old.

In order to implement the policy of diversity of the composition of the board of directors to improve the Company's overall performance, and in response to the initiative that independent directors should not serve more than three consecutive terms in the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.” None of the Company's three (more than half) independent directors have served more than three consecutive terms. Among them, the independent directors all meet the requirements that the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors. For relevant information such as education, gender, professional qualifications, work experience and diversity of each director; please refer to 3 Directors' Information of the Corporate Governance Report.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors and supervisors. If a member of the Audit Committee has accounting or financial expertise, please specify the accounting or financial background and work experience. Subject to the provisions of Article 30 of the Company Act: None

Note 2: Independent directors must specify their independence, including but not limited to whether themselves, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies; Number and weighting of shares held by relatives (or in the names of others); whether they hold any position in a company specifically related to the Company (refer to Paragraph 5-8, Paragraph 1, Article 3 of Regulations on Appointment and Compliance of Independent Directors of Public Companies) Directors, supervisors, or employees; and the amount of remuneration received for providing commercial, legal, financial, and accounting services to the Company or its affiliated companies in the last 2 years.

Note 3: Please refer to the examples of best practice principles on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(II) Information of the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

March 26, 2024; Unit: share

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Current employment with other companies	Spouse or relatives within second degree of kinship who are other managers of the Company			Remarks
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relations	
President	Taiwan (R.O.C.)	Chuang Ya-Ping (Note 1)	Female	2004.10.27.	3,245,015	5.92%	3,712,739	6.77%	—	—	Graduated from EMBA, National Yang Ming Chiao Tung University	Director, Hong Yuan Packaging Technology Co., Ltd. Chairman, Xu Hung Investment Co., Ltd. Director, XYPD DO BRASIL EMBALAGENS LTDA. Director of Sleeve Seal.LLC. Director, XYP JAPAN CO., LTD. Director, XU YUAN Packaging Technology (India) Private Limited PT. Director, XU YUAN PACKAGING TECHNOLOGY INDONESIA PT. Director, CHENG HONG PACKAGING TECHNOLOGY INDONESIA PT. Director, CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Chairman	Huang, Nan-Yuan	Spouse	Note 1
												Assistant Vice President of Public Security Department	Chuang, Shih-Ho	Brother		
Chief Financial Officer	Taiwan (R.O.C.)	Yang, Su-Huan	Female	2015.03.20.	20,499	0.04%	3,075	0.01%	—	—	Graduated from Department of International Trade, Taichung College of Business Financial Manager, Jiamao Precision Co., Ltd. Financial Manager, SETEC CORPORATION Manager, Finance Department, UNIBRIGHT CHEMICAL CO., LTD.	Director, Hong Yuan Packaging Technology Co., Ltd. Director, XYPD DO BRASIL EMBALAGENS LTDA. PT. Director, CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	None	None	None	—
Special Assistant, R&D Department	Taiwan (R.O.C.)	Dai Hao	Male	2004.10.27.	71,562	0.13%	—	—	—	—	Graduated from Department of Mechanical Engineering, Minghsin University of Science and Technology Chief of Engineering Department, JOHNSON & JOHNSON TAIWAN LTD.	Director, Hong Tai Trading Co., Ltd.	None	None	None	—
Assistant Vice President of Chiayi Manufacturing Center	Taiwan (R.O.C.)	Cheng Rui-Shu	Female	2004.10.27.	28,873	0.05%	—	—	—	—	Graduated from Department of International Trade, Chiao Kuang College of Commerce Assistant Manager of Southern Plant, DASE-SING PLASTICS CO., LTD.	—	None	None	None	—
Assistant Vice President of Public Security Department	Taiwan (R.O.C.)	Chuang, Shih-Ho	Male	2012.02.26.	324,236	0.59%	24,959	0.05%	—	—	Master of Industrial Engineering, University of Technology, Sydney, Australia Manager of Industrial Safety Dept., HIGH POWER OPTOELECTRONICS, INC. Chief of Factory Affairs, UNITED EPITAXY CO., LTD.	Supervisor, Hong Yuan Packaging Technology Co., Ltd.	President	Chuang, Ya-Ping	Younger sister	—
												Chairman	Huang, Nan-Yuan	Brother-in-law		
Overseas Business Department President's Office	Taiwan (R.O.C.)	Lai Fa Wu	Male	2023.06.29	—	—	—	—	—	—	Graduated from the University of Texas EMBA Master's Degree QPM Manager of Catcher Technology Co., Ltd. Deputy Business Manager of Dawei Industrial Co., Ltd. U.S. Operations Manager, Jinshan Railway Co., Ltd. Guodu Toyota vehicle maintenance engine	—	None	None	None	—
Sales Division President's Office	Taiwan (R.O.C.)	Jung Bin Chen	Male	2023.06.29	1,025	0.002%	1,732	0.003%	—	—	Graduated from Minshi University of Science and Technology, Secondary School of Industrial Engineering Business Section Manager, Dase-Sing Packaging Technology Co., LTD. Regional Manager of Pushuo Human Resources Agency Co., Ltd.	—	None	None	None	—

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Current employment with other companies	Spouse or relatives within second degree of kinship who are other managers of the Company			Remarks
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relations	
											Maintenance engineer of Jiemin Moving Machinery Co., Ltd.					
Senior manager of management department	Taiwan (R.O.C.)	Yang, Sheng Cheng- Fa	Male	2023.04.13	2,245	0.004%	—	—	—	—	Graduated from the Statistics Department of Fengjia University Deputy Administrative Manager of Jiuyin Co., Ltd. Head of the Human Resources Department of Huaxin Technology Co., Ltd. Chief of Administrative Section of Huamei Metal Technology Co., Ltd. Administrative Specialist of Huaxia Plastic Co., Ltd.	—	None	None	None	—

Note 1: In response to the rapid changes in the global business environment and to strengthen the Company's competitiveness, the Company adjusted the Company's organizational structure so that the Chairman and President can have sufficient time to respond to the changes in the overall market, lead the Company's sustained and steady growth and achieve profitability. On March 18, 2022, the Board of Directors approved the appointment of Ya-Ping Chuang, Vice President of the Company, promoted to the position of President of the Company. Although the President of the Company and the Chairman are spouses to each other, they each have industry experience and different professional skills which is beneficial to the overall business development of the Company.

Note 2: Xu Yuan has actively promoted the succession development plan. In order to establish a good structure for corporate governance, more than half of the directors currently do not serve as employees or managers concurrently, and Xu Yuan has planned to add independent director seats in future director elections in order to further strengthen the effectiveness of the board of directors, to serves as the highest decision-making body and substantive supervisory function.

III. Remuneration paid to directors, the President, and Vice Presidents in the most recent year

(I) Remuneration to directors (including independent directors)

1. Remuneration to directors (including independent directors)

Unit: NTD in thousand

Title	Name	Remuneration to directors										Remuneration received for serving as an employee concurrently						Sum of A, B, C, D, E, F, and G as a % of the net income after tax (Note 10)		Remuneration received from invested businesses other than subsidiaries or from the parent company (Note 11)		
		Remuneration (A) (Note 2)		Severance and pension		Remuneration to directors (C) (Note 3)		Operational expenses (D) (Note 4)		Sum of A, B, C, and D as a % of the net income after tax (Note 10)		Salaries, bonuses and special allowances (E) (Note 5)		Severance and pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount		The Company	All companies included in the Financial Report (Note 7)
Chairman	Huang, Nan-Yuan	240	240	—	—	900	900	42	42	1,182 (0.05)	1,182 (0.05)	536	536			350	—	350	—	5,068 (0.21)	5,068 (0.21)	—
Director	Chuang, Ya-Ping	240	240	—	—	765	765	42	42	1,047 (0.04)	1,047 (0.04)	224	224			350		350		4,621 (0.19)	4,621 (0.19)	—
Director	Xu Yao Investment Co., Ltd. Representative: Yang, Su-Huan	240	240	—	—	765	765	42	42	1,047 (0.04)	1,047 (0.04)	190	190	2019	2019	270		270		3,615 (0.15)	3,615 (0.15)	—
Director	Xu Hung Investment Co., Ltd. Representative: Hu, Wen-Lung	240	240	—	—	680	680	42	42	962 (0.04)	962 (0.04)	—	—	—	—	—	—	—	—	962 (0.04)	962 (0.04)	—
Director	Cheng, Shu-Jing	240	240	—	—	330	330	42	42	612 (0.02)	612 (0.02)	—	—	—	—	—	—	—	—	612 (0.02)	612 (0.02)	—
Director	Yang, Ching-Hsiang	240	240	—	—	300	300	42	42	582 (0.02)	582 (0.02)	—	—	—	—	—	—	—	—	582 (0.02)	582 (0.02)	—
Independent director	Chi, Yi-Tan	360	360	—	—	300	300	128	128	788 (0.03)	788 (0.03)	—	—	—	—	—	—	—	—	788 (0.03)	788 (0.03)	—
Independent director	Chang, Yu-Chu	360	360	—	—	330	330	128	128	818 (0.03)	818 (0.03)	—	—	—	—	—	—	—	—	818 (0.03)	818 (0.03)	—
Independent director	Lin, Ching-Huang	360	360	—	—	330	330	128	128	818 (0.03)	818 (0.03)	—	—	—	—	—	—	—	—	818 (0.03)	818 (0.03)	—

(1) Please describe the remuneration policy, system, standards and structure of independent directors, and describe the relevance to the amount of remuneration based on the responsibilities, risks, time invested and other factors: According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to all Directors in accordance with the level of participation and value of the Directors in the Company's operations and with reference to the standards in the industry.

The Articles of Incorporation also stipulates that no more than 4% of the net profit before tax for the current period before deducting the remuneration of employees and the remuneration of directors shall be appropriated as the remuneration of directors.

(2) Other than those disclosed in the above table, remunerations received by directors for providing services (such as serving as a consultant to non-employee of the parent company/all companies/investees in the financial report) in the most recent year: N/A.

Remuneration range table

Ranges of remuneration paid to each director of the Company	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Below NT\$1,000,000	The representatives of Xu hung Investment Co., Ltd.: Wen Ling Hu, Shu Jing Cheng, Chin Shiang Yang, Yi Tan Chi, Yu Chu Chang, Jing Huang Lin	The representatives of Xu hung Investment Co., Ltd.: Wen Ling Hu, Shu Jing Cheng, Chin Shiang Yang, Yi Tan Chi, Yu Chu Chang, Jing Huang Lin	The representatives of Xu hung Investment Co., Ltd.: Wen Ling Hu, Shu Jing Cheng, Chin Shiang Yang, Yi Tan Chi, Yu Chu Chang, Jing Huang Lin	The representatives of Xu hung Investment Co., Ltd.: Wen Ling Hu, Shu Jing Cheng, Chin Shiang Yang, Yi Tan Chi, Yu Chu Chang, Jing Huang Lin
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	Nan Yuan Huang, Ya Ping Chuang Representative of Xu Yao Investment Co., Ltd.: Yang, Su-Huan	Nan Yuan Huang, Ya Ping Chuang Representative of Xu Yao Investment Co., Ltd.: Yang, Su-Huan	–	–
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	–	–	–	–
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	–	–	Ya Ping Chuang, the representative of Xu Yao Investment Co., Ltd. Su Huan Yang.	Ya Ping Chuang, the representative of Xu Yao Investment Co., Ltd. Su Huan Yang.
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	–	–	Huang, Nan-Yuan	Huang, Nan-Yuan
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)	–	–	–	–
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	–	–	–	–
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	–	–	–	–
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	–	–	–	–
Over NTD 100,000,000	–	–	–	–
Total	9 people	9 people	9 people	9 people

Note 1: The names of directors shall be listed separately (for corporate shareholders, the name of the corporate shareholder and its representatives shall be listed separately), and general directors and independent directors shall be listed separately, and each payment amount shall be disclosed in a summary. If the director is also the President or Vice President, this table and the following (3-1), or the following tables (3-2-1) and (3-2-2) shall be completed.

Note 2: Remuneration paid to directors in the most recent year (including salaries, additional pay, severance pay, various bonuses, incentives).

Note 3: Refer to the amount of directors' remuneration approved by the board of directors in the latest year.

Note 4: Refers to the expenses incurred in carrying out related activities paid to directors in the most recent year (including transportation, special expenditure, various allowances, dormitory, cars, and other actual items provided). In the case of housing, automobiles, and other means of transport, or expenses that are exclusively for individuals, the nature and cost of the assets provided, the actual rent or rent calculated at fair market values, and the cost of fuel and other payments shall be disclosed. If the driver is equipped, please explain in a note the relevant remuneration paid to the driver by the company, but it is not included in the honorarium.

Note 5: Refers to the salaries, allowances, severance pay, various bonuses, incentives, transportation, special expenditure, various Subsidies, dormitories, cars and other in-kind items are provided. In the case of housing, automobiles, and other means of transport, or expenses that are exclusively for individuals, the nature and cost of the assets provided, the actual rent or rent calculated at fair market values, and the cost of fuel and other payments shall be disclosed. If the driver is equipped, please explain in a note the relevant remuneration paid to the driver by the company, but it is not included in the honorarium. Salary expenses recognized in accordance with IFRS 2 - "Share-based Payment," including employee stock warrants, restricted employee shares, and subscription of cash for capital increase, should also be included in the remuneration.

Note 6: This refers to directors who have received remuneration (including shares and cash) for assuming the role of a director (including part-time general manager, vice general manager, other managerial officers, or employees) in the most recent year. If it is impossible to estimate the amount distributed, the proposed distribution amount for this year will be calculated proportionally to the amount actually distributed in the last year, and Table 1-3 should be completed in addition.

Note 7: The disclosure includes all companies covered by the Consolidated Report (including the Company), and represents total amount of remuneration paid to directors of the Company.

Note 8: For the total amount of various remunerations paid to each director by the Company, disclose the name of the director in the respective bracket.

Note 9: The total amount of various remunerations paid to each director of the Company by all companies (including the Company) in the Consolidated Report shall be disclosed, and the name of the director shall be disclosed in the respective range.

Note 10: Net income after tax refers to the net income after tax in the most recent year's individual or separate financial statements.

Note 11: a. This column shall specify the amount of remuneration received by the Company's directors from reinvested businesses other than subsidiaries or from the parent company (please fill in "None" if there is none).

b. For directors who receive remuneration from reinvested businesses other than subsidiaries or the parent company, the amount of remuneration received from reinvested businesses other than subsidiaries or the parent company shall be combined into Column I of the remuneration range table. Also, the name of the column was changed to "Parent and all invested businesses."

c. Remunerations refer to the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses claimed by the Company's directors for serving as directors, supervisors, or managers in reinvested businesses other than subsidiaries or the parent company remuneration.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act. This table is for information disclosure only and not for taxation purposes.

(II) Remuneration to the President and Vice Presidents
 1. Remuneration to the President and Vice Presidents

Unit: NTD in thousand

Title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonuses and special expenditures (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and their percentage in net income (%) (Note 8)		Remuneration received from invested businesses other than subsidiaries or from the parent company (Note 9)	
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report (Note 5)		
								Cash amount	Stock amount	Cash amount	Stock amount				
President	Chuang, Ya-Ping	2,802		2,802	—	—	422	422	350	—	350	—	3,574 (0.15)	3,574 (0.15)	

Remuneration range table

Range of remuneration paid to the President and Vice Presidents of the Company	Name of President/Vice President	
	The Company (Note 6)	All companies within the Financial Report (Note 7) E
Below NT\$1,000,000	—	—
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	Chuang, Ya-Ping	Chuang, Ya-Ping
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	—	—
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)	—	—
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	—	—
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	—	—
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	—	—
Over NTD 100,000,000	—	—
Total	1 person	1 person

Note 1: The names of the President and Vice Presidents shall be listed separately, and the benefit amounts of each category shall be disclosed in a summary. If the director is also the President or Vice President, please complete this table and Table (1-1), or (1-2-1) and (1-2-2) above.

Note 2: Refer to the salary, allowances, and severance pay of the President and Vice Presidents in the most recent year.

Note 3: Refer to the amount of various bonuses, incentives, transportation, special expenditure, various allowances, dormitory, car and other in-kind benefits and other remunerations provided to the President and Vice Presidents in the most recent year. In the case of housing, automobiles, and other means of transport, or expenses that are exclusively for individuals, the nature and cost of the assets provided, the actual rent or rent calculated at fair market values, and the cost of fuel and other payments shall be disclosed. If the driver is equipped, please explain in a note the relevant remuneration paid to the driver by the company, but it is not included in the honorarium. Salary expenses recognized in accordance with IFRS 2 - "Share-based Payment," including employee stock warrants, restricted employee shares, and subscription of cash for capital increase, should also be included in the remuneration.

Note 4: Refer to the amount of employee remuneration distributed to the President and Vice Presidents (in cash and shares) approved by the Board of Directors in the most recent year. If it is impossible to estimate the amount proposed to be distributed this year, the actual amount distributed last year will be calculated proportionally. Fill out Table 1-3.

Note 5: The disclosure includes all companies covered by the Consolidated Report (including the Company), and the total amount of remuneration paid to the Company's President and Vice Presidents.

Note 6: For the total amount of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and vice general manager in the respective range.

Note 7: The total amount of various remunerations paid by all companies in the Consolidated Report (including the Company) to each general manager and vice general manager of the Company shall be disclosed.

Note 8: Net profit after tax refers to the net profit after tax in the most recent year's individual or separate financial statements.

Note 9: a. This column shall specify the amount of related remunerations claimed by the Company's President and Vice Presidents from reinvested businesses other than subsidiaries or from the parent company (please fill in "None" if none).

b. For the President and Vice Presidents of the Company who receive remuneration from reinvested businesses other than subsidiaries or from the parent company, the amount of remuneration received from reinvested businesses other than subsidiaries or the parent company shall be treated as remuneration. Consolidated into Column E of the remuneration range table and renamed the column to "Parent and all investees."

c. Remuneration refers to any return received by the Company's President/Vice Presidents for serving as directors, supervisors, or managers in reinvested businesses other than subsidiaries or at the parent company ; Remuneration for business execution.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act. This table is for information disclosure only and not for taxation purposes.

(III) Remuneration to the top 5 executives with the highest pay of TWSE/TPEX listed companies (individual disclosure by name and remuneration) (Note 1)

Unit: NTD in thousand

Title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonuses and special expenditure (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and their percentage in net income (%) (Note 6)		Remuneration received from invested businesses other than subsidiaries or from the parent company (Note 7)
		The Company	All companies within the Financial Report (Note 5)	The Company	All companies within the Financial Report (Note 5)	The Company	All companies within the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chuang, Ya-Ping	2,802	2,802	0	0	422	422	350	—	350	—	3,574(0.15)	3,574(0.15)	—
Chief Financial Officer	Yang, Su-Huan	1,902	1,902	108	108	288	288	270	—	270	—	2,568(0.1)	2,568(0.1)	—
Assistant Vice President of Public Security Department	Chuang, Shih-Ho	1,582	1,582	83	83	105	105	100	—	100	—	1,870(0.08)	1,870(0.08)	—
Sales Division President's Office	Jung Bin Chen	1,035	1,035	59	59	1,504	1,504	190	—	190	—	2,788(0.11)	2,788(0.11)	—
Overseas Business Department President's Office	Lai Fa Wu	1,386	1,386	67	67	150	150	190	—	190	—	1,793(0.7)	1,793(0.7)	—

Note 1: The so-called "Top 5 supervisors with the highest remuneration" refer to the managers of the company. Letter Reference No. Tai-Tsai-Zheng-3-0920001301 stipulates the applicable scope of "manager" on March 27, 2003. The principle for determining the "Top 5 with the highest remuneration" is based on the salaries, retirement pensions, bonuses, and special expenditures that the company's managers received from all companies included in the consolidated financial statements, and the sum of employee remuneration (i.e. Sum of A + B + C + D), and the five highest remunerations shall be determined. If the director is also a former officer, this table and (1-1) above shall be completed.

Note 2: Refer to the salaries, job allowances, and severance pay of the top 5 executives with the highest remuneration in the most recent year.

Note 3: Refer to the amount of various bonuses, incentives, transportation, special expenditure, various allowances, dormitory, cars, and other in-kind benefits paid to the top five executives with the highest remuneration in the most recent year. In the case of housing, automobiles, and other means of transport, or expenses that are exclusively for individuals, the nature and cost of the assets provided, the actual rent or rent calculated at fair market values, and the cost of fuel and other payments shall be disclosed. If the driver is equipped, please explain in a note the relevant remuneration paid to the driver by the company, but it is not included in the honorarium. Salary expenses recognized in accordance with IFRS 2 - "Share-based Payment," including employee stock warrants, restricted employee shares, and subscription of cash for capital increase, should also be included in the remuneration.

Note 4: Employee remuneration (including shares and cash) distributed to the top five executives with the highest remuneration as approved by the Board of Directors in the last year. Fill out Table 1-3.

Note 5: Disclose the total amount of remuneration paid by all companies in the Consolidated Report (including the Company) to the top five executives with the highest remuneration.

Note 6: Net profit after tax refers to the net profit after tax in the most recent year's individual or separate financial statements.

Note 7: a. This column shall specify the amount of remuneration received by the top five executives of the company from the invested business other than the subsidiary or related remuneration of the parent company (if there is none, please fill in "None").

b. Remunerations refer to the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses claimed by the Company's top five officers with the highest remuneration for serving as directors, supervisors, or managers in reinvested businesses other than subsidiaries or the parent company remuneration.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act. This table is for information disclosure only and not for taxation purposes.

(IV) Names of managers who have allocated employees' remuneration and allocation status:

December 31, 2023; Unit: NTD thousand dollars.

Title	Name	Stock amount	Cash amount	Total	Ratio of sum to net income after tax (%)
President	Chuang, Ya-Ping				
Chief Financial Officer	Yang, Su-Huan				
Special Assistant of R&D Division	Dai Hao				
Assistant Vice President of Chiayi Manufacturing Center	Cheng, Rui-Shu				
Assistant Vice President of Public Security Department	Chuang, Shih-Ho	—	1370	1370	(0.06)
Sales Division President's Office	Jung Bin Chen				
Overseas Business Department President's Office	Lai Fa Wu				
Senior manager of management department	Yang, Sheng Cheng- Fa				

Note 1: Individual names and job titles shall be disclosed; however, profit distribution may be disclosed in aggregate form.

Note 2: Refer to the amount of employee remuneration (including shares and cash) distributed to managers through the board of directors in the most recent year. If it is impossible to estimate the value proposed to be distributed this year, the actual value distributed last year will be used to calculate the ratio. Net income after tax refers to the net income after tax of the most recent year; if the IFRSs are adopted, net income after tax refers to the net income after tax of the entity or individual financial reports of the most recent year.

Note 3: According to FSC Letter No. Tai-Tsai-Zheng-3-0920001301 dated March 27, 2003, the scope of application of managerial officers is as follows:

- (1) President and others of equivalent ranking
- (2) Vice Presidents or others of equivalent ranking
- (3) Assistant Vice Presidents or others of equivalent grade
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other persons authorized to manage the affairs of the Company and sign signatures

Note 4: Directors, President, and Vice Presidents who receive employee remuneration (in cash or in shares) shall have details disclosed in this table in addition to Table 1-2.

(V) An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax in the standalone or individual financial statements for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks

1. Percentage of total remunerations paid to directors, supervisors, presidents, and vice presidents in the most recent two years to the net income after tax of the standalone or individual financial statements:

Unit: NTD in thousand

	2022		2023	
	The Company	Consolidated Statements	The Company	Consolidated Statements
Total remuneration to directors	1,596	1,632	7,856	7,856
Directors' remuneration as a percentage of net income after tax (%)	0.34	0.36	(0.32)	(0.32)
Total amount of remunerations for supervisors	—	—	—	—
Percentage of total remunerations for supervisors in net income after tax	—	—	—	—
Total remunerations for President and Vice Presidents	2,234	2,234	3,574	3,574
Total remuneration to the President and Vice Presidents as a percentage of net income after tax (%)	0.47	0.47	(0.15)	(0.15)

2. The remuneration policy, standards and combination, the procedures for determining remuneration, and their relevance to business performance and future risks:

Pursuant to Article 24-1 of the Company's Articles of Incorporation, no more than 4% of the profit before tax shall be set aside as remuneration to directors for the current year, with the consideration of the Company's operating results and contribution to the Company's performance, and reasonable remuneration; the remuneration policy for the President and Vice Presidents is based on the Company's "Performance Appraisal Regulations" and the salary level of the corresponding position in the market in the same industry, the scope of power and responsibility of the position in the Company, and the contribution to the Company's operating goals, and remuneration will be paid for their contribution. The procedure for determining remuneration is based on the Company's "Performance Appraisal Management Measures" and "Measures for Granting and managing the Directors' Remuneration." In addition to taking into account the Company's overall operating performance, future industry operating risks and development trends, it also takes individual performance achievement rate and contribution to the Company's performance into account to give reasonable remuneration. Relevant

performance appraisals and remuneration rationality are reviewed by the Salary and Remuneration Committee and the Board of Directors, and the remuneration system is reviewed in a timely manner based on actual operating conditions and relevant laws to seek a balance between the Company's sustainable operations and risk control.

IV. Corporate governance operations:

(I) Operation of the Board of Directors:

In the most recent year (2023), the board of directors held 7 (A) meetings, and the attendance of directors was as follows:

Title	Name	Actual attendance (or non-voting participation) rate (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Chairman	Huang, Nan-Yuan	7	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/6/08
Director	Chuang, Ya-Ping	7	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/6/08
Director	Xu Yao Investment Co., Ltd. Representative Yang, Su-Huan	7	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/6/08
	Xu Hung Investment Co., Ltd. Representative: Hu, Wen-Long	7	0	100%	2022/6/08 Shareholders' meeting re-elected new directors 2022/6/08 Appointed Hu Wen-Lung as the corporate director representative
Director	Cheng, Shu-Jing	7	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/6/08
Director	Yang, Ching-Hsiang	7	0	100%	2022/6/08 Shareholders' meeting re-elected new directors
Independent director	Chi, Yi-Tan	7	0	100%	2022/6/08 Shareholders' meeting re-elected new directors
Independent director	Chang, Yu-Chu	7	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/6/08
Independent director	Lin, Ching-Huang	7	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/6/08

Additional information:

I. In the operation of the Board of Directors that meet any of the following circumstances, please specify the date, session, content of the motion, all independent directors' opinions, and the company's handling of the independent directors' opinions: Please refer to pages 43-44 for the following two circumstances.

- (I) Matters specified in Article 14-3 of the Securities and Exchange Act.
 (II) Any other documented objections or qualified opinions raised by independent directors against board resolutions other than those referred to above: None.

II. In the event of directors' recusal from proposals, the name of the director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: The 2023 related motions and execution status is as in the below table:

Proposal	Name of director	Reasons for recusal due to conflicts of interests	Voting status
112/01/12 2022 year-end bonus for managers of the Company	Huang, Nan-Yuan Chuang, Ya-Ping Yang, Su-Huan	The three directors are managers of the Company who have recused themselves in accordance with the law	The proposal was unanimously approved by the attending directors and independent directors upon inquiry by the acting chair.
2023/08/10 The Company's employees' compensation proposal for the managers.	Huang, Nan-Yuan Chuang, Ya-Ping Yang, Su-Huan	The three directors are managers of the Company who have recused themselves in accordance with the law	The proposal was unanimously approved by the attending directors and independent directors upon inquiry by the acting chair.
2023/06/29 The Company's directors' remuneration distribution proposal	Huang, Nan-Yuan Chuang, Ya-Ping Yang, Su-Huan Cheng, Shu-Jing Hu, Wen-Lung Yang, Ching-Hsiang Chang, Yu-Chu Lin, Ching-Huang Chi, Yi-Tan	The discussion of the proposal concerned the interests of the directors, so the directors recused themselves from the meeting in accordance with the law.	The proposal was unanimously approved by the attending directors and independent directors upon inquiry by the acting chair.

III. The OTC company shall disclose the cycle and duration, scope, method, and content of evaluation of self-evaluation (or peer evaluation) of the Board of Directors, and the implementation status of evaluation of the Board of Directors: Report the implementation of evaluation of the Board of Directors on the Board of Directors on March 6, 2024.

2023 Board of Directors Performance Evaluation Report

(I) Rationale: In order to implement corporate governance and enhance the functions of the Company's Board of Directors, the performance evaluation of the Board of Directors for 2023 was conducted in accordance with the

Company's "Guidelines for Evaluation of the Performance of the Board of Directors".

(II) Scope of evaluation: The scope of board of directors evaluation may include the performance evaluation of the board of directors as a whole, individual board members, and functional committees.

(III) Evaluation method: Self-evaluation by all board members

(IV) Outcomes of the questionnaire assessment:

1. The results of the questionnaire for the performance evaluation of the Board of Directors cover five major dimensions, and the average score for each dimension is 4.86 points out of 5.00 points.

Assessment items	Number of questions	Average score
Participation in the operation of the company	12	4.88
Improvement of the quality of the board of directors' decision making	12	4.85
Composition and structure of the board of directors;	7	4.78
Election and continuing education of the directors	7	4.90
Internal control	7	4.87
Total/Average Score	45	4.86

2. The results of the questionnaire for the performance evaluation of the individual director member cover six major dimensions, and the average score for each dimension is 4.93 points out of 5.00 points.

Assessment items	Number of questions	Average score
Alignment of the goals and mission of the company	3	4.93
Awareness of the duties of a director	3	4.96
Participation in the operation of the company	8	4.88
Management of internal relationship and communication	3	5.00
The director's professionalism and continuing education	3	4.96
Internal control	3	4.93
Total/Average Score	23	4.93

3. The results of the questionnaire for the performance evaluation of the audit committee cover five major dimensions, and the average score for each dimension is 4.95 points out of 5.00 points.

Assessment items	Number of questions	Average score
Participation in the operation of the company	4	5.00
Awareness of the duties of the audit committee	5	4.87
Improving the decision-making quality of the Audit Committee	7	4.95
Composition of the Audit Committee and election of its members	3	5.00
Internal control	3	5.00
Total/Average Score	22	4.95

4. The results of the questionnaire for the performance evaluation of the remuneration committee cover four major dimensions, and the average score for each dimension is 4.88 points out of 5.00 points.

Assessment items	Number of questions	Average score
Participation in the operation of the company	4	5.00
Awareness of the duties of the remuneration committee	5	4.87
Improving the decision-making quality of the remuneration committee	7	4.76
Composition of the Remuneration Committee and election of its members	3	5.00
Total/Average Score	19	4.88

(V) In conclusion

Overall, the board of directors and various functional committees are operating well. The Company will base the results of this self-assessment performance evaluation as internal improvements and continue to improve the functions of the board of directors and various functional committees to improve the effectiveness of corporate governance. Relevant assessment content and assessment results would be disclosed on the Company's website and annual report.

IV. Enhancement of the functions of the Board of Directors in the current year and the latest year (such as the establishment of an Audit Committee and the improvement of information transparency) and implementation evaluation:

- (I) The Company established an Audit Committee on 2013/12/05.
- (II) The Company has a dedicated unit responsible for the disclosure of monthly revenue and material information.
- (III) In order to enhance the professional knowledge of directors and implement corporate governance, the Company will continue to arrange continuing education courses for directors and disclose the information according to the regulations on November 30, 2023.
- (IV) The Company appointed a Corporate Governance Officer on 2023/4/13 to implement corporate governance, provide support to directors in the exercise of their duties, and improve the effectiveness of the Board of Directors .

V. The operations of the Audit Committee:

(I) In the most recent year (2023), the 4th Audit Committee held 6 meetings (A). The attendance of independent directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent director	Chi, Yi-Tan	6	0	100%	2022/06/08 Shareholders' meeting re-elected new directors
Independent director	Chang, Yu-Chu	6	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/06/08
Independent director	Lin, Ching-Huang	6	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/06/08

(II) Major work of the year:

The Company's Audit Committee consists of 3 independent directors. The purpose of the Audit Committee is to assist the Board of Directors in supervising the quality and integrity of the Company's accounting, auditing, financial reporting procedures, and financial control. The main matters reviewed by the Audit Committee are as follows:

1. Review of financial statements;
2. Review the internal audit plan;
3. Review of amendments to the internal control system;
4. Amendment to the "Procedures for Loaning of Funds to Others;"
5. Review of loaning of funds;
6. Review of overdue accounts receivable;
7. Assess the independence of CPAs;
8. Approval of the Declaration of Internal Control System.

Other matters that shall be disclosed.

I. In the event of any of the following in the operation of the Audit Committee, state the date and session of the Board of Directors meeting, the content of the proposal, the Audit Committee's resolution, and the Company's handling of the Audit Committee's opinions.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act.

Audit Committee	Contents of proposal and subsequent actions taken	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors
4th term 3 rd meeting 112/01/12	The Company's 2023 operating budget planning.	√	None
	Discussion about the Company's application for bank credit limit.	√	None
	The Company's managers' salary adjustment proposal for 2023.	√	None
	The Company's repurchase of treasury stock in 2023.		None
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		
4th term 4th meeting 112/03/16	The Company's 2022 business report.	√	None
	The Company's 2022 financial statements.	√	None
	Discussion about the overdue accounts receivable of the Company.	√	None
	Loaning of funds by the Company to others.	√	None
	The Company's endorsement and guarantee for subsidiaries.	√	None
	Discussion about the letter of prepayment guarantee to the bank applied for by the Company.	√	None
	The Company's 2022 internal control declaration	√	None
	The appointment, dismissal and independence assessment of the Company's CPA.	√	None
	Partial amendments to the "Self-inspection procedures" of the Company	√	None
	Partial amendments to the Company's "Rules of Procedure for Board of Directors Meetings."	√	None
	Partial amendments to the Company's "Regulations Governing the Transfer of the First Treasury Stock to Employees."	√	None
	Independent directors' opinions: None.		
The Company's response to independent directors' opinions: None.			
	Resolution result: All directors present agreed to pass all these proposals.		
4th term 5 th meeting 2023/04/13	The Company's 2022 Profit Distribution Proposal.	√	None
	Amendment to the distribution of employees' compensation and directors' remuneration of the Company in 2022.	√	None
	Appointment of the Head of Corporate Governance of the Company.	√	None

	Amendment to the proposal for convening the Company's 2023 regular shareholders' meeting.	V	None
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		
4th term 6 th meeting 112/05/10	The Company's 2023 first quarter financial statements.	V	None
	Discussion about the overdue accounts receivable of the Company.	V	None
	Loaning of funds by the Company to others.	V	None
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		
4th term 7 th meeting 2023/08/10	The Company's 2023 second quarter financial statements.	V	None
	Discussion about the Company's application for bank credit limit.	V	None
	Discussion about the overdue accounts receivable of the Company.	V	None
	Loaning of funds by the Company to others.	V	None
	Discussion about the Company's employees' compensation in 2022.	V	None
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		
4th term 8 th meeting 112/11/09	The Company's 2023 third quarter financial statements.	V	None
	Amendments to the Company's 2023 audit plan.	V	None
	Discussion about the Company's application for bank credit limit.	V	None
	The Company's 2024 audit plan.	V	None
	Discussion about the overdue accounts receivable of the Company.	V	None
	Loaning of funds by the Company to others.	V	None
	Partial amendments to the Company's "Ethical Corporate Management Best Practice Principles."	V	None
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

(II) Other than those described above, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. In the event of independent directors' recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

III. Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results):

- (I) The internal audit officer attends the Audit Committee and the Board of Directors meetings on a regular basis as a non-voting participant to report on the audit operations.
- (II) When the internal audit officer submits the audit report to the independent directors for review, if the independent directors are in doubt about the content of the report, he or she may contact the Company through the internal audit officer for clarification and reply at any time.
- (III) Independent directors may review the financial affairs and business execution of the Company at any time. If they are in doubt about the relevant operations of the Company, they can communicate with the head of the relevant unit immediately to conduct review and improvement.
- (IV) Independent directors may communicate with the Company's CPAs at any time if they have any questions about the Company's finance and business status, and guide the relevant units of the Company in the review and improvement.

Note:

- * If a member of the Independent Directors resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated with the number of meetings attended by the member divided by the number of committee meetings held during their term of office.
- * Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Assessment items	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established its Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and discloses the principles on the Market Observation Post System and the Company's website.	No significant difference
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(I) In order to protect the rights and interests of shareholders, the spokesperson and acting spokesperson of the Company are responsible for properly handling shareholders' suggestions, questions and disputes.	No significant difference
(II) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	V		(II) The Company keeps track of the shareholdings of directors, managers, and major shareholders with more than 10% ownership interest, and declares the shareholdings of major shareholders on time.	
(III) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	V		(III) The Company establishes the "Procedures for Transactions between Related Parties and Group Enterprises" and the "Regulations Governing the Monitoring and Control of Subsidiaries" between the Company and its affiliated enterprises, and the affiliated enterprises operate independently and under the control of the Company management and auditing.	
(IV) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		(IV) The Company has established the "Procedures for Ethical Management," "Code of Ethical Conduct," and "Procedures for Prevention of Insider Trading," which are applicable to the Company's directors, managers, and employees. Relevant information update and promotion is conducted from time to time.	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors formulate the diversity policy and specific management goals and implement them with respect to the composition of the board of directors?	V		(I) The "Corporate Governance Best Practice Principles" established by the Company contains the diversity policy in the chapter "Enhancing the Functions of the Board of Directors." The Company's nomination and selection of board members is in accordance with the Articles of Incorporation, the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the board members. All members of the Board of Directors of the Company are strong in leadership, operational judgment, business management, and crisis management, and have industry knowledge and international market perspective; among them, Director Yi-Tan Chi is qualified as an accountant; and professional accounting knowledge. 33% of the Company's directors are employees, 33% are independent directors, and 55% are female directors. Two independent directors have tenure of less than 3 years and one independent director have tenure of 6 to 9 years, three directors are over 60 years old, three directors are aged between 50 and 59 years old, three directors are aged 40 and 49 years old. The Company attaches great importance to corporate governance and expects to add one independent director to the next board of directors in order to achieve this goal. The composition of the Board of Directors and the establishment of a diversity policy are disclosed on the Company's website and MOPS.	No significant difference
(II) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?	V		(II) In addition to establishing the Remuneration Committee according to laws, the Company has also established an Audit Committee in accordance with the commitments made by OTC, and the corporate governance and operation of the rest are the responsibility of each department according to their respective functions. No other functional committees have been established yet, and will be established as needed in the future.	
(III) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of	V		(III) In order to implement corporate governance, enhance the functions of the Company's Board of Directors, and establish performance targets to enhance the operating efficiency of the Board of Directors, the Company expects to establish the Performance Evaluation Rules for the Board of Directors this year in accordance	

Assessment items	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors? (IV) Does the Company regularly assess the independence of the CPAs?	V		with Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. to comply. (IV) The Company's Finance Department conducts an annual self-assessment on the independence of CPAs, and submits the results to the Audit Committee and the Board of Directors for review and approval on March 16, 2023. According to the assessment of the Finance Department, both CPA Hsin Tung Lin and Ming-Hui Chen of Pricewaterhouse Coopers Taiwan met the Company's independence assessment criteria (Attachment 2), and are qualified to serve as the Company's CPAs.	
IV. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		The Company's Board of Directors has passed the motion on appointment of a corporate governance officer who will be responsible for affairs related to corporate governance, including providing the directors with the information required for conducting business, handling matters related to the Board of Directors' Meeting and Shareholders' Meeting, handling company registration and change registration, and preparing the minutes of the Board of Directors' Meeting and Shareholders' Meeting.	No significant difference
V. Has the Company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	V		There is a section dedicated to investment and related stakeholders on the Company's website. In addition to maintaining interaction with stakeholders through various activities in daily business activities, the Company has also set up relevant telephone numbers and emails to provide stakeholders with opinions and feedback. The main communication channels can be roughly divided into investor relations, customer corners, supplier corners, and employee corners to appropriately respond to important corporate issues that are of concern to stakeholders.	No significant difference
VI. Does the Company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	V		First Securities Incorporation, a professional stock surrogate agency, was appointed by the Company to handle the affairs of the Shareholders' Meeting.	No significant difference
VII. Information disclosures (I) Has the Company set up a website to disclose information on financial business and corporate governance? (II) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)? (III) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	V V V		(I) The Company maintains a corporate website at http://www.xuyuanpack.com and discloses relevant information from time to time in the investor and stakeholder section as required. (II) The Company has set up corporate websites in both Chinese and English, and has appointed a spokesperson and an acting spokesperson to communicate information about the Company to the public. There is also a dedicated unit responsible for collecting, disclosing and updating information on shareholders, laws and regulations, investment, and the market. The video and audio files of the investor conferences and presentations attended by the Company have been compiled and uploaded to the Market Observation Post System for easy inquiry by the public. (III) The first, second and third quarter financial statements will be announced and reported in advance. The annual financial statements are under discussion and efforts of the Company.	No significant difference
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of	V		1. Employee rights: The Company has established the Employee Welfare Committee and formulated various employee welfare policies and management procedures, in compliance with local laws and regulations on labor-management relations, labor conditions, and social responsibilities to protect the rights and interests of employees. 2. Employee care: The Company's employee health checkup was conducted on August 7, 2023, and employee medical consultation was provided on a regular basis to maintain the physical and mental health of employees. 3. Investor relations: The Company discloses information through the Market Observation Post System and the Company's website so that	No significant difference

Assessment items	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
directors and supervisors liability insurance)?			<p>investors can fully understand the Company's operation status, and communicates with investors through shareholder meetings and spokespersons. The video and audio files of the investor conferences and presentations attended by the Company have been compiled and uploaded to the Market Observation Post System for easy inquiry by the public.</p> <p>4. Supplier relations: The Company's procurement department manages supplier affairs and maintains relations.</p> <p>5. Stakeholders' rights: The Company has appointed a spokesperson for stakeholders to communicate with through the Company's website, telephone and fax. From the customer's side: The Company attaches great importance to customers' opinions and fulfills their needs. Shareholders: The Company strives to protect the rights and interests of shareholders.</p> <p>6. Continuing education for directors: All directors of the Company have professional industry backgrounds and practical experience in operation and management, and participate in continuing education on a regular basis (Attachment 1).</p> <p>7. The implementation of risk management policies and risk measurement standards: The Company focuses on its own business and implements various policies in compliance with relevant laws and regulations.</p> <p>8. Implementation of customer policy: The Company maintains good relationship with its customers and adheres to the customer first policy to create corporate profits.</p> <p>9. The Company's purchase of liability insurance for directors and supervisors: The Company purchases liability insurance for all directors every year to strengthen the protection of shareholders' interests.</p>	
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved. (Not required for companies not included in the rating)	V		The Company complies with relevant laws and regulations with real-time disclosure of information in the annual report and on the corporate website. In the 2022 corporate governance evaluation sponsored by TWSE and TPEX, the Company was ranked among the TPEX-listed companies in the 66%-80% range, and are continuing to improve. After continuous improvement of relevant matters, the 2023 corporate governance assessment results have been significantly improved to 36%-50% of the ranking of listed companies.	No significant difference

Note 1: Either "Yes" or "No" checked, the operation shall be specified in the Brief description column.

Attachment 1: Directors' continuing education

Title	Name	Date of further education	Organizer	Course title	Hours of continuing education
Director	Huang, Nan-Yuan	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Director	Chuang, Ya-Ping	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Representative of corporate director	Yang, Su-Huan	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Representative of corporate director	Hu, Wen-Lung	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Director	Cheng, Shu-Jing	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Director	Yang, Ching-Hsiang	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Independent director	Chang, Yu-Chu	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Independent director	Lin, Ching-Huang	2023/11/30	Taiwan Corporate Governance Association	Diverse management of external influences	3.0
		2023/11/30	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0
Independent director	Chi, Yi-Tan	2023/06/02	The Chinese National Association of Industry and Commerce, Taiwan	Company's Directors and Supervisors workshop—"2023 Taiwan New Net-Zero Power Summit Forum"	3.0
		2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	3.0

Attachment 2: Criteria for assessing the independence of CPAs

2023 CPA Appointment and Independence Assessment Form

Evaluation CPA: Hsin-Tung Lin, Ming-Huei Chen

CPA Firm: Deloitte Taiwan

Item	Assessment items	Yes	No	Explanation
1	He served as the Company's CPA for seven consecutive years.	V		CPA Fang, Su-Li , 2022 was his 7th year on the job. CPA Hsin Tung Lin, 2023 was his 1st year on the job. CPA Ming-Hui Chen, 2023 was his 4th year on the job.
2	The CPA firm does not rely excessively on the Company's source of remuneration.	V		Deloitte & Touche is a world-renowned accounting firm that serves a wide range of companies. The Company is not its only client, so the Company does not have this concern.
3	They have not held regular jobs with regular salary or served as directors or supervisors of the Company.	V		The CPAs are only responsible for the audit and certification and consulting services, and have no other cooperation and transactions with the Company.
4	Has not provided non-audit and consulting services to the Company that affects the independence of the firm, its affiliates, or members of the audit service team.	V		
5	Has not served as the Company's director, supervisor, manager, or employee who has a significant impact on the audit and verification case, and the resignation has been less than two years.	V		
6	A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company, or ranking among the top 10 natural-person shareholders in holdings.	V		
7	Not a spousal relationship with a person-in-charge, managerial officer, or other director of the Board or a direct blood relative, a direct blood relative, or a collateral blood relative within the second degree of kinship.	V		
8	Not a director, supervisor, or employee of any corporate shareholder that directly holds 5% or more of the Company's total issued shares, or a director, supervisor, or employee of any of the top-5 corporate shareholders.	V		
9	Not a director, supervisor, executive officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.	V		
10	The accountants, their spouses, or minors have never had a relation involves in lending, investment, or sharing of financial benefits with the Company.	V		
11	When performing professional services, CPAs maintain a fair and objective position, and professional judgment is not compromised due to prejudice, conflict of interest, or relationship of interest.	V		
12	CPAs, members of the audit team, other joint certified public accountants or shareholders of accounting firms, accounting firms, affiliates of CPA Firms, and affiliated firms of the CPA firm shall maintain their independence from the Company.	V		

Valuation unit: Finance Department

Evaluation opinion: CPAs Hsin-Tung Lin, Ming-Huei Chen, the above independence assessment items are eligible.

(IV) If the Company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed:

1. Information on members of the Remuneration Committee

Title (Note 1)	Name	Criteria	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Independent director	Chi, Yi-Tan		See pages 9-10	See Note 3 below	None
Independent director	Chang, Yu-Chu		See pages 9-10	See Note 3 below	None
Independent director	Lin, Ching-Huang		See pages 9-10	See Note 3 below	None

Note 1: Please fill in "Independent Director" or "Other" in the Identity column.

Note 2: Please refer to pages 9-10.

Note 3:

If a member meets the following conditions during the two years prior to election and during his or her term of office, please enter a "V" in the box below the code for each condition.	Chi, Yi-Tan	Chang, Yu-Chu	Lin, Ching-Huang
(1) Not an employee of the Company or any of its affiliates.	V	V	V
(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).	V	V	V
(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.	V	V	V
(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).	V	V	V
(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).	V	V	V
(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).	V	V	V
(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).	V	V	V
(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).	V	V	V
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.	V	V	V
(10) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	V	V	V

2. Authority

- (1) Regularly review the Procedures and propose amendments.
- (2) Formulate and periodically review the annual and long-term performance goals and the compensation and remuneration policies, systems, standards, and structures for the Company's directors and managers.
- (3) Regularly evaluate the achievement of the performance targets of the Company's directors and managers, and set the content and amount of individual compensation and remuneration.

3. Information on the operation of the Remuneration Committee

- (1) There are three members in the Remuneration Committee.
- (2) The term of the current members: June 8, 2022 to June 7, 2025. The Remuneration Committee held 5 meetings (A) in the most recent year. The qualifications and attendance of members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Lin, Ching-Huang	5	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/06/08
Committee member	Yang, Rung-Ching	5	0	100%	Re-election/Retire at the Shareholders' Annual General Meeting on 2022/06/08
Committee member	Chang, Yu-Chu	5	0	100%	Re-elected at the Shareholders' Annual General Meeting on 2022/06/08
Committee member	Chi, Yi-Tan	5	0	100%	2022/06/08 Shareholders' meeting re-elected new directors

Additional information:

I. The Remuneration Committee's proposals proposed and resolved in the most recent year, and the Company's handling of the Remuneration Committee's opinions

Remuneration Committee Meeting	Contents of proposal and subsequent actions taken	Resolution results	The Company's response to the Remuneration Committee's opinions
2nd meeting of the 5th Term 2023/01/12	1. Review 2023 salary adjustment of the Company's managers.	Approved as proposed by all committee members present without objection.	Approved as proposed by all committee members present without objection.
3rd meeting of the 5th Term 2023/03/16	1. Discussion about the Company's 2022 remuneration of employees and directors.	Approved as proposed by all committee members present without objection.	Approved as proposed by all committee members present without objection.
4th meeting of the 5th Term 2023/04/13	1. The compensation for the Company's new corporate governance officer. 2. Amendment to the distribution of employees' compensation and directors' remuneration in 2022.	Approved as proposed by all committee members present without objection.	Approved as proposed by all committee members present without objection.
5th meeting of the 5th Term 2023/06/29	1. The Company's manager appointment and remuneration. 2. Review and discussion of 2022 directors' remuneration distribution	Approved as proposed by all committee members present without objection.	Approved as proposed by all committee members present without objection.
6th meeting of the 5th Term 2023/08/10	1. Review 2022 managers' remuneration.	Approved as proposed by all committee members present without objection.	Approved as proposed by all committee members present without objection.

II. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.

III. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

Note: (1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated with the number of meetings attended by the member divided by the number of committee meetings held during their term of office.

(2) Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

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

Assessment items	Operations (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description (Note 2)	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation? (For TWSE/TPEX listed companies, the status of implementation shall be filled in instead of compliance or interpretation.)	V		The Company has established the Sustainable Development Best Practice Principles. The responsible units are the Industrial Safety Division and the Management Department. Each department is responsible for fulfilling its sustainable development responsibilities within the scope of its duties.	No significant difference
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated relevant risk management policies or strategies? (For TWSE/TPEX listed companies, the status of implementation shall be filled in instead of compliance or interpretation.) (Note 3)	V		In accordance with the "Sustainable Development Best Practice Principles" established internally, the Company not only pursues sustainable operation and profitability, but also emphasizes environmental, social and corporate governance factors and incorporates them into the Company's management guidelines and operational activities.	No significant difference
III. Environmental issues (I) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	V		(I) In order to fulfill the corporate responsibility of sustainable development, the Company values environmental protection, the safety and health of colleagues and employees, and fulfills the responsibilities for sustainable development out of the need for sustainable environment maintenance and factory pollution prevention and management. In 2011, Hsinchu Branch and Chiayi Branch established the environmental management system framework and organization according to the requirements of ISO-14001, the occupational safety and health management system framework and organization according to the requirements of OHSAS18001, and the Taiwanese standard CNS15506 to establish an occupational safety and health management system framework and organization. Both the Hsinchu and Chiayi Branches passed ISO-14001, OHSAS18001, and CNS15506 in October 2012. The certification has a revision in September 2015. In 2016, the quantity of ink waste and the energy consumption per unit of production capacity are monitored and managed using the ISO-14001 management system. Sustainable environmental goals are set and progress is tracked regularly. Continuous monitoring and management based on the international standard environmental management system framework ISO-14001 to effectively control air pollution, water pollution, waste and other environmental pollution from the production process of the Hsinchu and Chiayi factories. At the same time, apply for the relevant permits from the local competent authorities. 1. Air pollution management: The Company has obtained the "Permit to Operate Stationary Pollution Sources" issued by the environmental protection competent authority, and installs prevention equipment to treat the air pollution. The waste gas shall meet the legal emission standard after proper and effective treatment. A testing agency accredited by the Environmental Protection Administration is commissioned to perform emission pipeline inspection and declaration on a regular basis. 2. Water pollution management: The Company has no production process that generates wastewater. The general domestic wastewater meets the control standards of the sewage treatment plants in Chiayi Dapu Industrial Park. The wastewater is discharged to the wastewater treatment plants under the jurisdiction of Chiayi Dapu Industrial Park, and the testing unit of the wastewater treatment plant conducts regular	No significant difference

Assessment items	Operations (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description (Note 2)	
<p>(II) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?</p> <p>(III) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?</p> <p>(IV) Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on energy-saving and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?</p>	V		<p>discharge inspections and reports. 3. Waste management: The Company has obtained the "Waste Clearance Plan" approved by the environmental protection competent authority, implemented waste reduction and sorting management, commissioned a legal waste disposal agency approved by the Environmental Protection Administration for the disposal of industrial waste, and regularly reported the volume and flow of the wastes.</p> <p>(II) Dedicated units are responsible for the planning, maintenance, and repairs of on-site electricity and water resources, and energy conservation and carbon reduction solutions are implemented to reduce electricity consumption. The Company also has defined waste management principles within the company. The waste recycling rate is increased and waste is contracted to qualified suppliers for recycling.</p> <p>(III) The Company always pays attention to the relevant risks that may be caused by climate change when executing its daily business activities, and takes countermeasures when necessary.</p> <p>(IV) The reduction targets proposed for the year are as follows:</p> <ul style="list-style-type: none"> Using the computer to allocate the proportion, adjust the ink and organic solvent of the printing process to a reasonable range, to reduce the amount of waste printing ink. Reduce the amount of waste printing ink of the year by 20 to 30%, and reduced approximately NTD\$1.6 million in expenses for the removal and disposal of waste printing ink. Build a VOC waste gas treatment and waste heat recycle system and gradually replace high-efficiency air compressor supply equipment and lighting equipment through energy efficiency monitoring and management, to reduce 838,605 kWh of electricity and carbon emissions by 420.98 metric tons of CO₂e/year, reducing greenhouse gas emissions to achieve energy conservation, carbon reduction and greenhouse gas reduction effects. 	
<p>IV. Social issues</p> <p>(I) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?</p> <p>(II) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?</p>	V	V	<p>(I) The Company has established employee work rules and various management rules and regulations, and abides by relevant labor laws and regulations to protect the legitimate rights and interests of employees. The related management methods and procedures include 1. Providing employees with reasonable remuneration and bonus system. 2. Organize employee education and training. 3. Implement the holiday and leave system.</p> <p>(II) Employee benefit measures</p> <ol style="list-style-type: none"> 1. Leave policy: Five-day work week for two-day rest, special leave, paternity leave for male employees, and maternity check-up leave. 2. Insurance: 6% of labor pension, labor insurance, national health insurance, employee group insurance (full coverage by the company), accident insurance (including overseas business trips). 3. Domestic and overseas business trip subsidies. 4. Education and training: Training on individual professional functions, supervisor management skills, and professional certification. 5. Free annual health checkup. 6. Gift vouchers (gold) for the three festivals, birthday gifts, subsidies for weddings and funerals, childbirth subsidies, and hospitalization subsidies. 7. Employee dormitory. 8. Organize and subsidize domestic travels for employees. 9. The Company held a year-end company party and lucky draw activity for employees. 10. Salary adjustment: Salary is adjusted according to individual performance at the end of the fiscal year. 11. Year-end bonus: Approved at the end of the fiscal year depending on the operational performance of the Company and 	No significant difference

Assessment items	Operations (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor																									
	Yes	No	Brief description (Note 2)																										
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		<p>individual work performance. 12. Overtime and meal allowances. 13. Allotment of employees' earnings/bonus. 14. The company's vehicle for work travel use.</p> <p>(III) 1. Test the operating environment once every six months as required by law. 2. Regular annual health checkups are arranged for employees. 3. Purchase employee accident and medical insurance. 4. Employees are required to participate in environmental, safety, and health courses according to their duties. 5. The Company has set up an emergency response team that conducts drills on a regular basis every year.</p>																										
(IV) Has the Company established an effective career development training program for employees?	V		<p>(IV) For the purpose of strengthening human resources and corporate competitiveness, the Company not only strengthens the comprehensive training and provides continuing education channels for employees to help employees continue to grow and improve, but also further enhances their professionalism to achieve the goal of sustainable development.</p> <p>Number of training sessions organized by the Company in 2023:</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Number of sessions</th> <th>Number of persons</th> <th>Number of hours</th> <th>Fees (NTD)</th> </tr> </thead> <tbody> <tr> <td>Training for new recruits</td> <td>4</td> <td>17</td> <td>4</td> <td>0</td> </tr> <tr> <td>Professional training</td> <td>37</td> <td>400</td> <td>192.5</td> <td>54,820</td> </tr> <tr> <td>Occupational safety and health training</td> <td>8</td> <td>12</td> <td>51</td> <td>18,600</td> </tr> <tr> <td>Total</td> <td>45</td> <td>412</td> <td>243.5</td> <td>73,420</td> </tr> </tbody> </table>	Items	Number of sessions	Number of persons	Number of hours	Fees (NTD)	Training for new recruits	4	17	4	0	Professional training	37	400	192.5	54,820	Occupational safety and health training	8	12	51	18,600	Total	45	412	243.5	73,420	
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Occupational safety and health training	8	12	51	18,600																									
Total	45	412	243.5	73,420																									
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		<p>(V) According to the internal "Ethical Corporate Management Best Practice Principles", the Company has complied with relevant laws and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and established relevant consumer protection policies and grievance procedures.</p>																										
(VI) Has the Company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?	V		<p>(VI) I. The Company has established a supplier management policy and requires suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and supplier assessments are arranged every year.</p> <p>II. The Company currently takes sustainable development indicators such as environment, labor, human rights, and social impact as one of the considerations for selecting new suppliers and evaluating suppliers, and requires new suppliers to sign relevant commitment letters. The required compliance items are as follows:</p> <ol style="list-style-type: none"> 1. Labor and human rights: No forced labor, prohibiting the employment of child labor, providing adequate wages and benefits, ensuring workers' working hours and rest hours, eliminating sexual harassment, bullying and discrimination at the workplace, and not using conflict minerals, etc. 2. Health and safety: including necessary measures to provide occupational safety, emergency response, industrial hygiene, machine protection, public health and accommodation, and health and safety information. 3. Environment: Including environmental operation permission, pollution prevention and resource 																										

Assessment items	Operations (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description (Note 2)	
			conservation, hazardous substances, sewage, harmless solid waste, noise, waste gas emissions, product and service restrictions, energy/resource consumption and greenhouse gas emissions, etc. 4. Ethics: including ethical corporate management, respecting intellectual property rights, abiding by relevant confidentiality agreements, protecting privacy, and avoiding conflicts of interest, etc. As of the end of 2023, a total of 70 suppliers has returned commitment letters. The Company has gradually required suppliers to sign commitment letters and abide by them, and will include commitment letters with signature as one of the new supplier documents.	
V. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	V		The Company complies with relevant corporate sustainable development guidelines and requirements, but has not yet compiled a corporate social responsibility report.	No significant difference
VI. If the Company has established its own Best Practice Principles for Sustainable Development in accordance with the "Best Practice Principles for Sustainable Development of TWSE/GTSM Listed Companies," please describe the current practices and any deviations from the code of conduct: The Company's board has approved the "Corporate Social Responsibility Best Practice Principles" as the guiding principle for long-term CSR promotion in January 2014. The Corporate Social Responsibility Best Practice Principles was amended to the Best Practice Principles for Sustainable Development according to the amended "Best Practice Principles for Sustainable Development of TWSE/GTSM Listed Companies" in April 2022, and there have been no deviations between the actual operations and the Principles. Each department is responsible for fulfilling its sustainable development responsibilities within the scope of their duties.				
VII. Other important information that facilitates the understanding of the promotion of sustainable development: 1. In order to fulfill the Company's sustainable corporate responsibilities, Hsinchu Branch and Chiayi Branch Office have joined the Hsinchu County Firefighting Friends Association and Chiayi Dalin Fire Brigade respectively since 2017 in accordance with the structure and organization of the local fire safety authority, as a consultant to the volunteer firefighting organization, actively participating in and cooperating with the local fire department in charge of disaster prevention and assistance. 2. Sponsored anue's warm and loving event "2023 Post-Epidemic Gathering Together to Welcome the Dawn of Happiness" with NT\$60,000. 3. Provide care to disadvantaged groups and institutions from time to time and provide daily necessities of NT\$20,000.				

Note 1: If you select "Yes" for the implementation, please specify the important policies, strategies, measures and implementations; if you select "No," please explain in the column the Deviation and causes of deviation to the "Best Practice Principles for Sustainable Development of TWSE/GTSM Listed Companies." However, with regards to Items 1 and 2, the TWSE/TPEX listed company shall describe its sustainable development governance and supervision structure, including but not limited to management approach, strategy and goal setting, and review measures. It also describes the Company's risk management policies or strategies on environmental, social, and corporate governance issues related to its operations, and its evaluation.

Note 2: The principle of materiality refers to the environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Note 3: Please refer to the examples of best practice principles on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(VI) The Company's implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor

Assessment items	Operations (Note)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans				
(I) Has the Company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	V		(I) The Company has established the ethical corporate management policy, and the Board of Directors and the management are committed to implement the policy and implement it in internal management and external business activities.	No significant difference
(II) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Company has established preventive measures in the "Guidelines for Ethical Management and Conduct" to communicate the relevant regulations to employees. Any violation will be punished by the Company, including termination of employment contract for serious offenders, and the Company will be under constant review for possible occurrences of unethical practices to enhance the effectiveness of the Company's ethical management.	
(III) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	V		(III) Based on the business philosophy of integrity, transparency and responsibility, the Company has clearly stipulated the prevention against unethical conducts in the Principles. The Company also organizes education, training and advocacy for directors, managers, employees and parties of de facto control from time to time.	
II. Implementation of ethical management				
(I) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	V		(I) The Company has stipulated that the integrity records of the counterparties shall be evaluated in the newly amended Ethical Corporate Management Regulations, and it is also required that the contracts signed with the counterparties contain clauses on ethical conduct.	No significant difference
(II) Has the Company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	V		(II) In order to improve the ethical corporate management of the Company, the management department is responsible for the formulation and supervision and implementation of ethical corporate management policies and prevention plans. The audit office reports to the board of directors from time to time. The implementation status was reported at the 10th meeting of the seventh board of directors on November 9, 2023. The Company's director is to be highly self-disciplined. Those who have personal interest or the interest of the juridical person they represent involved in the proposals on the agenda of the board meetings, which may be detrimental to the Company's interest, may state their opinions and answer questions and shall recuse themselves from the discussion and voting on a given proposal and cannot exercise voting rights on behalf of other directors.	
(III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		(III) The Company has established an effective accounting system and internal control system, and audits are conducted by the internal audit unit on a regular basis or by external auditors .	
(IV) Has the Company has established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on	V		(IV) The dedicated unit conducts propaganda irregularly and arranges internal and external education training depending on the actual situation. A 3-hour ethical corporate management education training has been held in 2023	

	the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?			
(V)	Does the Company regularly hold internal and external education and training on ethical management?	V		
III.	Implementation of the Company's whistleblowing system			
(I)	Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	V	The Company has established a detailed system of whistle-blowing and rewards in its "Procedures for Ethical Management and Guidelines for Conduct" to provide convenient channels for reporting. The designated unit shall keep the identity of the whistleblower and the content of the report confidential, and let employees know that the Company will do its best to protect the safety of the whistleblower, and will not tolerate retaliation against the whistleblower in good faith .	No significant difference
(II)	Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	V		
(III)	Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		
IV.	Enhanced information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V	The Company has posted the Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System to provide employees, customers, suppliers, and external parties with information on ethical management. The implementation status was reported at the 10th meeting of the seventh board of directors on November 9, 2023.	No significant difference
V.	If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, please specify the difference between its operation and the principles: 1. There is no material difference. The Company has revised the "Ethical Corporate Management Procedure and Code of Conduct" and assigned a dedicated unit that will gradually implement its due operations according to the actual situation in the future. 2. The Company has established the "Procedures for Handling Material Internal Information" to prevent insider trading and protect the rights and interests of stakeholders. There is no material difference between the operation and the "Procedures for Handling Internal Material Information."			
VI.	Other important information helpful for understanding the Company's ethical corporate management operation (such as the Company's review and revision of the Company's Ethical Corporate Management Best Practice Principles): The Company has cooperated with the competent authority's letter and amended part of the provisions of the "Procedures for Ethical Management" as resolved by the Board on May 14, 2015 and presented in the shareholders annual general meeting on June 30, 2015. The amendments have been disclosed on the Company's website and MOPS.			

(VII) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the methods of inquiry shall be disclosed:

The Company currently has the Corporate Governance Best Practice Principles and related regulations in place, which are available to stakeholders at the following sections:

1. Market Observation Post System: <http://mops.twse.com.tw> Corporate Governance
2. Company website: <http://www.xuyuanpack.com> for investors and stakeholders.

(VIII) Other information material to the understanding of the Company's corporate governance:

The Company has established the "Management Procedures for Prevention of Insider Trading," which contains the procedures for the handling and disclosure of material information of the Company, and that the Company's directors, managers and employees shall not inquire or collect non-public material inside information of the company which are not related to their individual duties from a person with knowledge of such information. Should they gain knowledge of non-public material inside information of the company for reasons other than the performance of their duties, they may not reveal to others any parts of such knowledge. In addition, the Company cooperated with the "Informational Trading Suspension Mechanism" of TWSE/TPEX-listed companies to implement and establish the "Procedures for Applying for Trading Suspension and Resumption" in accordance with the requirements of the competent authority, which was approved by the Board of Directors on December 25, 2015.

(IX) Matters to be disclosed regarding the implementation of the internal control system:



1. Internal control statement:

Xu Yuan Packaging Technology Co., Ltd.

Statement of the Internal Control System

Date: March 7, 2024

The Company's internal control system for 2023 as per the results of our self-assessment is hereby declared as follows:

1. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
2. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
3. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
4. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
5. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of its subsidiaries), including understanding the results of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
6. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Declaration was approved at the meeting of the Company's Board of Directors on March 7, 2024. None of the nine directors present at the meeting expressed dissent and all of them agreed to the contents of this declaration.

Xu Yuan Packaging Technology Co., Ltd.

Chairman: Huang, Nan-yuan

President: Chuang, Ya-Ping



2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.
- (X) Penalties imposed against the Company and its internal personnel as required by law, or disciplinary actions taken by the Company against internal personnel for violations of the internal control system in the most recent year up till the publication date of this annual report, and major deficiencies and improvements made: None.
- (XI) Major resolutions made in shareholders' meetings and their implementation and major resolutions made by the Board in the most recent year up until the publication date of this annual report:

Board of Directors meetings of 2023 and as of the date of printing of this annual report:

Date	Important Resolutions and Executive Summary	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors
2023/01/20	1. The Company's 2023 operating budget planning.				
	2. Discussion about the Company's application for bank credit limit.				
	3. 2023 salary adjustments of the Company's managers.	V		V	
	4. The Company's repurchase of treasury stock in 2023.	V		V	
	Independent directors' opinions: None.				
	The Company's response to independent directors' opinions: None.				
112/03/16	Resolution result: All directors present agreed to pass all these proposals.				
	1. Discussion about the Company's 2022 remuneration of employees and directors.	V		V	
	2. The Company's 2022 business report.			V	
	3. The Company's 2022 financial statements.			V	
	4. Discussion about the overdue account receivable of the Company.	V		V	
	5. Loaning of funds by the Company to others.	V		V	
	6. The Company's endorsements and guarantees for subsidiaries.	V		V	
	7. Discussion about the letter of prepayment guarantee to the bank applied for by the Company.				
	8. Proposed to arrange the convening of the Company's 2023 General Shareholders' Meeting.				
	9. The acceptance of shareholders' proposals for discussion at the Company's 2023 annual general meeting.				
	10. The Company's 2023 internal control declaration			V	
	11. Appointment and dismissal of CPAs and evaluation of the independence of CPAs.	V		V	
	12. Partial amendments to the "Self-inspection procedures" of the Company.				
	13. Partial amendments to the Company's "Rules of Procedure for Board of Directors Meetings."			V	
14. Partial amendments to the Company's "Regulations Governing the Transfer of the First Treasury Stock to Employees."					
Independent directors' opinions: None.					
The Company's response to independent directors' opinions: None.					
Resolution result: All directors present agreed to pass all these proposals.					
2023/04/13	1. The Company's 2022 earnings distribution proposal.	V		V	
	2. Amendment to the distribution of employees' compensation and directors' remuneration of the Company in 2022.	V		V	
	3. Appointment of the Head of Corporate Governance of the Company.			V	
	4. Amendment to the proposal for convening the Company's 2023 regular shareholders' meeting.				
Independent directors' opinions: None.					
The Company's response to independent directors' opinions: None.					
Resolution result: All directors present agreed to pass all these proposals.					
112/05/10	1. The Company's 2023 first quarter financial statements.			V	
	2. Discussion about the overdue account receivable of the Company.	V		V	
	3. Loaning of funds by the Company to others.	V		V	
	Independent directors' opinions: None.				
The Company's response to independent directors' opinions: None.					
Resolution result: All directors present agreed to pass all these proposals.					
2023/06/29	1. The base date for distributing cash dividends of the Company in 2023.	V		V	
	2. The Company's directors' remuneration distribution.	V		V	
	3. Appointment of the managers of the Company.			V	
	Independent directors' opinions: None.				
The Company's response to independent directors' opinions: None.					
Resolution result: All directors present agreed to pass all these proposals.					
2023/08/10	1. The Company's 2023 second quarter financial statements.			V	

Date	Important Resolutions and Executive Summary	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors
	2. Discussion about the Company's application for bank credit limit.				
	3. Discussion about the overdue accounts receivable of the Company.	√		√	
	4. Loaning of funds by the Company to others.	√		√	
	5. Discussion about the remuneration the managers of the Company in 2022			√	
	Independent directors' opinions: None.				
	The Company's response to independent directors' opinions: None.				
	Resolution result: All directors present agreed to pass all these proposals.				
112/11/09	1. The Company's 2023 third quarter financial statements.				
	2. Amendments to the Company's 2023 audit plan.				
	3. Discussion about the Company's application for bank credit limit.				
	4. The Company's 2024 audit plan.				
	5. Discussion about the overdue accounts receivable of the Company.	√		√	
	6. Loaning of funds by the Company to others.	√		√	
	7. Partial amendments to the Company's "Ethical Corporate Management Best Practice Principles."				
	Independent directors' opinions: None.				
	The Company's response to independent directors' opinions: None.				
	Resolution result: All directors present agreed to pass all these proposals.				
2024/01/11	1. The Company's 2024 operating budget planning.				
	2. Discussion about the Company's application for bank credit limit.				
	3. 2023 year-end bonus for managers of the Company.			√	
	Independent directors' opinions: None.				
	The Company's response to independent directors' opinions: None.				
	Resolution result: All directors present agreed to pass all these proposals.				
2024/03/071	1. The Company formulated a base date plan for the payment of cash dividends in 2023.			√	
	2. The Company's 2023 financial statements.			√	
	3. Discussion about the overdue account receivable of the Company.	√		√	
	4. Loaning of funds by the Company to others.	√		√	
	5. Proposed to arrange the convening of the Company's 2024 General Shareholders' Meeting.				
	6. Acceptance of shareholders' written proposals for discussion at the Company's 2024 annual general meeting.				
	7. The Company's 2023 internal control declaration.			√	
	8. Appointment and dismissal of CPAs and evaluation of the independence of CPAs.	√		√	
	9. Partial amendments to the Company's "Articles of Incorporation"				
	10. Partial amendment to the company's "Rules of Procedure for Shareholders' Meeting"			√	
	11. The Company's "Key points of the matters that should be complied with in the establishment and exercise of powers of the board of directors"	√		√	
	Independent directors' opinions: None.				
	The Company's response to independent directors' opinions: None.				
	Resolution result: All directors present agreed to pass all these proposals.				

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

(XIII) During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company's Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, corporate governance officer, or R&D officer: None.

V. Information on the Company's CPA audit fees:

(I) Where the non-audit fees paid to the CPAs, the CPA firm at which the CPAs work, and the CPA firm's affiliates account for 25% or more of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	CPA's audit period	Audit fees	Non-audit fees (Note)	Total	Remarks
Deloitte Taiwan	Hsin Tung Lin	2023	3,130	250	3,380	
	Ming-Hui Chen	2023				

Note: Non-audit fees include transfer pricing and other fees.

(II) If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: N/A.

- (III) When the audit fees paid for the current year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and thereof shall be disclosed: N/A.

VI. Information on replacement of CPAs:

(I) About the former CPA

Date of replacement	From the first quarter of 2024.		
Replacement reason and description	In response to the Group's long-term strategic development and internal management needs		
Indicated due to termination of appointment or non-acceptance of appointment by the client or the auditor	Situation	Parties involved	Certified Public Accountant
			Principal
	Initiate termination of appointment		V
	No longer accepting (continuing) appointment		
Independent Auditors' Report other than unqualified audit reports issued within the last two years and reasons	None		
Are there any disagreements with the issuer?	Yes		Accounting principles or practices
			Disclosures in the financial statements
			Audit Scope or Procedure
			Others
	None		V
	Explanation		
Other disclosures (Disclosures required for Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

(II) Information about the succeeding auditor

Name of accounting firm	PwC Taiwan
Name of CPA	CPA Wei Hau Wu and Ya Huei Cheng
Date of appointment	From the first quarter of 2024.
Possible opinions and results of consultation on the accounting treatment or accounting principles for specific transactions and financial statements prior to appointment	N/A.
Written opinions of the successor CPAs on matters of disagreement with the predecessor CPAs	N/A.

- (III) The former CPA's reply to the Item 1 and 2-3 of Paragraph 6 of Article 10 of the Guidelines: No comments.

VII. Any of the Company's Chairman, President, or any managerial officer in charge of financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the most recent year, and disclose their names, job titles, and the period of employment in the CPA firm or its affiliated companies: None.

VIII. The changes in the transfer or pledge of equity shares by directors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report:

(I) Movements in shareholdings of directors, managers, and major shareholders:

Unit: share

Title	Name	2023		2024, as of April 26	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Huang, Nan-Yuan	—	—	—	—
President	Chuang, Ya-Ping	1,000	—	—	—
Director	Xu Yao Investment Co., Ltd.	—	—	—	—
Director	Cheng, Shu-Jing	—	—	—	—
Director	Chuang, Wen-Chiu (Note 2)	—	—	—	—
Director	Chang, Tse-Hong (Note 2)	—	—	—	—
Director	Yang, Ching-Hsiang (Note 1)	—	—	—	—
Director	Xu Hung Investment Co., Ltd. (Note 1)	96,000	—	15,000	—
Director	Hu, Wen-Lung (Note 1)	—	—	—	—
Independent director	Yang, Rung-Ching (Note 2)	—	—	—	—
Independent director	Chang, Yu-Chu	—	—	—	—
Independent director	Lin, Ching-Huang	—	—	—	—
Independent director	Chi, Yi-Tan (Note 1)	—	—	—	—
Special Assistant, R&D Department	Dai Hao	—	—	—	—
Assistant Vice President of Chiayi Manufacturing Center	Cheng, Rui-Shu	—	—	—	—
Assistant Vice President of Public Security Department	Chuang, Shih-Ho	(315,000)	—	—	—
Chief Financial Officer	Yang, Su-Huan	—	—	—	—
Chief Corporate Governance Officer	Yang, Sheng-Fa (Note 3)	—	—	—	—
Senior manager of Overseas business department.	Lai Fa Wu (Note 4)	—	—	—	—
Senior manager of business department	Jung Bin Chen (Note 4)	—	—	—	—

Note 1: The Company re-elected its directors in the shareholders' meeting on June 8, 2022. The new directors are Ching Hsiang Yang, Xu Hong Investment Co., Ltd., Wen Lun Hu, and Yi Tan Chi.

Note 2: The Company re-elected directors at the shareholders' meeting on June 8, 2022. Resigned directors are We Chu Chuang, Tse Hung Chang, Jung Ching Yang.

Note 3: On 2023.04.13, the Company's board of directors approved the appointment of corporate governance officer.

Note 4: On 2023.06.29, the Company's board of directors approved the appointment of managers.

X. Where the counterparty of the equity transfer is a related party, disclose the name of the counterparty, its relationship with the company, the directors, and shareholders holding more than 10% of the shares in the company, and the number of shares acquired:

February 20, 2023

Name	Reason for equity transfer (Note 1)	Transaction date	Counterparty of transaction	Relationship between counterparties and the Company, directors, supervisors, managers, and shareholders with more than 10% ownership interest	Number of shares	Transaction price
Chuang, Shih-Ho	Gift	112.02.20	Tse Yu Huang	Children	315,000	Not applicable.

Note 1: Please fill in Acquisition or Disposal.

- (1) If the counterparty of equity pledge is a related party, it shall disclose the name of the counterparty, its relationship with the company, the directors, and shareholders with more than 10% ownership interest in the company, and the number of shares pledged: None.

Assistant Manager of Public Security Department

XI. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another :

March 26, 2024; unit: shares

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names		Remarks
	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Name	Relations	
Xu Yao Investment Co., Ltd.	9,081,949	16.57%	—	—	—	—	Xu Hung Investment Co., Ltd.	Note 1	—
Representative: Huang, Nan-Yuan	2,519,464	4.60%	4,438,290	8.10%	—	—	Chuang, Ya-Ping	Note 2	—
Xu Hung Investment Co., Ltd.	4,376,288	7.98%	—	—	—	—	Xu Yao Investment Co., Ltd.	Note 1	—
Representative: Chuang, Ya-Ping	3,245,015	5.92%	3,712,739	6.77%	—	—	Huang, Nan-Yuan	Note 2	—
Chuang, Ya-Ping	3,244,015	5.92%	3,712,739	6.77%	—	—	Huang, Nan-Yuan	Note 2	—
Huang, Nan-Yuan	2,519,464	4.60%	4,438,290	8.10%	—	—	Chuang, Ya-Ping	Note 2	—
Huang, Yi-Ting	1,193,279	2.18%	—	—	—	—	Huang, Nan-Yuan Chuang, Ya-Ping	Note 2	—
Huang, Yi-Hsuan	1,193,275	2.18%	—	—	—	—	Huang, Nan-Yuan Chuang, Ya-Ping	Note 2	—
Huang, Sheng-Kai	1,193,275	2.18%	—	—	—	—	Huang, Nan-Yuan Chuang, Ya-Ping	Note 2	—
Feei Cheng Develop Technology Co., Ltd.	795,000	1.45%	—	—	—	—	—	—	—
Chang Yu Ming	670,000	1.22%	—	—	—	—	—	—	—
Xuyuan Packaging Technology Co., Ltd. Treasury Stock Account	568,000	1.04%	—	—	—	—	—	—	—

Note 1: Huang, Nan-Yuan, representative of Xu Yao Investment Co., Ltd., and Chuang, Ya-Ping, representative of Xu Hong Investment Co., Ltd., are husband and wife.

Note 2: Huang, Nan-Yuan and Chuang, Ya-Ping are husband and wife and parents to the three siblings, Huang, Yi-Ting, Huang, Yi-Hsuan, and Huang, Sheng-Kai.

XII. The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, managers, or any companies controlled either directly or indirectly by the Company:

Comprehensive shareholding ratio

March 26, 2024
Unit: Thousand shares; %

Re-investment business (Note 1)	Investment by the Company		Investment by directors, managers, or any companies controlled either directly or indirectly by the Company		Comprehensive investment	
	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio
Hong Yuan Packaging Technology Co., Ltd.	4,400	100%	—	—	4,400	100%
XU YUAN PACKAGING TECHNOLOGY CO.,LTD	700	100%	—	—	700	100%
DASE-SEAL PACKAGING TECHNOLOGY CO., LTD	320	100%	—	—	320	100%
SLEEVE SEAL, LLC.	1	35%	—	—	1	35%
XYP JAPAN CO., LTD.	8	100%	—	—	8	100%
Hongxu Packaging Machinery (Shanghai) Co., Ltd. (Note 2)	—	—	—	100%	—	100%
XU YUAN Packaging Technology (India) Private Limited	22	100%	—	—	22	100%
XYPD DO BRASIL EMBALAGENS LTDA.	4,608	51%	—	—	4,608	51%
PT. XU YUEN PACKAGING TECHNOLOGY INDONESIA	6,200	62%	500	5%	6,700	67%
PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	1	10%	1	90%	2	100%
PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	9	95%	1	5%	10	100%
HONG SHENG HOLDING LTD. (Note 3 & 5)	—	—	100	100%	100	100%
Hung Tai Trading Co., Ltd. (Note 4)	—	—	300	100%	300	100%

Note 1: It is an investment made by the Company using the equity method.

Note 2: The invested company acquired indirectly by the Company's investment in XU YUAN PACKAGING TECHNOLOGY CO.,LTD.

Note 3: The investee is acquired indirectly through the Company's investment in Hong Yuan Packaging Technology Co., Ltd.

Note 4: The Company invested in Hong Yuan Packaging Technology Co., Ltd. and indirectly acquired the invested company HONG SHENG HOLDING LTD. and indirectly acquired the invested company.

Note 5: Hong Sheng Holding Ltd. is struck off the Register on the 5th March 2024 and the company was thereupon dissolved.

Four. Fundraising Status

I. Capital and shares

(I) Source of share capital

1. Share capital after formation Unit: thousand shares; NTD thousand

Year/Month	Issue price (NT\$)	Authorized capital		Paid-in capital		Source of share capital	Capital increased by assets other than cash	Remarks
		Number of shares	Amount	Number of shares	Amount			
2004.10	10	2,000	20,000	1,000	10,000	Initial share capital	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09332933090 dated 2004.10.26
2004.12	10	2,000	20,000	2,000	20,000	Capital increase in cash by NT\$10,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09333194800 dated 2004.12.15
2005.05	10	4,300	43,000	4,300	43,000	Capital increase in cash by NT\$23,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09432120390 dated 2005.5.13
2005.09	10	5,800	58,000	5,800	58,000	Capital increase in cash by NT\$15,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09432819310 dated 2005.9.14
2007.05	10	6,500	65,000	6,500	65,000	Capital increase in cash by NT\$7,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09632152680 dated 2007.5.24
2007.08	10	8,000	80,000	8,000	80,000	Capital increase in cash by NT\$15,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09632645780 dated 2007.8.21
2007.11	10	10,000	100,000	10,000	100,000	Capital increase in cash by NT\$20,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09333139820 dated 2007.11.29
2008.04	10	11,000	110,000	11,000	110,000	Capital increase in cash by NT\$10,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09732125620 dated 2008.4.23
2008.06	10	12,500	125,000	12,500	125,000	Capital increase in cash by NT\$15,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09732515030 dated 2008.6.27
2009.09	10	25,000	250,000	17,400	174,000	Capital increase in cash by NT\$49,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09832972550 dated 2009.9.22
2010.01	10	25,000	250,000	19,000	190,000	Capital increase in cash by NT\$16,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09931545950 dated 2010.1.13
2010.06	10	25,000	250,000	20,710	207,100	Capitalization of earnings by NT\$17,100 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09932164290 dated 2010.6.11
2010.06	10.1	25,000	250,000	21,698	216,980	Capital increase by transfer of employee share subscription certificates for NT\$9,880 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09932228500 dated 2010.6.30
2010.07	18	25,000	250,000	23,298	232,980	Capital increase in cash by NT\$16,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09932289150 dated 2010.7.12
2010.08	34	45,000	450,000	26,298	262,980	Capital increase in cash by NT\$30,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 09932466070 dated 2010.8.17
2011.7	16.277	45,000	450,000	26,494	264,945	Capitalization of employee bonus by NT\$3,198 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10032198620 dated 2011.07.01
2011.7	10	45,000	450,000	28,598	285,983	Capitalization of earnings by NT\$21,038 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10032198620 dated 2011.07.01
2012.7	10	45,000	450,000	29,885	298,852	Capitalization of earnings by NT\$12,869 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10132317280 dated 2012.07.30
2012.9	21	45,000	450,000	33,885	338,852	Capitalization of earnings by NT\$40,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10132454780 dated 2012.09.03
2012.11	22	45,000	450,000	38,121	381,212	Capitalization of earnings by NT\$42,360 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10132785260 dated 2012.11.30
2013.8	10	65,000	650,000	38,502	385,024	Capitalization of earnings by NT\$3,812 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10233825670 dated 2012.08.21
2016.1	11	65,000	650,000	44,502	445,025	Capital increase in cash by NT\$60,000 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 105330046510 dated 2016.01.05
2016.10	16.75	65,000	650,000	45,517	455,174	Convertible bonds NT\$10,149 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10534355860 dated 2016.10.05
2016.12	16.36	65,000	650,000	46,188	461,880	Convertible bonds NT\$6,707 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10534488170 dated 2016.12.07
2017.2	16.36	65,000	650,000	46,750	467,504	Convertible bonds NT\$5,632 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10633097030 dated 2017.02.22
2017.4	16.36	65,000	650,000	53,480	534,801	Convertible bonds NT\$67,298 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10601044210 dated 2017.04.17
2019.10	10	65,000	650,000	54,817	548,171	Capitalization of earnings by NT\$13,370 thousand	—	Approved by Letter Ref. Jing-Shou-Zhong-Zi No. 10801132560 dated 2019.10.01

2. Share class

on March 26, 2024

Share type	Authorized capital (Unit: shares)			Remarks
	Outstanding shares	Number of shares unissued	Total	
Registered ordinary shares	54,817,140	10,182,860	65,000,000	Shares of a TWSE listed (or GTSM listed) company

3. For securities that have been approved to be offered under the shelf registration system, the amount approved and information on the securities to be issued and already issued shall also be disclosed: Not applicable.

(II) Shareholder structure on March 26, 2024

Shareholder structure Number	Government agencies	Financial institutions	Other juridical persons	Individual	Foreign institutions and foreigners	Total
Number of people	—	2	11	8,122	16	8,151
Number of shares held (shares)	—	89,000	15,515,826	38,842,774	369,540	54,817,140
Ownership ratio (%)	—	0.16	28.3	70.85	0.69	100.00

Note: The first TWSE/TPEx and emerging stock market listing companies shall disclose their shareholdings of Chinese investors; Chinese investors refer to the people, institutions, groups, and other institutions in Mainland China defined in Article 3 of the Regulations Governing the Permitting of Investments in Taiwan by People from Mainland China, or its invested companies in a third region.

(III) Equity dispersion

1. Common shares on March 26, 2024

Shareholding range			Number of shareholders	Number of shares held	Shareholding ratio (%)
1	to	999	3,935	770,620	1.41
1,000	to	5,000	3,346	6,538,691	11.93
5,001	to	10,000	450	3,496,605	6.38
10,001	to	15,000	139	1,723,904	3.14
15,001	to	20,000	64	1,178,933	2.15
20,001	to	30,000	63	1,568,242	2.86
30,001	to	40,000	36	1,272,905	2.32
40,001	to	50,000	21	977,690	1.78
50,001	to	100,000	53	3,945,764	7.20
100,001	to	200,000	12	1,733,603	3.16
200,001	to	400,000	17	4,465,512	8.15
400,001	to	600,000	6	2,877,126	5.25
600,001	to	800,000	2	1,465,000	2.67
800,001	to	1,000,000	0	0	0
Over 1,000,001 (Note)			7	22,802,545	41.60
Total			8,151	54,817,140	10

Note: The shareholdings of more than 1,000,001 will be classified based on the actual situation.

2. Preferred shares: The Company has not issued any preferred shares.

(IV) List of major shareholders:

Names, amounts of shares held, and percentages of shareholders holding at least 5% ownership or among the top 10 shareholders: March 26, 2024; Unit: shares

Name of major shareholder	Shares	Number of shares held	Share holding ratio
Xu Yao Investment Co., Ltd.		9,081,949	16.57%
Xu Hung Investment Co., Ltd.		4,376,288	7.98%
Chuang, Ya-Ping		3,245,015	5.92%
Huang, Nan-Yuan		2,519,464	4.60%
Huang, Yi-Ting		1,193,279	2.18%
Huang, Yi-Hsuan		1,193,275	2.18%
Huang, Sheng-Kai		1,193,275	2.18%
Su, Shu-Ling		795,000	1.45%
Treasury stock account, Xu Yuan Packaging Technology Co., Ltd.		670,000	1.22%
Kuo, Ching-Mao		568,000	1.04%

(V) Market price per share, net value, earnings, dividends, and relevant information in the most recent two years.

Unit: NTD; thousand shares

Item\year		2022	2023	
Market price per share	Highest	21.45	18.8	
	Lowest	12.45	12.2	
	Average	18.07	15.82	
Net value per share (Note 2)	Before distribution	15.96	14.34	
	After distribution	14.95	Note 1	
Earnings per share	Weighted average number of shares (shares)	54,817	54,817	
	Earnings per share	8.67	(0.45)	
Dividend per share	Cash dividend	1.01	Note 1	
	Stock dividend	Distribution of earnings	—	Note 1
		Distribution of shares to capital surplus	—	Note 1
	Cumulative unpaid dividends	1.01	Note 1	
Return on investment	Price earnings ratio	1.76		
	Price-to-dividend ratio	15.14	Note 1	
	Cash dividend yield	6.6%	Note 1	

*Disclose the market price and cash dividend adjusted retroactively according to the number of shares issued if the earnings or capital surplus is transferred to capital increase with share allocation.

Note 1: The 2023 loss appropriation proposal of the Company was approved by the Board of Directors on April 9, 2024. Then, it was resolute by the shareholders' meeting on May 24, 2024.

(VI) Dividend policy and implementation

1. The dividend policy stipulated in the Articles of Incorporation:

The Company shall set aside no less than 4% of the net income before tax for the current year before deducting the remuneration of employees and directors, and shall appropriate at least 4% thereof as the remuneration of employees and no more than 4% of the remuneration of the directors. However, if the company still has accumulated deficits, the offsetting amount shall be set aside in advance. The remuneration to employees referred to in the preceding paragraph may be paid in the form of shares or cash, and the allocation may include employees of affiliated companies that meet certain criteria; the remuneration to directors referred to above may be paid in cash only. The preceding two paragraphs shall be implemented according to resolution of the Board of Directors and shall be reported to the Shareholders' Meeting.

If the Company has current profit after tax in the year's final 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.

The 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. The 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 the Company. The cash dividends shall account for at least 10% of the entire dividends.

2. Distribution of dividends proposed in the current shareholders' meeting:

The 2023 loss appropriation proposal of the Company was approved by the Board of Directors on April 9, 2024. Then, it was resolute by the shareholders' meeting on May 24, 2024.

3. Explanations on major changes to the expected dividend policy:

There is no material change in the expected dividend policy.

(VII) Impacts of the stock dividends proposed in the current shareholders' meeting on the Company's business performance and earnings per share: N/A.

(VIII) Remuneration to employees and directors

1. The percentage or range of remuneration to employees and directors as stated in the Articles of Incorporation:

The Company shall set aside no less than 4% of the net income before tax for the current year before deducting the remuneration of employees and directors, and shall appropriate at least 4% thereof as the remuneration of employees and no more than 4% of the remuneration of the directors. However, if the company still has accumulated deficits, the offsetting amount shall be set aside in advance. The remuneration to employees referred to in the preceding paragraph may be paid in the form of shares or cash, and the allocation may include employees of affiliated companies that meet certain criteria; the remuneration to directors referred to above may be paid in cash only. The preceding two paragraphs shall be implemented according to resolution of the Board of Directors and shall be reported to the Shareholders' Meeting.

2. Basis for estimation of employees' and directors' remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

The motion for covering deficits of the Company in 2023 was approved by the Board of Directors on April 9, 2024. No earnings were distributed nor remuneration to employees and directors. The Company did not estimate the remuneration to employees and directors for 2023, so there was no difference.

3. The distribution of remuneration approved by the Board of Directors:

- (1) If the amount of employees' compensation and remuneration to directors distributed in cash or in shares is different from the estimated amount for the year recognized, disclose the difference, the cause of the difference, and the treatment:

The motion for covering deficits of the Company in 2023 was approved by the Board of Directors on April 9, 2024. No earnings were distributed, nor remuneration to employees and directors. The Company did not estimate the remuneration to employees and directors for 2023, so there was no difference.

- (2) The amount of employees' remuneration distributed in shares and its ratio to the after-tax profit and the total amount of employees' remuneration in the entity or individual financial report for the current period:

The motion for covering deficits of the Company in 2023 was approved by the Board of Directors on April 9, 2024. No earnings were distributed, nor remuneration to employees and directors. Thus, it is not applicable.

4. Where there is a difference between the employee and director remuneration paid out and the estimated amounts for the prior year (including the number of shares distributed, amount, and stock price), the amount of the difference, reason, and accounting treatment shall also be specified:

The allocation of remuneration to employees and directors for 2022 was approved by the Board of Directors on April 13, 2023. It is listed on the company accounts as employees' compensation at NT\$16,273,632, and as directors' remuneration at NT\$5,300,000. The aforementioned employees' compensation and director's remuneration were all distributed in cash according to the amount stated in the accounts. The above-mentioned employees' compensation and director's remuneration were expensed in 2022. There were no differences to the expensed amount in the accounts and the amount for distribution proposed by the board.

- (IX) For the repurchase of the Company's shares by the company, the company shall specify the purpose of the application for repurchase of the Company's shares, the period of repurchase, the price range of the repurchase, and the types of shares already repurchased in the most recent year up to the publication date of this annual report, quantity and amount, quantity of canceled and transferred shares, cumulative holding of the Company's shares, and cumulative holding ratio of the Company's shares to the total number of issued shares: None.

II. Status of corporate bonds:

1. Status of corporate bonds: None.
2. Information on convertible bonds: None.
3. Information on exchangeable corporate bonds: None.
4. Shelf registration method for issuance of corporate bonds: none.
5. Corporate bonds with warrants: None.

III. Processing of preferred shares, including the outstanding preferred shares, and disclose the relevant issuance conditions, the impact on shareholders' equity, and matters specified in Article 157 of the Company Act. For private placement preferred shares, it shall be prominently marked: None .

IV. Global depository receipts (GDR) , including the GDRs that have participated in the issuance but not yet fully redeemed and in process, and disclose the date of issue, total issue amount, and the rights and obligations of the GDR holders, it shall be prominently marked: None.

V. Employee stock options :

- (I) The Company's unexpired employee stock warrants shall disclose the status of such warrants as of the publication date of the annual report and their impacts on shareholders' equity. For private placement employee stock warrants, it shall be prominently marked: None.
- (II) Names of managers who have acquired employee stock warrants and employees' names in the top 10 in the number of shares that may be subscribed as of the publication date of this annual report, and the status of acquisition and subscription:

March 26, 2024 Unit: NTD; shares

	Title (Note 1)	Name	Quantity of subscribed shares acquired	Percentage of acquired subscription quantity to total issued shares (Note 3)	Implemented				Not yet implemented			
					Number of subscriptions	Subscription price (Note 5)	Subscription amount	Percentage of subscription amount to total issued shares (Note 3)	Number of subscriptions	Subscription price (Note 5)	Subscription amount	Percentage of subscription amount to total issued shares (Note 3)
Manager	President	Huang, Nan-Yuan	268,000	0.70%	268,000	10.10	2,706,800	0.70%	-	-	-	-
	Vice President	Chuang, Ya-Ping										
	Chief Financial Officer and Vice President of Overseas Business Dept. (Resigned on January 30, 2015)	Fan, Chi-Gang										
	President's Office	Chuang, Shih-Ho										
	Special Assistant, R&D Department	Dai Hao										
	Assistant Vice President of Chiayi Manufacturing Center	Cheng, Rui-Shu										

	Senior Assistant V.P. of Sales Division (retired September 30, 2020)	Hu, Wen-Lung										
Employees (Note 2)	Special Assistant, R&D Department	Dai Hao	348,000	0.91%	348,000	10.10	3,514,800	0.91%	—	—	—	—
	Senior Assistant V.P. of Sales Division (Retired September 30, 2020)	Hu, Wen-Lung										
	Vice President	Chuang, Ya-Ping										
	Chief Financial Officer and Vice President of Overseas Business Dept. (Resigned on January 30, 2015)	Fan, Chi-Gang										
	Assistant Vice President of Chiayi Manufacturing Center	Cheng, Rui-Shu										
	Technical consultant (Retired in October 2021)	Chang, Zhen-Sen										
	Senior Manager	Chang, Kun-Cheng										
	Division Chief	Chuang, Ya-Ling										

Note 1: Includes managers and employees (please specify if they have resigned or deceased). Individual names and titles shall be disclosed, but their acquisition and subscription information may be disclosed in a summary.

Note 2: The top-10 employees with the number of shares allowed to subscribe for the stock option certificates refer to the non-managerial employees.

Note 3: The total number of issued shares refers to the number of shares changed in the registration information of the Ministry of Economic Affairs.

Note 4: The subscription price of exercised employee share warrants shall be disclosed at the time of exercise.

Note 5: For the subscription price of unexecuted employee stock warrants, the subscription price calculated and adjusted in accordance with the Issuance Regulations shall be disclosed

(III) The information on the issuance of restricted employee shares shall specify the following:

1. The issuance of restricted employee shares that have not yet been fully vested, and the impact on shareholders' equity as of the printing date of this annual report: None.
2. Names of managers and top-ten employees who have acquired restricted shares as at the publication date of this annual report: None.

VI. Mergers and Acquisitions or Acquisition of Shares of Other Companies: None.

VII. Execution of the Capital Utilization Plan: The previous cash capitalization have been completed up to the quarter prior to the publication date of this annual report.

Five. Operational overview

1. Business description

(I) Business scope

1. Main business activities of the Company:

- C805990 Other Plastic Products Manufacturing
- CB01010 Mechanical Equipment Manufacturing
- CQ01010 Mold and Die Manufacturing
- F107990 Wholesale of Other Chemical Products
- F113010 Wholesale of Machinery
- F206030 Retail Sale of Molds
- F207990 Retail Sale of Other Chemical Products
- F213080 Retail Sale of Machinery and Tools
- F401010 International Trading
- I501010 Product Designing
- F106030 Wholesale of Die
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of business:

Unit: NTD in thousand

Items	Year	2023	
		Amount	Percentage %
Sleeve/labeling equipment		75,234	6.38
Heat shrinkable film label printing		1,066,654	90.44
Transparent film and rubber particles		18,848	1.60
Others		18,657	1.58
Total		1,179,393	100.00

3. The Company's current products (services):

- (1) Sleeve/labeling equipment: vertical (horizontal) sleeve labeling machine, thin (light) film sleeve labeling machine, bottle cap sleeve labeling machine, shrinking furnace, labeling machine, center-sealing and gusseting machine, re-inspection machine, slicing machine.
- (2) Label printing with heat-shrinkable film: printing on various materials (PVC, PET, OPS, OPP, PP, pearl paper) and colorful art layered bags.
- (3) Transparent film material and rubber particles: PVC transparent heat shrinkable film and PVC heat shrinkable rubber particles.

4. New products (services) planned to be developed:

- (1) All kinds of new sleeve/labeling equipment.
- (2) Horizontal packaging machine.
- (3) Development of new materials and technologies in response to market trends

(II) Industry overview

1. Current status and development of the industry

(1) Set (sticker) labeling equipment

Sleeve labeling is to insert the label into the periphery of the container, while labeling is to affix the label to the surface of the product. Sleeve labeling machine is mainly used for combining the product container with the label. Shutdown is required. In order to achieve rapid production, the future will be toward convenient and rapid disassembly and assembly, in order to replace fewer parts, or even without tools, to simplify operation and shorten downtime, and it can even be carried out without stopping the machine. Therefore, the customized design and sleeve labeling flexibility in line with the customer's product packaging characteristics are the key points. The emphasis is on the compatibility with various complex and unique containers, various types of films, and different production line speeds to meet the different needs of customers. Due to the high level of product customization, Taiwan's packaging and printing machinery manufacturers mostly choose the fields or products they are good at for development, production, and sales. The level of industrial competition is not high.

(2) Heat shrinkable label

Heat shrinkable film products are widely used in the appearance packaging of beverages, food, medicine, cosmetics, electronics, and stationery. With the increasing number of product brands, the degree of substitution is high, and the market competition is fierce with higher demands. Heat shrinkable labels have excellent heat shrinkage properties, can be adhered to products of various shapes, are not easy to fall off, and have a bright appearance, which are widely used by the industry.

(3) Transparent film and rubber particles

Heat shrinkable film products are mainly used in collective packaging and shrink labels. They are suitable for the outer packaging of PET bottles, glass bottles, canned beverages, and other products. Due to their different materials, they are suitable for the outer packaging of different products. At present, the technology for producing heat-shrinkable film on the market is mainly based on PVC, PET, and OPS heat-shrinkable film. Due to the VCM toxin generated during heat-sealing of PVC, which affects the health of the operator, some countries have begun to ban the use of such heat-shrinkable film. The PVC heat shrinkable film has been replaced by the OPS and PET heat shrinkable film with excellent material characteristics. However, the cost difference between PVC and PET or OPS heat shrinkable film is very large. At the same time, this product is used for the outer packaging of products. The advantages of the finished label after printing with the PVC heat shrinkable film are its extremely high heat shrinkage and better color. Therefore, PVC heat shrinkable film is still the mainstream from the perspective of the global market.

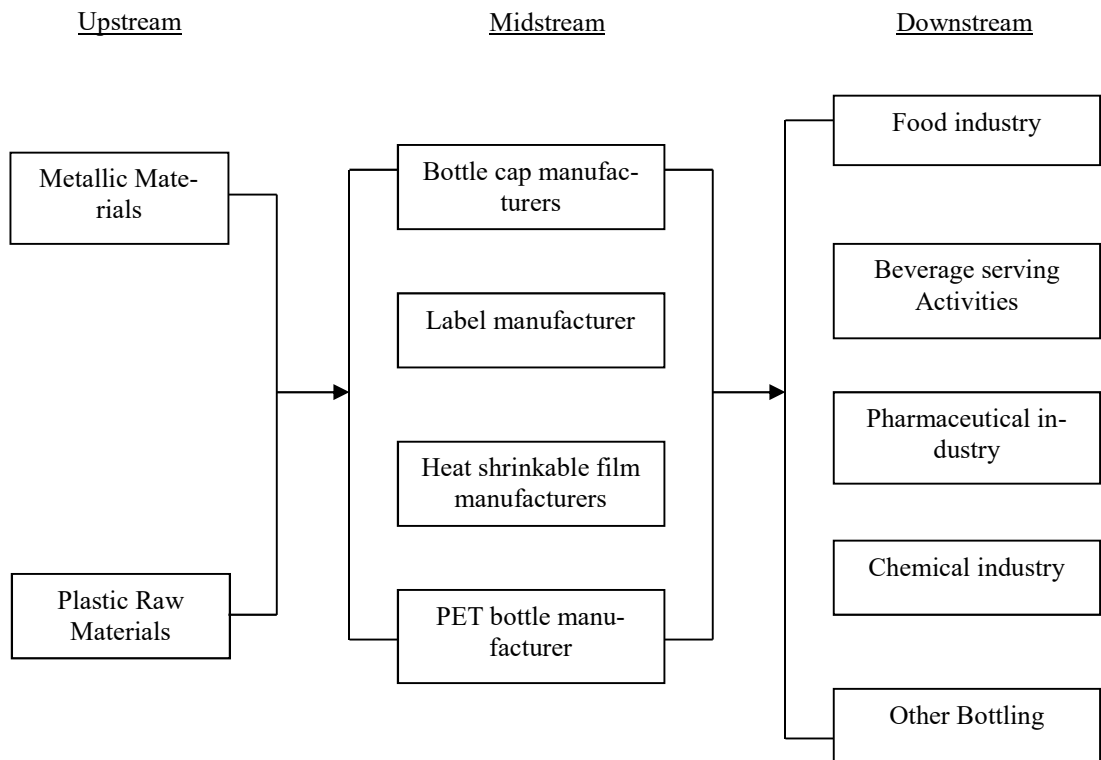
(4) Multilayer packaging bag

Multilayer packaging bags (also known as flexible packaging) are widely used in food, medical supplies, personal supplies, and cosmetics. Common packaging bags on the market include candy, biscuits, jerky, brewed beverages, and facial masks. In order to meet the needs of customers and respond to different contents, OPP, KOP, NY, KNY, PET, KPET, CPP, VMCPP, LLDPE, aluminum foil, paper, KOP and other composite materials are mainly used to make bags, effectively keeping out the odor of food and ensure the high quality of the content; meanwhile, the packaging material is strong and transparent. The trend towards three-dimensional pouch-type flexible packaging materials not only replace the packaging type of hard boxes (cans), but also achieve consumers' environmental protection awareness for lightweight packaging and reduction of resource waste. The flat bottom bag has a beautiful and stable posture when standing. The square and flat shape of the bottom of the bag is more conducive to product display and shelf display, and more abundant artwork can be designed on the front, back, and side sides to give the product a three-dimensional effect. More attractive in appearance.

2. Correlation among the upstream, midstream and downstream of the industry

Set (sticker) label equipment is mainly composed of electronic control, CNC processing parts and sheet metal parts. Heat shrinkable film label is mainly composed of film material, ink and solvent, of which film material accounts for more than 90% of the product structure; the upstream of the industry raw materials mainly include metal materials and plastic materials. The mid-stream mainly includes bottle cap manufacturers, label manufacturers, heat shrink film manufacturers, PET bottle manufacturers, and other bottling industries. After filling the juice, dairy products, tea drinks, and sports drinks and related food products into packaging containers, then put on labels

and bottle caps and assemble the finished product for sale. Its downstream mainly includes the food industry, beverage industry, and pharmaceutical industry. The structure of the upstream, midstream and downstream industries in which the Company belongs is shown below:



3. Product development trends and competition

◎Global beverage market

In the post-pandemic era, consumers pay more attention to health, and the global energy drink market would gain more growth momentum. The SPINS survey agency released the market demand for energy drink. In the past year, oat milk, non-alcoholic beverages, energy mixed drinks, packaged water, probiotics, and coffee have doubled the growth during the pandemic. Energy drinks with more appeals are attracting more attention from consumers.

The rapid development of plant-based foods has brought unprecedented innovation vitality to many types of products, accounting for 14% of total dairy beverage sales. Oat milk has a cream-like texture and is rich in dietary fiber. It can reduce calorie absorbed, is hypoallergenic, is environmentally friendly and green development, and meets consumers' deeper satisfaction. Sales in the free channel grew by 293.7% and in traditional channel by 345.2%. Future Market Insights estimates that the global oat milk product market will grow at a compound annual growth rate of 8.2% from 2018 to 2027.

As consumers hope to reduce or limit their daily alcohol absorbed, new non-alcoholic products such as non-alcohol craft beer, non-alcohol wine, and non-alcohol cocktails are springing up, allowing consumers to enjoy the flavor of wine and socialize while staying awake. . SPINS statistics show sales of beers with less than 2% alcohol content grew 22.5% in the free channel and 31.0% in the traditional channel. Additionally, ready-to-drink (RTD) low-alcohol beverages are taking the beverage market by the storm.

The market for beverages available to consumers at home is growing day by day, and instant beverages and concentrated beverages with longer shelf life have good market growth. SPINS statistics show that sales of mixed beverage products in the free channel increased by 28.6%, including concentrated beverages, powders, foaming tablets and other instant beverages. Targeting the differentiated demands of different groups, improving immunity and overall health are most valued by consumers, followed by soothing mood and improving sleep.

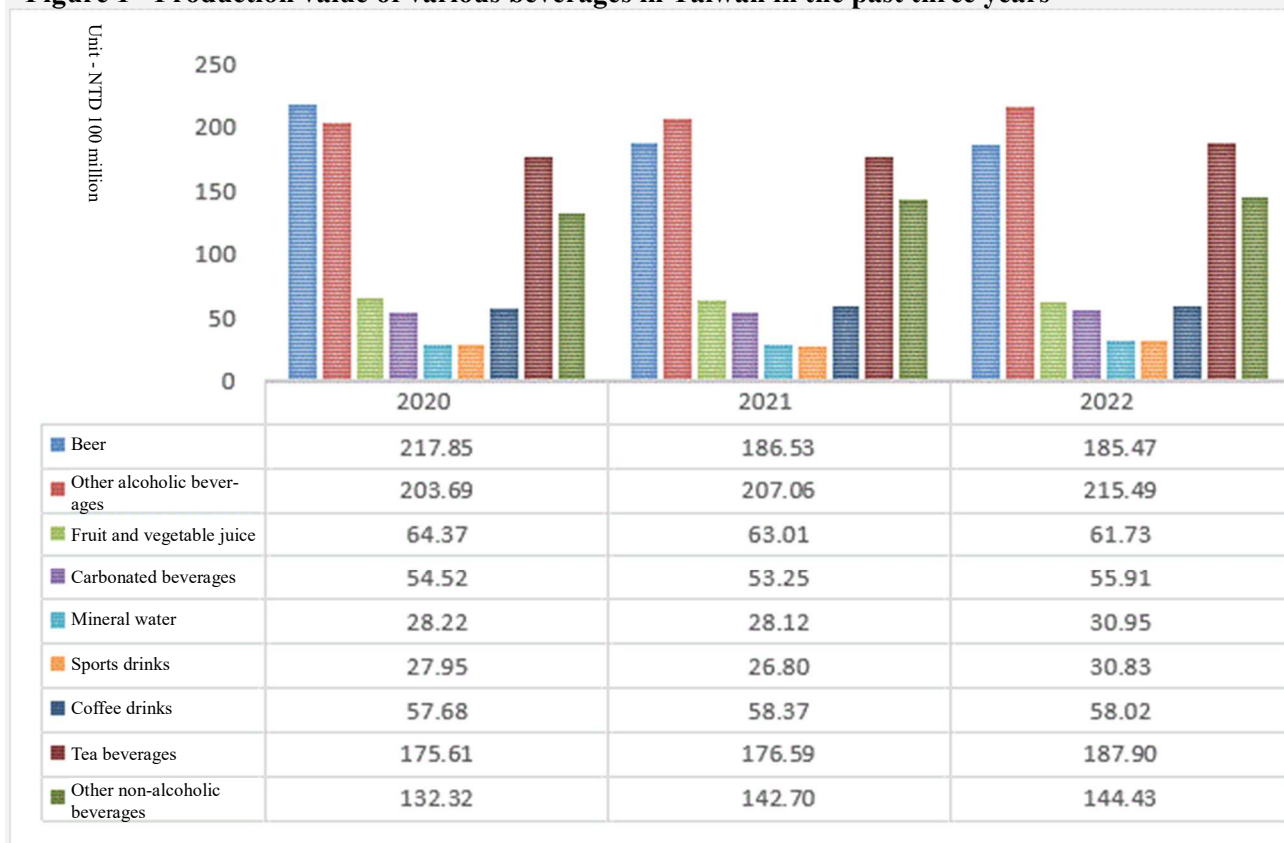
According to SPINS statistics, non-carbonated flavored water (+14.4%), sparkling water (+15.3%), and flavored sparkling water (+22.3%) all show growth trends. While replenishing water, it incorporates various flavor elements and adds strong color visual design, giving consumers an experience of drinking water in different situations while also combining natural and healthy basic elements. The European and American markets have even segmented flavored water into different consumer groups.

Millennial consumers of developed markets are becoming more and more concerned about the issues of food additives and processed foods. From the perspective of the beverage industry, consumers are gradually switching from carbonated soft drinks to buying bottled water. The Asian market mainly dominated by China and India is the largest driver of the surging demand for bottled water. The local government is still unable to supply tap water steadily in the rapidly developing cities, which makes the middle-class households prefer to buy bottled water. According to the market research company Euromonitor, the volume of water has doubled from 17 billion liters to 33 billion liters per year for the consumption of bottled water in China in the past 5 years. Outside of Asia, the US market has grown the fastest. Given the increasing health awareness of US consumers and the desire to reduce obesity, bottled water is becoming more and more popular. Therefore, the demand will increase.

◎Taiwan beverage market

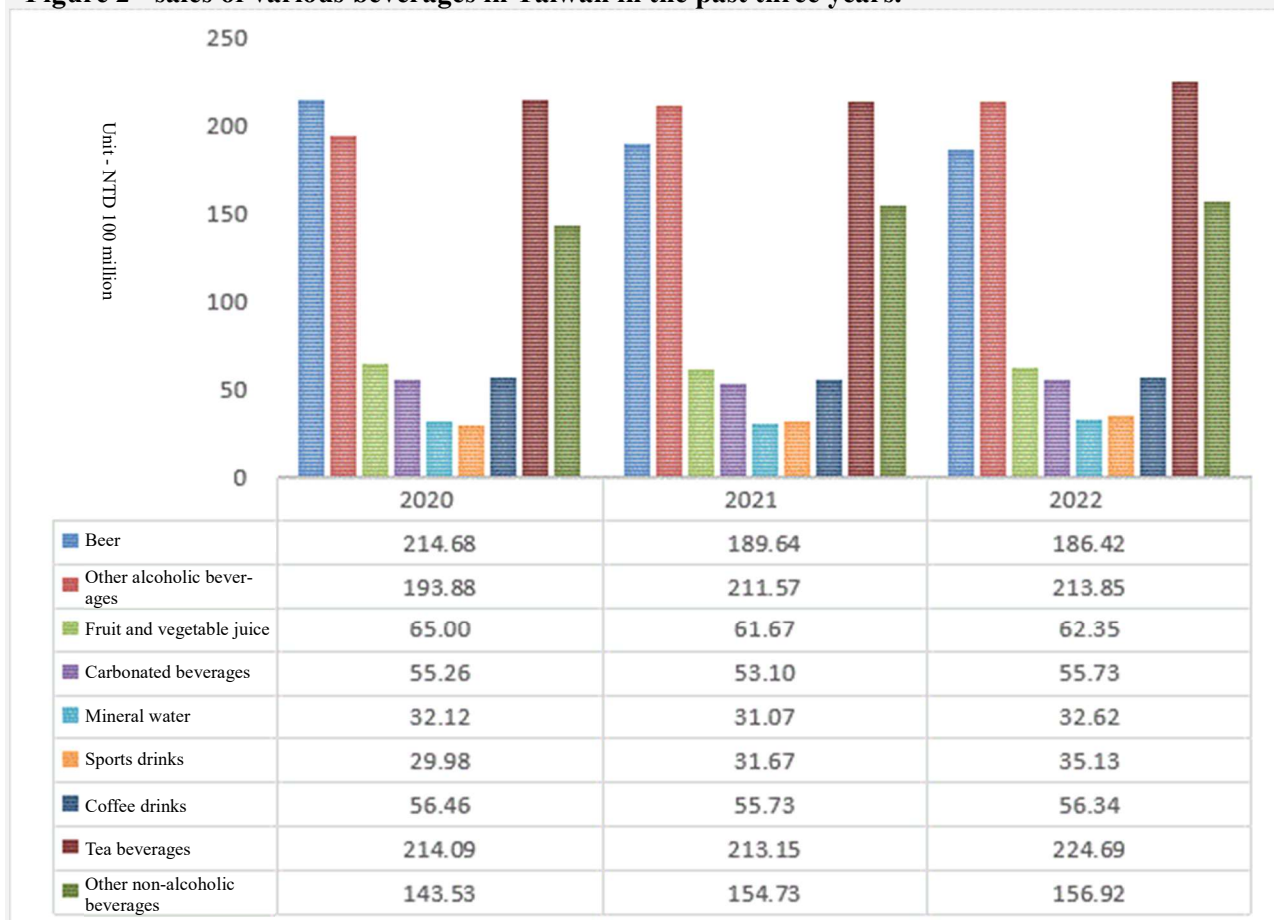
Observing the total value of various beverages in Taiwan in the past three years, the value in 2022 reached NT\$97.073 billion, an increase of 3% compared with 2021. Among them, mineral water and sports drinks have the largest growth, increasing by 10.06% and 15.05% respectively; but in beer, fruit and vegetable juices and coffee showed a decline (Figure 1). In the past three years, the total sales of various types of beverages in Taiwan were NT\$102.405 billion, an increase of 2.17% compared with 2021, with sports drinks growing at 10.9% and tea at 5.41%. Only beer sales declined. Among all types of beverage sales, tea still accounts for the highest proportion. This is mainly because beverage companies continue to develop packaged tea beverages with various flavors and convenience for consumers to choose. However, in recent years, teashops have been popping up, divided up the consumer market. . Sports drinks, which have grown the most, have benefited from the concepts that more and more consumers have paid attention to health in recent years. The industry has also actively launched sports drinks with low sugar and high electrolyte content to attract consumers to buy.

"Figure 1" Production value of various beverages in Taiwan in the past three years



Source: Department of Statistics of Ministry of Economic Affairs

"Figure 2" sales of various beverages in Taiwan in the past three years.



Source: Department of Statistics of Ministry of Economic Affairs

(III) Technology and R&D overview

1. R&D expenses in the most recent year and up to the publication date of this annual report

Unit: NTD in thousand

Items	Year
R&D expenses	2023 8,420

2. Successfully developed technologies or products in the most recent year and up to the publication date of this annual report

- (1) Completed the response to the shortage of electrical control components for sleeve labeling, the supply of other brands of materials was increased to meet functional requirements.
- (2) Complete industry-academia cooperation for sleeve labeling machine and redesign of specific modules.
- (3) Complete the cost down of the sleeve labeling machine module, and change the material and design of the piece with a large amount of use.
- (4) Complete the R&D and mass production stage of high-speed automation equipment.

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

1. Short-term plans

- (1) Utilize the overall resources of the Group to provide a full range of services, sign long-term cooperation contracts with customers, adjust the flexibility of production capacity allocation, and expand the scale of operation.
- (2) Formulate a sustainable development strategy, system and management guideline to achieve the process of the Company's sustainable operation.
- (3) Continue to strengthen product quality, update printing technology and process technology for research and development to improve yield and reduce production costs.

- (4) We will continue to recruit outstanding talents, strengthen personnel training, improve human resource quality, and improve employee welfare and performance evaluation systems to enhance employee centripetal force and improve operating performance.

2. Long-term plan

- (1) A. Cooperating with customers' needs and market development trends, we develop more advanced and sophisticated new products to increase market share and market competitiveness. We also develop low-speed models to cooperate with specific market needs to capture specific markets.
- (2) B. We continue to develop new materials and new technologies in response to market trends to improve product quality and reduce production costs.
- (3) C. Continue to cultivate internationally famous beverage manufacturers with a complete line, strengthen international development strategies, and establish market visibility and share.
- (4) D. Strengthen existing investments, strengthen layout in India and Indonesia markets, seek technical cooperation with relevant domestic and foreign manufacturers, deepen core technologies, focus on precision, accelerate and expand economic benefits.

2. Overview of the market and production and sales

(I) Market analysis

1. Areas where the Company's main products (services) are sold (provided)

Unit: NTD in thousand; %

Sales area	Year	2022		2023	
		Sales amount	%	Sales amount	%
Domestic sales		634,362	49.96	639,446	54.22
Export sales		635,501	50.04	539,947	45.78
Total		1,269,863	100.00	1,179,393	100.00

2. Market share

Domestic market: Covers corporate customers in major fields such as: Uni-President, Vitalu, Kuang Chuan, Swire, I-Mei, CHEN KOU WEI, Luo Nong, YES, Atlantic, Madison, Standard Foods, Fresh Home, Zhongtian, King Car, TAIWAN FIRST BIOTECHNOLOGY, Wei Lih Food, TAIYEN, HUNYA FOODS, Ten Ren CALBEE, RUEI CHUN SAUCE, Jiu Zhen Nan, Fresh Home, SUPERB AIR, Hui You, UNION RICE, Koda, CVC, SINPHAR, Triko Foods, HWA YUAN, TK FOOD, TSANG LIN, GURUME, Guan Shengetc., Bang Wei, GE-SEN PLASTICS, JIA XIANG, Funcare of Taiwan, Inkism, LEE TAH FARM, JIN DA TEA, WEI ZHE, Qi Feng.

Overseas markets: Covering five continents; customers such as: Nestlé, Coca-Cola, Pepsi, Danone, Huiyuan, C'estbon, Tenwow, Zongjian, AJE Group, HP, KHS, SIPA, URC, TFJ, MNOP, THP, WATT, Dole, SIDEL, VITAL, SOPROLE, VOLTIC, BLOW, BULLION, Wings Food, DAI LOI, RUBBAN INDUSTRIAL COMPANY, INVERSIONES RAMAJA LIMITADA, JORDAN DAIRY, CLEANER, SINGAPORE ANDERSON, Nigeria CYBELE, QBL, NATIONAL PACKAGING, MAYER BROTHERS, TAIPAKAK (Calgary), FINOS - PACO and other well-known companies.

3. Future supply, demand and growth of the market

A. Strategic alliance with major international manufacturers is the future trend

Many industry players are aware of the potential business opportunities and development potential of the beverage market in the Asia-Pacific region. In recent years, they have shifted their focus to Southeast Asian countries. Looking at the development of the Chinese beverage market, we can see that larger beverage manufacturers always have the larger market share. Bottled drinking water includes Master Kong, Yanjing, etc.; carbonated drinks includes Coca-Cola, Pepsi-Cola, etc.; tea includes Wahaha, Master Kong, Uni-President, etc.; juice include Uni-President, Master Kong, Huiyuan, etc. The combined market share of these manufacturers exceeds 70%. If the Company can follow the global layout of international big brands and form strategic alliances and professional OEM with international big factories, it will have a significant impact on its future growth.

B. Consumption trends drive innovation and development

The new packaged beverage strategy is the key to success in the hand-shake beverage storming the market

More than 15 million people have consumed hand-shake beverages to-go, which is equivalent to one in two people in Taiwan who has purchased a hand-shake beverage. The threat of this popular drink has forced packaged beverage manufacturers to launch new

products year after year to seize the market. Branded packaged beverages stimulate the market with new products in the middle of summer. Compared with three years ago, the number of new products in 2019 has increased by 1.8 times. There are 283 new products in ready-to-drink tea, fruit juice, and carbonated beverages alone, which is one bottled drink product hitting the shelves every 1.3 days on average. 60% of new products are launched in the first half of the year. How to focus on new product communication and marketing investment strategies will be the keys to success. Brand manufacturers are facing the loss of market for hand-shake beverages. Under the pressure of investment cost, they must balance product quality and volume while communicating with savvy consumers. Therefore, they have begun to inspire young creatives and create refreshing brand images: such as Coke. Other manufacturers have successively introduced slightly fashionable sparkling water at affordable prices; the pure macaron color bottle series has caused a wave of collection; the HeySong Sarsaparilla and light life aesthetics challenged the classic packaging change. All of them have the courage to step out of the management framework.

C. The design of the labeling machine will pay more attention to flexibility

Traditionally, label overprint conversion often required downtime. For faster production, fewer conversion parts or tool-less conversion will be adopted in the future to simplify conversion operations and shorten downtime, and conversion can even be performed without downtime. In addition, customized design is also the main trend. In addition to more flexible operation, it emphasizes that it can be compatible with various complex and unique containers, various styles of film, and different production line speeds to meet the different needs of customers.

D. Gradual deepening and popularization of environmental protection issues

Because PVC contains plasticizers, it may pose a risk of cancer to the human body. After burning, it will produce dioxin pollution. Therefore, it has always been the development trend of the world to replace PVC. PVC is the main raw material for heat shrinkable labels. It has a cost advantage and is used outside the container. For example, food-grade raw materials are used for safety. However, with the rise of global environmental protection awareness, containers and bottles are mostly made of environmentally friendly materials. As a new type of film material developed rapidly in recent years, PET and OPS are also recognized as the best environmentally friendly labels in the world. Among them, PET and PVC are closer in characteristics to the best. OPS has the advantages of good flatness, easy coloring, low wastage, good resolution, and good gloss and transparency. It can improve the PVC shrinkable film problem and satisfy the high speed printing requirements and have become one of the main trends.

4. Competitive niche

A. Solid R&D team and consistent production

The Company's R&D team has combined mechanism design and automatic control design talents to develop various sets of labeling machines with different performance characteristics. The technology is quite independent; in terms of production process, because the subsidiary has the film pelletizing technology, it can master the material processing. It combines its own printing and post-processing to become a consistent production model that will fully control product quality, improve production efficiency, reduce production costs, and make products with competitive advantages.

B. Professional plate making technology and printing quality assurance

The Company has the professional art drawing production team and plate making technology to meet the various needs of the front-end printing. Through the electronic plate or laser plate design, the optimized parameter combination is considered during the production process; in addition, the Company has accumulated nearly 20 years of the Company's experience and technology in gravure printing, the adoption of fully automatic color grading and testing equipment, and the continuous commitment to improving product quality and after-sales service have enabled the Company to maintain stable product quality and present high-quality printed products.

C. Passed vendor and food safety system certification

The Company and its subsidiaries are able to attract regional manufacturers to place orders through the certification of major international manufacturers. The multiple business

locations of multinational investees, as well as the label set of machines and label cross-marketing, have promoted the growth of orders; Danone has obtained cGMP food grade certification for the world's leading manufacturer. Danone is a world leader in fresh dairy products and bottled water. The cooperation with Danone Group will help to expand domestic and foreign business.

D. Master the key technology of blown film material manufacturing

At present, the eco-friendly shrink film materials are controlled by Japanese or South Korean manufacturers. Due to the cost pressure and the consideration of local production of raw materials, the Company, in addition to devoting to the research and development of eco-friendly blown film technology based on the original PVC film material technology through subsidiaries, By improving the ratio of raw materials and recipes, and integrating with production equipment technology, we have gradually mastered key technologies and are expected to lead the market and reduce the cost of acquiring key raw materials to improve product competitiveness.

5.Favorable and unfavorable factors in the prospect of development and countermeasures

A. Favorable factors

(A) The global beverage market continues to grow

Focusing on the huge global beverage market. As global soft drink sales continue to grow, international major manufacturers are expanding their expansion of plants globally. The Company's investment business covers Brazil, Indonesia, the United States and India, and is responsible for the sales or production of related products. The main sales customer groups include ASEAN, North America, Central and South America, Japan and China, and we have established advantages in the future market competition.

(B) Potential business opportunities of heat-shrinkable film label printing

Heat-shrinkable film labels are mainly used on the outer packaging of beverages, foods, chemicals, medicines, dairy products, and other foods or beverages. Because of its impact resistance, oil resistance, moisture resistance, water immersion resistance, water temperature resistance and other characteristics, it can be applied in a wider range of applications than ordinary paper-based labels and can increase the sense of value of packaged products. Therefore, labels printed on heat-shrinkable film play a very important role in the packaging materials of consumer industries. With the development of Taiwan's economy and the improvement of national income, consumers have stronger and stronger taste in the choice of product packaging. In the face of the fierce competition in the market, the design and requirements for product packaging materials are getting higher and higher, and the heat shrinkable film label printed on the heat shrinkable film has become one of the indispensable packaging materials.

(C) Vertical integration of the industry can provide differentiated and high value-added products

Through vertical integration with subsidiaries, the Company has mastered the film-based granulation technology, and is one of the few domestic manufacturers of integrated operation from raw materials, plate making and printing to complete set of labeling equipment, which has become the Company's core competitiveness; as all technologies are self-developed, can provide differentiated services according to customer needs, meet the needs of design and functions, and effectively control the cost, speed and efficiency throughout the process, and provide customers with high value-added products.

B. Unfavorable factors and countermeasures

(A) Since March 2005, the Environmental Protection Administration of Taiwan has announced the gradual banning of the use of PVC as a material and an increase in the fees for recycling and processing of PVC bottles. Since 2008, the recycling and processing fee for shrink labels made of PVC has been raised to 100%. Businesses began to switch to environmentally friendly materials in consideration of costs.

Countermeasures:

- a. The Company is committed to the development of PET and OPS material label printing technology to actively improve product quality in order to meet environmental protection requirements.
- b. In some countries, garbage disposal is still dominated by landfills, and there is no restriction on using PVC for packaging. Therefore, we continue to maintain

long-term good cooperative relations with end customers and agents, and explore emerging markets such as Brazil and Indonesia to expand operations scale.

- c. Our company has fully introduced environmentally friendly recycled materials added with 10% PCR in the use of heat shrinkable film material PET. In addition to contributing to the global environment, it also enhances market competition and establishes an advantage first.

(B) There is a shortage of labor and rising wage costs.

Countermeasures:

- a. Actively improve existing machinery and equipment and make efforts towards high automation.
- b. In response to labor demand, foreign workers are introduced to assist production and improve the labor shortage problem.

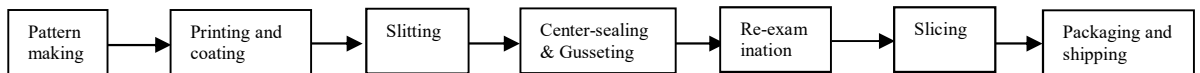
4. Important uses and production processes of the main products

(1) Important uses of the main products

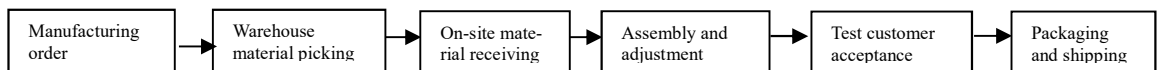
Product item	Product usage
Sleeve/labeling equipment	Beverage, food, dairy, pharmaceutical, cosmetics and bottle blowing factory production line sleeves can be applied to various bottle caps, bottle bodies, and complete sets of labels.
Heat shrinkable film label printing	Including PVC, PET, OPS, PE, PP, OPP and other packaging materials and heat shrinkable film printing labels, can be widely used in beverage, food and other outer packaging.
Transparent film and rubber particles	Transparent PVC heat shrinkable film and PVC heat shrinkable rubber particles.

(1) Manufacturing process of main products

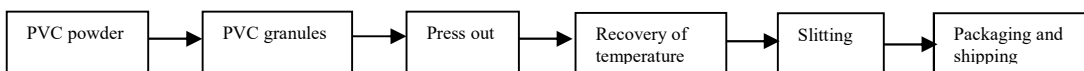
Label printed on heat shrinkable film :



Sleeve/labeling equipment category:



Transparent film and rubber particles:



5. Supply of main raw materials

The main raw materials of the Company are film materials, inks, solvents, etc. As the quality and perfection of food processing products are higher than those of the previous products, the requirements for the quality of film materials are much higher than before. Whether it is the purity of the blank film raw material or the blank film property, it will affect the yield rate of release, ink printing, and customer end forming. At present, there are more than two suppliers of PVC/PET/OPS blank film, and the supply continues as normal. The Company will continue to develop blank films with better properties with suppliers.

6. Names of customers that accounted for more than 10% of total purchases (sales) in any one of the past two years, and the amounts and percentages of purchases (sales), and explain the reasons for such changes

- (1) Names of suppliers that accounted for more than 10% of total purchases in any one of the last two years, their purchase amounts, and percentages, and the reasons for such changes

Data of major suppliers in the most recent two years

Unit: NT\$ thousand

Items	2022				2023			
	Name	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer	Name	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer
1	Far East	35,020	4.79	None	Far East	49,059	5.69	None
2	Others	695,382	95.21		Others	813,517	94.31	
	Net purchase	730,403	100.00		Net purchase	862,576	100.00	

Note 1: List the name of suppliers with total purchase amount of 10% or above, with purchase amount and proportion in the most recent 2 years, but if disclosure of the name of suppliers is against the terms in agreement, or the counter-party is an individual and not a related party, can be disclose by code name.

Description on changes:

In order to diversify the risk of concentrated procurement, the Company purchases major raw materials from two or more suppliers. Therefore, the purchase status of suppliers does not change significantly. The main difference in their procurement ranking is that the Company adjusts the purchase quantity according to the needs of the products.

- (2) Please state the names of customer in any one of the past 2 years with a sales amount accounting for 10% or above of the total sales amount, the amount and proportion of sales, with reasons for the changes:

The Company did not have sales to customers with sales exceeding 10% in 2022 and 2023.

7. Production volume and value in the most recent two years

Unit: Sleeve/Labeling equipment: No. of equipment; Heat-shrinkable film label printing: 1,000 pieces/reel; Film and rubber granules: Meter/kg; NT\$ thousand

Production volume and value Major commodities	Year	2022			2023		
		Capacity	Output	Value	Capacity	Output	Value
Sleeve/labeling equipment		Note 3	60	61,834	Note 3	39	64,065
Heat shrinkable film label printing		2,000,000	1,000,419	928,700	2,000,000	1,056,001	952,345

Note 1: Capacity refers to the quantity that can be produced by the Company under normal operation with the existing production equipment after evaluating necessary shutdowns, holidays and other factors.

Note 2: If the production of each product is substitutable, the production capacity can be calculated on a consolidated basis, with an explanation of the notes.

Note 3: Except for a few processing machines and computer equipment, the assembly is assembled manually, so it is not applicable to calculate the capacity utilization rate of equipment.

8. Sales volume and value in the most recent two years

Unit: Sleeve/Labeling equipment:
Sleeve; Label printed on heat-shrinkable film:
1,000 pieces/reel; Raw material and rubber compound:
m/kg; NT\$ thousand

Sales volume and value Major commodities	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Sleeve/labeling equipment		12	11,403	22	52,281	11	11,408	14	30,757
Heat shrinkable film label printing		460,974	603,377	706,147	526,564	471,692	612,697	524,476	443,774
Transparent film and rubber particles		-	-	5,489	7,092	-	-	15,858	18,848
Pattern making/parts/others		26,582	19,582	120,049	49,564	18,013	15,341	104,134	46,568
Total		-	634,362	-	635,501	-	639,446	-	539,947

(VII) The number, average years of service, average age, and distribution of education attainment of in-service employees during the most recent two years

Year		2022	2023	As of April 30, 2024
Number of employees	Direct personnel	127	122	119
	Indirect personnel	106	98	94
	Total	233	220	213
Average age		40	40	41
Average years of service		7.9	8.5	8.8
Distribution of education attainment	Doctoral Degree	0%	0%	0%
	Master's Degree	5%	5%	5%
	College/University	42%	40%	40%
	Senior high school	47%	50%	49%
	Below senior high school	6%	5%	6%

(VIII) Information on environmental protection expenditure

- Total losses (including compensation) and penalties for environmental pollution in the most recent year up till the publication date of this annual report: None.
- Future countermeasures (including rectification measures) and possible expenditures (including the estimated amount of loss, penalty, and compensation that may occur if responsive measures are not taken; if it is not possible to reasonably estimate the facts, please explain the facts):

Improvement measures: Considering the space of the existing temporary waste storage area in the factory, the production line is required to divide batches of waste daily to prevent a large amount of waste from being transferred to the temporary waste storage area and to prevent open storage of waste .

Possible Expenditure: None.

(IX) Labor-management relations

- List the company's various employee welfare measures, further education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employees' rights and interests maintaining measures:

In addition to complying with labor-related laws and regulations, the Company also provides employees with free group accident insurance, and establishes an Employee Welfare Committee according to laws to coordinate the planning and operation of various welfare measures and operations for employees to enhance employee welfare.

(1) Employees' welfare measures:

- Employee health checkup and health consultation: Free health checkups are arranged and implemented regularly every year. After the health checkup results are announced, doctors and nurses are arranged to conduct on-site health consultations. In addition, on-site health service consultations with medical staff are arranged once a month.

2. New employees receive labor safety and health education and training when they on board. Labor safety and health lectures are held regularly for current employees every year to ensure the safety of employees, the environment and equipment.
 3. There is a medical room and a breastfeeding room.
 4. Provide free car and motorcycle parking spaces for colleagues to meet parking needs.
- (2) Welfare measures organized by the Employee Welfare Committee and their implementation status:
- (1) Welfare subsidies: wedding bonus, maternity subsidy, hospitalization condolences, funeral condolences and gift money for three festivals.
 - (2) Cultural and recreational activities: Year-end celebrations, travel activities, club activities.
- (3) The company's surplus distributed to employees:
The company's surplus distribution and bonus rewards enhance and unite employees' centripetal force in order to work together and grow with the company.
- (4) Training and further education:
Human resources will be the key factor for the competitive advantage of enterprises. Therefore, in order to strengthen human resources and corporate competitiveness, the Company not only strengthens the comprehensive training and provides continuing education channels for employees to help employees continue to grow and improve, but also further enhances their professionalism. In order to achieve the goal of sustainable development, a complete education and training system has been established to make it the Company's internal core competitiveness.

Important training information in 2023 is as follows:

Items	Number of times the training is held	Number of persons	Number of hours	Fees (NTD)
Training for new recruits	4	24	72	0
Professional training	35	390	697.5	30,580
Occupational safety and health training	6	13	125	36,940
Total	45	427	876.5	67,520

- (5) Retirement system and implementation status:
According to the "Labor Pension Act," the Company appropriates 6% of employees' monthly salaries as employee pension on a monthly basis, which is in compliance with the relevant laws and regulations.
- (6) Agreements between labor and management and various employees' rights and interests maintaining measures status:
The Company has harmonious labor-management relations. Employees can communicate with the Company regarding the Company's systems and working environment through regular supervisors' meetings, labor-management meetings, and occupational safety meetings. Issues such as the Company's systems and the working environment can also be used as an important reference for administrative management interaction. In addition, the Company has established an Employee Welfare Committee to be responsible for handling employee welfare matters and organize various events from time to time to promote a harmonious working atmosphere and build solidarity between the Company and employees. The Company has always attached great importance to the welfare of its employees and maintained harmonious labor-management relations.

2. Losses due to labor disputes in the most recent year and up to the publication date of this annual report, and disclose the estimated amounts of losses that may occur currently and in the future and countermeasures. If reasonable estimates cannot be made, the facts of the unreasonable : None.

(X) Cyber security management

1. Describe the cyber security risk management framework, policy, specific management plans, and resources put in cyber security management:
 - (1) Cyber security risk management framework:

The information security team in the Information Department has established a dedicated information security manager and personnel to coordinate the formulation, implementation, risk management and compliance assessment of information security-related policies. The head of

information security reports to the general manager on the effectiveness of information security management, information security-related issues and directions every year.

Information Security Implementation in 2023:

A dedicated information security manager and a dedicated information security personnel were established in December 2023.

(2) Cyber security policy:

Maintain the company's cyber security, promote and implement information security policies, and have information security awareness. In order to effectively implement information security management, the information security team holds regular meetings to review the applicability and protection measures of information security policies based on the management cycle mechanism of planning, do, check and action (PDCA).

Plan: Refer to related information security system and formulate information security policies and management methods.

Do: Multi-level information security protection and management (physical security, network security, authority management)

Check: Information security continues to strengthen inspection-related systems.

Action: Review and improvement of information security measures, information security education training and propaganda.

(3) Specific management plan:

1. Strengthen network firewalls and network control, close unnecessary networks and services to reduce the chance of being attacked.
2. Install endpoint anti-virus software according to the computer type.
3. Anti-virus software is forced to update the Windows operating system.
4. Update server hardware and operating system, and patch software vulnerabilities.
5. The core system conducts 2 disaster recovery drills.
6. Conduct regular information security propaganda to cultivate good information security awareness among colleagues.

(4) Invest resources in cyber security management:

Achievements in promoting the implementation of corporate information security measures in 2023:

1. Purchase a professional backup system (hardware and software) for the core system and provide disaster recovery drills twice a year.
2. Hold 1 Information security propaganda.
3. No major information security incidents affecting operations.

Although the company has not purchased information security insurance, through the operation of the information security team and the implementation of the information security policy, it can still provide a safe information security environment and protect the company's information security.

(II) Describe any losses incurred potential impacts, and countermeasures due to major cyber security incidents in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated:

1. Major cyber security incidents: No major information security incidents occurred in 2023.
2. Cyber security risks and countermeasures:

Comprehensive network and computer-related information security protection measures are gradually being established, but there is no promise that the company will not be affected by new risks and attacks in the ever-changing information security threats. These threats include the company's computer systems that operate important corporate functions, network attacks from any third party that paralyze the system, malicious hackers trying to introduce computer viruses, destructive software or ransomware into the company's network system. These attacks may cause the company to suffer losses due to operational interruption; or may also require huge expense to implement remedial and improvement measures to strengthen the company's network security system.

In order to prevent and reduce the damage caused by such attacks, the company has implemented relevant improvement measures and continuously updated them. Join Chunghwa Telecom HiNet SOC to receive security notifications and information, strengthen system and software vulnerability patching, introduce intrusion prevention systems for important hosts, strengthen network firewalls and network control, and establish endpoint anti-virus measures

based on computer types. The company also regularly conduct information security propaganda and social engineering drills to train and cultivate good information security awareness among colleagues. A backup mechanism has been established for the core system and disaster recovery drills are conducted twice a year to ensure the availability of important information systems.

The follow-up goal is to complete the information security systems of each plant to strengthen the information security protection network. In addition to the expansion of information security talents in the future, the company also plan to conduct training and certification work so that the company's information security can be more complete in terms of human resource and capabilities to ensure the information security of the company

(XI) Material contracts

List the parties, main details, and duration of the supply and sale contracts, technical cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that may affect shareholders' equity, which are effective as of the publication date of this annual report.

Nature of contracts	Parties involved	Start and end dates	Main contents	Restrictive covenants
Operating Agreement Of Sleeve Seal, LLC	G.C. Evans Sales & Manufacturing Co., Inc., Dase seal Packaging Technology LTDA.	2010.08.27~	Operating contract	—
Housing lease contract	Hong Yuan Packaging Technology Co., Ltd.	2023.01.01~2025.12.31	Housing lease contract	—
Construction contract	Li Ming Construction Co., Ltd.	November 25, 2020 ~Inspection and acceptance Warranty expires	Construction of additional platform for Chiayi Plant	—
Agency sales contract	Dase seal Packaging Technology LTDA.	2010.05.01~2021.05.01	Agency sales contract	—
Financing contract	First Commercial Bank	2019.11.26~2024.11.26	Consortium loan agreement	Note 1
Housing lease contract	LIN HANG PLASTIC CO., LTD.	2022.11.16~2027.11.30	Housing lease contract	
Lease contract for solar photovoltaic equipment installed on the roof.	ShinJiguang Co. Ltd.	2023.5.5~2043.12.31	Lease contract for roof.	

Note 1: 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:

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

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

The Company's financial ratios as of December 31, 2012 and 2011 did not violate the above requirements.

Six. Overview of financial condition

I. Condensed balance sheet and comprehensive income statement for the most recent five years, the names of CPAs and their audit opinions

(I) Condensed balance sheet and comprehensive income statement - International Financial Reporting Standards

1. Condensed balance sheet (consolidated financial statements)

Unit: NTD in thousand

Items	Year	Financial data in the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current asset		1,009,642	1,005,385	1,268,925	933,744	963,909
Property, plant and equipment		1,220,258	1,183,170	852,534	872,567	876,600
Intangible assets		2,145	1,908	4,540	3,777	2,792
Other assets		261,317	194,324	133,547	168,193	130,298
Total assets		2,493,362	2,384,787	2,259,546	1,978,281	1,973,599
Current liabilities	Before distribution	503,981	1,713,970	1,722,866	497,019	992,779
	After distribution	503,981	1,713,970	1,722,866	497,019	(Note 2)
Non-current liabilities		1,228,415	51,962	46,648	494,785	68,459
Total liabilities	Before distribution	1,732,396	1,765,932	1,769,514	991,804	1,061,238
	After distribution	1,732,396	1,765,932	1,769,514	991,804	(Note 2)
Equity attributable to owners of parent company		641,073	518,582	395,251	874,816	786,161
Share capital		548,171	548,171	548,171	548,171	548,171
Additional paid-in capital		89,341	89,341	89,341	89,341	89,341
Retained earnings	Before distribution	43,104	(59,370)	(173,100)	302,050	222,609
	After distribution	43,104	(59,370)	(173,100)	302,050	(Note 2)
Other equity		(39,543)	(59,560)	(69,161)	(64,746)	(64,510)
Treasury shares		0	0	0	0	0
Non-controlling interests		119,893	100,273	94,781	111,661	126,200
Total equity	Before distribution	760,966	618,855	490,032	986,477	912,361
	After distribution	760,966	618,855	490,032	986,477	(Note 2)

Note 1: The above financial information has been audited and verified by CPAs.

Note 2: The 2023 earnings distribution proposal will be finalized after being resolved in the shareholders general meeting.

2. Condensed statement of comprehensive income (consolidated financial statements)

Unit: NTD in thousand

Item	Year	Financial data in the most recent five years (Note)				
		2019	2020	2021	2022	2023
Operating revenue		1,317,933	1,177,880	1,287,755	1,269,863	1,179,393
Gross profit		239,253	185,933	169,241	144,987	200,031
Operating income or loss		19,781	(11,907)	(23,975)	(79,141)	(1,238)
Non-operating income and expense		(29,342)	(97,313)	(90,547)	590,049	(4,667)
Net income before tax		(9,561)	(109,220)	(114,522)	510,908	(5,905)
Net income of continuing operations in this period		(11,607)	(111,425)	(116,153)	491,407	(12,300)
Loss on discontinued operations		—	—	—	—	—
Net income (loss) for this period		(11,607)	(111,425)	(116,153)	491,407	(12,300)
Current other comprehensive income (Profit after tax)		(181)	(30,686)	(12,670)	5,038	2,451
Total comprehensive income for this period		(11,788)	(142,111)	(128,823)	496,445	(9,849)
Net income attributable to owners of parent company		(11,901)	(102,474)	(113,730)	475,150	(24,624)
Net income attributable to non-controlling interests		294	(8,951)	(2,423)	16,257	12,324
Total comprehensive income attributable to owners of parent company		(13,265)	(122,491)	(123,331)	479,565	(24,388)
Total comprehensive income attributable to non-controlling interests		1,477	(19,620)	(5,492)	16,880	14,539
Earnings per share		(0.22)	(1.87)	(2.07)	8.67	(0.45)

Note 1: The above financial information has been audited and verified by CPAs.

3. Condensed balance sheet (parent company only financial statements)

Unit: NTD in thousand

Items	Year	Financial data in the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current asset		983,879	979,908	1,227,289	865,788	854,705
Property, plant and equipment		819,179	839,329	548,001	572,150	589,587
Intangible assets		2,145	1,908	4,540	3,777	2,792
Other assets		466,840	379,405	338,253	346,945	327,780
Total assets		2,272,043	2,200,550	2,073,061	1,788,660	1,774,864
Current liabilities	Before distribution	441,998	1,644,955	1,628,705	459,194	941,637
	After distribution	441,998	1,644,955	1,628,705	459,194	(Note 2)
Non-current liabilities		1,188,972	37,013	49,105	454,650	47,066
Total liabilities	Before distribution	1,630,970	1,681,968	1,677,810	913,844	988,703
	After distribution	1,630,970	1,681,968	1,677,810	913,844	(Note 2)
Equity attributable to owners of parent company		641,073	518,582	395,251	874,816	786,161
Share capital		548,171	548,171	548,171	548,171	548,171
Additional paid-in capital		89,341	89,341	89,341	89,341	89,341
Retained earnings	Before distribution	43,104	(59,370)	(173,100)	302,050	222,609
	After distribution	43,104	(59,370)	(173,100)	302,050	(Note 2)
Other equity		(39,543)	(59,560)	(69,161)	(64,746)	(64,510)
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	641,073	518,582	395,251	874,816	786,161
	After distribution	641,073	518,582	395,251	874,816	(Note 2)

Note 1: The above financial information has been audited and verified by CPAs.

Note 2: The 2023 earnings distribution proposal will be finalized after being resolved in the shareholders general meeting.

4. Condensed statement of comprehensive income (parent company only financial statements)

Unit: NTD in thousand

Item	Year	Financial data in the most recent five years (Note)				
		2019	2020	2021	2022	2023
Operating revenue		1,019,446	904,439	903,431	861,836	841,887
Gross profit		156,464	104,433	102,856	59,030	105,969
Operating income or loss		8,340	(32,884)	(32,711)	(101,213)	(29,040)
Non-operating income and expense		(17,295)	(66,781)	(80,230)	587,879	4,909
Net income before tax		(8,955)	(99,665)	(112,941)	486,666	(24,131)
Net income of continuing operations in this period		(11,901)	(102,474)	(113,730)	475,150	(24,624)
Loss on discontinued operations		—	—	—	—	—
Net income (loss) for this period		(11,901)	(102,474)	(113,730)	475,150	(24,624)
Current other comprehensive income (Profit after tax)		(1,364)	(20,017)	(9,601)	4,415	236
Total comprehensive income for this period		(13,265)	(122,491)	(123,331)	479,565	(24,388)
Net income attributable to owners of parent company		(11,901)	(102,474)	(113,730)	475,150	(24,624)
Net income attributable to non-controlling interests		—	—	—	—	—
Total comprehensive income attributable to owners of parent company		(13,265)	(122,491)	(123,331)	479,565	(24,388)
Total comprehensive income attributable to non-controlling interests		—	—	—	—	—
Earnings per share		(0.22)	(1.87)	(2.07)	8.67	(0.45)

Note 1: The above financial information has been audited and verified by CPAs.

(II) Names of CPAs in the most recent five years and their audit opinions

Year	Name of accounting firm	Name of CPA	Audit opinion
2019	Deloitte Taiwan	Su-Li Fang, Yi-Hsin Kao	Unqualified opinion
2020	Deloitte Taiwan	Su-Li Fang, Yi-Hsin Kao	Unqualified opinion
2021	Deloitte Taiwan	Su-Li Fang, Ming-Hui Chen	Unqualified opinion
2022	Deloitte Taiwan	Su-Li Fang, Ming-Hui Chen	Unqualified opinion
2023	Deloitte Taiwan	Hsin-Tung Lin, Ming-Huei Chen	Unqualified opinion

II. Financial analysis for the most recent 5 years

(I) International Financial Reporting Standards (Consolidated Financial Statements)

Analysis items (Note 2)	Year (Note 1)	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure	Debt ratio (%)	69.48	74.05	78.31	50.13	53.77
	Ratio of long-term capital to property, plant and equipment(%)	152.28	47.82	66.21	166.86	111.89
Solvency	Current ratio (%)	200.33	58.66	73.65	187.87	97.09
	Quick ratio (%)	115.79	31.80	48.47	104.29	63.14
	Times interest earned (%)	0.70	(2.23)	(2.78)	28.19	5.639
Operating performance	Accounts receivable turnover (times)	3.66	3.41	3.63	3.73	3.78
	Average collection period (days)	99.72	107.03	100.55	97.85	96.56
	Inventory turnover (times)	3.32	2.84	3.16	3.38	3.04
	Accounts payable turnover (times)	4.93	4.75	5.54	6.09	5.81
	Average days in sales	109.93	128.52	115.5	107.98	120.06
	Property, plant and equipment turnover (times)	1.08	1.00	1.59	1.46	1.35
	Total assets turnover (times)	0.53	0.49	0.57	0.64	0.60
Profitability	Return on total assets (%)	0.56	(3.09)	(3.96)	23.90	0.47
	Return on equity (%)	(1.77)	(17.67)	(20.95)	66.56	(1.3)
	Pre-tax profit as a percentage of paid-in capital (%)	(1.74)	(2.17)	(20.89)	93.20	(1.08)
	Profit margin (%)	(0.88)	(8.70)	(9.02)	38.70	(1.04)
	Earnings per share (NTS)	(0.22)	(1.87)	(2.07)	8.67	(0.45)
Cash flows	Cash flow ratio (%)	10.56	(0.23)	4.98	22.74	10.74
	Cash flow adequacy ratio (%)	77.64	53.43	63.19	117.36	90.95
	Cash reinvestment ratio (%)	2.22	(0.31)	7.55	5.36	6.26
Leverage	Operating leverage	27.22	(38.87)	(18.17)	(4.75)	(254.59)
	Financial leverage	(1.61)	0.26	0.44	0.81	0.04

Reasons for changes in financial ratios for the most recent two years (unless increase or decrease is less than 20%):

- The ratio of long-term capital to property, plant, and equipment decreased: Due to the Long-term borrowings due within one year transfer to current liabilities.
- Decreased in the current ratio and quick ratio: Due to the Long-term borrowings due within one year transfer to current liabilities.
- Decreased in interest earned ratio: It is mainly due to loss in 2023
- Decreased in profitability ratios: It is mainly due to loss in 2023.
- Decrease in cash flow ratios: It is due to the increase in the current liabilities.
- Decrease in operating leverage and financial leverage: It is mainly due to an decrease in net operating loss in 2023

Note 1: The above financial information has been audited and verified by CPAs

(II) International Financial Reporting Standards (Standalone Financial Statements)

Analysis items (Note 2)	Year (Note 1)	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure	Debt ratio (%)	71.78	76.43	80.93	51.09	55.71
	Ratio of long-term capital to property, plant and equipment(%)	221.96	64.74	88.34	228.22	206.44
Solvency	Current ratio (%)	222.60	59.57	75.35	188.55	90.77
	Quick ratio (%)	170.80	44.58	60.46	140.97	66.04
	Interest earned ratio	0.67	(2.54)	(3.09)	35.21	(0.7)
Operating performance	Accounts receivable turnover (times)	3.35	3.62	3.75	3.68	3.72
	Average collection period (days)	108.95	100.82	97.33	99.18	98.11
	Inventory turnover (times)	4.44	3.83	3.7	3.85	3.52
	Accounts payable turnover (times)	5.04	5.21	5.26	5.44	4.69
	Average days in sales	82.20	95.30	98.64	94.80	103.69
	Property, plant and equipment turnover (times)	1.24	1.08	1.8	1.51	1.43
	Total assets turnover (times)	0.45	0.41	0.44	0.48	0.47
Profitability	Return on total assets (%)	0.42	(3.58)	(4.29)	25.20	(0.74)
	Return on equity (%)	(1.81)	(17.67)	(24.89)	74.82	(2.97)
	Pre-tax income to paid-in capital (%)	(1.63)	(18.18)	(20.60)	88.78	(4.40)
	Profit margin (%)	(1.17)	(11.33)	(12.59)	55.13	(2.92)
	Earnings per share (NTS)	(0.22)	(1.87)	(2.07)	8.67	(0.45)
Cash flows	Cash flow ratio (%)	5.01	(0.80)	6.1	12.60	8.39
	Cash flow adequacy ratio (%)	64.26	53.43	63.19	112.72	110.99
	Cash reinvestment ratio (%)	1.03	(1.32)	8.12	3.24	6.20
Leverage	Operating leverage	46.22	(9.44)	(9.19)	(2.28)	(6.23)
	Financial leverage	(0.45)	0.54	0.54	0.88	0.67

Reasons for changes in financial ratios for the most recent two years (unless increase or decrease is less than 20%):

- Decreased in the current ratio and quick ratio: Due to the Long-term borrowings due within one year transfer to current liabilities.
- Decreased in interest earned ratio: It is mainly due to loss in 2023.
- Decreased in profitability ratios: It is mainly due to loss in 2023.
- Decrease in cash flow ratios: It is due to the increase in the current liabilities.
- Decrease in operating leverage and financial leverage: It is mainly due to an decrease in net operating loss in 2023.

Note 1: The above financial information has been audited and verified by CPAs

Note 2: The formulas for financial analysis are as follows:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.

(3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.

2. Operating performance

(1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).

(2) Average collection period (days) = 365/Accounts receivable turnover.

(3) Inventory turnover = Cost of sales/Average inventory.

(4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).

(5) Average days in sales = 365/Inventory turnover.

(6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.

(7) Total asset turnover = Net sales/Average total assets.

3. Profitability

- (1) Return on assets = $[\text{Profit or loss after tax} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$.
 - (2) Return on equity = $\text{Profit or loss after tax} / \text{Average total equity}$.
 - (3) Profit margin = $\text{Profit or loss after tax} / \text{Net sales}$.
 - (4) Earnings per share = $(\text{Income or loss attributable to owners of parent company} - \text{Preference shares dividends}) / \text{Weighted average number of shares issued}$.
4. Cash flows
- (1) Cash flow ratio = $\text{Net cash flows from operating activities} / \text{Current liabilities}$.
 - (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activities for the most recent five years} / (\text{Capital expenditures} + \text{Inventory increment} + \text{Cash dividends}) \text{ for the most recent five years}$.
 - (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross property, plant and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Working capital})$.
5. Leverage:
- (1) Operating leverage = $(\text{Net operating revenue} - \text{Variable operating costs and expenses}) / \text{Operating income}$.
 - (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$.

Note 4: Pay special attention to the following when calculating the earnings per share:

1. Based on the weighted average number of common shares rather than the outstanding shares at the end of the year.
2. Where there is capital increase in cash or treasury stock trading, the weighted average number of shares shall be calculated by taking into account the outstanding period.
3. Where there is any capitalization of earnings or capital surplus, when calculating the earnings per share for the previous year and six months, it shall be adjusted retroactively according to the percentage of capital increase, regardless of the period during which the capital increase was issued.
4. If the preferred shares are unconvertible cumulative preferred shares, the dividends of the current year (whether distributed or not) shall be deducted from the net profit after tax or added to the net loss after tax. If preferred stock is non-cumulative, the preferred stock dividends shall be deducted from the profit after tax if there is a profit after tax; in the case of losses, no adjustment is required.

Note 5: In cash flow analysis, the following shall be paid special attention to:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory at the end of the year decreases, it shall be calculated as zero.
4. Cash dividends include cash dividends from common shares and preference shares.
5. Gross property, plant, and equipment refers to the total amount of property, plant, and equipment before deducting accumulated depreciation.

Note 6: The issuer shall classify various operating costs and expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 7: For shares issued with no par value or a par value other than NT\$10 per share, the calculation of the paid-in capital ratio shall be based on the equity attributable to owners of the parent company on the balance sheet.

III. Audit Committee's review report on the financial statements of the most recent year

Xu Yuan Packaging Technology Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 business report, financial statements (including the parent company only and consolidated financial statements) and earnings distribution table, etc. Among them, financial statements (including the parent company only and consolidated financial statements) have been audited by Su-Li Fang and Ming-Hui Chen, CPAs of Deloitte Taiwan and an Independent Auditors' Report was issued.

The review by the Audit Committee found no misstatement in the above, and hereby presents this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

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2023 Annual General Meeting of Shareholders of Xu Yuan Packaging Technology Co., Ltd.

Audit Committee convener:
March 7, 2024



- IV. Financial Statements for the most recent year, including the Independent Auditors Report, Two-Year Reconciled Balance Sheet, Comprehensive Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Notes or Attachments: Pages 108 to 168.
- V. The Company's parent company only financial statements of the latest year that has been audited and verified by CPAs, but does not include a schedule of important accounting items: Please refer to pages 169 to 239.
- VI. The Company and its affiliated companies in the most recent year and up to the prospectus publication date, in the event of financial distress, its impact on the Company's financial position: None.

Seven. Financial Position and Financial Performance Review Analysis and Risk Management

- I. Financial position: The main reasons for the major changes in assets, liabilities, and equity in the most recent two years, and the impact thereof. If the impact is significant, please explain the future countermeasures.

Unit: NTD in thousand

Item	Year			
	2022	2023	Changes in amount	Change %
Current asset	933,744	963,909	30,165	32.31
Property, Plant and Equipment	872,567	876,600	4,033	0.46
Intangible assets	3,777	2,792	(985)	(26.08)
Other assets	168,193	130,298	(37,895)	(22.53)
Total assets	933,744	963,909	30,165	32.23
Current liabilities	497,019	992,779	495,760	99.75
Non-current liabilities	494,785	68,459	(426,326)	(86.16)
Total liabilities	991,804	1,061,238	69,434	7.00
Equity attributable to owners of parent company	874,816	786,161	(88,655)	(10.13)
Share capital	548,171	548,171	0	0.00
Additional paid-in capital	89,341	89,341	0	0.00
Retained earnings	302,050	222,609	(79,441)	(26.30)
Other equity	(64,746)	(64,510)	(236)	0.37
Treasury shares	0	0	0	0.00
Non-controlling interests	111,661	126,200	14,539	13.02
Total equity	986,477	912,361	(73,116)	7.41

Note: The financial information for 2022 and 2023 were audited and verified by CPAs.

1. Major changes (changes by more than 20% and NTD\$10 million in the last two months) and the impacts thereof:
 - (1) Increase in current assets: Mainly due to the increase in financial assets measured at amortized cost.
 - (2) Decrease in other assets: Mainly due to the decrease in investments using the equity method.
 - (3) Increase in current liabilities: due to the syndicated loans transferred to be due within one year.
 - (4) Decrease in non-current liabilities: due to the syndicated loans transferred to be due within one year.
 - (5) The decrease in equity, retained earnings and total equity attributable to owners of the parent company: mainly due to losses in 2023.
2. Response plans with significant influence:

Looking forward to the complete production capacity configuration of Xu Yuan's overall product line in 2024, the gradual update of automation and other high-performance equipment, and the improvement of efficiency and yield, Xu Yuan's operations are expected to continue to maintain a growth track.

II. Financial performance: Main reasons for the major changes in operating revenue, operating net profit, and net profit before tax in the past two years, the expected sales volume and the basis, the possible impact on the company's future financial business, and countermeasures.

Unit: NTD in thousand

Item	Annual report	2022	2023	Changes in amount	Change %
Operating revenue		1,269,863	1,179,393	(90,470)	(7.12)
Gross profit		144,987	198,986	53,999	37.24
Operating income or loss		(79,141)	(1,238)	77,903	(98.43)
Non-operating income and expense		590,049	(4,667)	(595,716)	(100.96)
Net income before tax		510,908	(5,905)	(516,813)	(101.15)
Net income of continuing operations in this period		491,407	(12,300)	(503,707)	(102.50)
Loss on discontinued operations		-	-	-	-
Net income (loss) for this period		491,407	(12,300)	(503,707)	(102.50)
Current other comprehensive income (Profit after tax)		5,038	2,451	(2,587)	(51.35)
Total comprehensive income for this period		496,445	(9,849)	(506,294)	(101.98)
Net income attributable to owners of parent company		475,150	(24,624)	(499,774)	(105.18)
Net income attributable to non-controlling interests		16,257	12,324	(3,930)	(24.17)
Total comprehensive income attributable to owners of parent company		479,565	(24,388)	(503,953)	(105.08)
Total comprehensive income attributable to non-controlling interests		16,880	14,539	(2,341)	(13.87)
Earnings per share		8.67	(0.45)	(9.12)	(105.19)

Note: The financial information for 2022 and 2023 were audited and verified by CPAs.

1. Main reasons for major changes:

- (1) The increase in operating profits and losses: mainly due to the profits of 2022 were listed to be the remuneration for employees and directors in accordance with the articles of incorporation.
- (2) Non-operating income and expenses, net profit before tax, net profit for the current period, net profit attributable to the owners of the parent company and total comprehensive benefits attributable to the owners of the parent company decreased: mainly due to the disposal of plant interests in 2022.
- (3) Net profit attributable to non-controlling rights and interests and total comprehensive profit and loss attributable to non-controlling rights and interests decreased: mainly due to the loss of the Indonesian subsidiary in 2023.

2. The expected sales volume and the basis thereof, the possible impact on the Company's future financial business and responsive plans:

Looking forward to the complete production capacity configuration of Xu Yuan's overall product line in 2024, the gradual update of automation and other high-performance equipment, and the improvement of efficiency and yield, Xu Yuan's operations are expected to continue to maintain a growth track.

III. Cash flow

(I) Analysis of cash flow changes in the most recent year

Unit: NTD in thousand

Opening cash balance A	Net cash flow from operating activities throughout the year B	Annual cash inflow (outflow) C	Cash surplus (deficit) A+B+C	Remedies for cash deficits	
				Investment plan	Financing plan
199,646	106,584	(217,431)	88,799	—	—
1. Analysis of cash flow changes in 2023: 1. Operating activities: Mainly due to continued active collection of receivables, resulting in net cash inflow from operating activities throughout the year. 2. Investing activities: Mainly due to the increase in financial assets measured at cost after amortization, resulting in cash outflows from investing activities. 3. Financing activities: Mainly due to the increase in short-term bank borrowings and the issuance of cash dividends, resulting in financing activities being cash outflows. 2. Remedial measures for cash flow deficit and liquidity analysis: The liquidity of cash flows in the most recent year was not insufficient.					

(II) Improvement plan for insufficient liquidity: None.

(III) Liquidity analysis for the coming year

Unit: NTD in thousand

Opening cash balance	Projected full-year net cash flow from operating activities	Projected cash inflow (outflow) throughout the year	Projected cash surplus (deficit)	Remedial measures for cash flow deficit	
				Investment plan	Financing plan
88,799	77,149	(75,000)	90,948	—	—
Analysis of cash flow changes in 2023: 3. Operating activities: Mainly due to net inflow from operating activities. 4. Investing activities: It is mainly due to the purchase of fixed assets, so investing activities represent cash outflow. I. Financing activities: mainly due to increased cash inflow from bank borrowings					

IV. Impacts of major capital expenditures in the most recent year on financial operations:

(I) Utilization of major capital expenditures and funding sources

The company's major capital expenditures in 2023 were approximately NTD\$100,000 thousand, mainly due to increase pollution prevention equipment and update automation equipment, in response to the circular economy, and would have an improvement effect on the company's overall operations. This capital expenditure was met with self-owned funds and long-term bank borrowings.

(II) Expected benefits

Capital expenditures in 2023 increased are mainly due to pollution prevention equipment and updating automation equipment. The aforementioned major capital expenditures are needed for future development, and in response to environmental protection and energy conservation, creating a circular economy that would help expand production capacity, reduce unit production costs, and increase profits.

V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plans, and investment plans for the coming year:

(I) Reinvestment policies in the most recent year, the main reasons for their gains or losses, and improvement plans:

Unit: NTD in thousand

Re-investment business	Re-investment policy	Investment gains/losses recognized in 2023	Main reason for profit or loss	Improvement plan
Hong Yuan Packaging Technology Co., Ltd.	Up-stream and down-stream integration	(4,348)	Recession of revenue leads to loss	Continue to develop new customers
XU YUAN PACKAGING TECHNOLOGY CO.,LTD	Investment holding	(1,093)	A solely holding company	—
DASE-SEAL PACKAGING TECHNOLOGY CO., LTD	Expand overseas markets	4	Mainly the channel between Xu Yuan and end customers in Central and South America.	—
SLEEVE SEAL, LLC	Expand overseas markets	2,380	Launched sales through the existing channels of the partner shareholder in the U.S., showing operational results	—
XYP JAPAN CO., LTD.	Expand overseas markets	—	-	-
XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.	Expand overseas markets	-	Promoting business and customer service in India, Central Asia and Africa, develop new customers and transfer to the parent company Xu Yuan.	—
XYPD DO BRASIL EMBALAGENS LTDA.	Expand overseas markets	16,128	Due to the gradual opening of the Brazilian market, revenue and profits have grown steadily, generating profits.	In addition to maintaining existing large customers, the company continues to develop new customers.
PT. XU YUAN PACKAGING TECHNOLOGY INDONESIA	Expand overseas markets	(5,176)	Recession of revenue leads to loss	Continue to develop new customers
PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	Expand overseas markets	716	-	—
PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Expand overseas markets	(15)	Newly established in 2017, and it is not yet in operation.	—

Re-investment business	Re-investment policy	Investment gains/losses recognized in 2022	Main reason for profit or loss	Improvement plan
HONG SHENG HOLDING LTD	Investment holding	(50)	Loss from re-investment in Hong Tai Trading	(Note1)
Hung Tai Trading Co., Ltd.	Up-stream and down-stream integration	(50)	Decrease in revenue	—

Note1. Hong Sheng Holding Ltd. is struck off the Register on the 5th March 2024 and the company was thereupon dissolved.

(II) Investment plans for the coming year:

The Group has vertically integrated its product lines in response to operational growth and plant expansion needs, and proposed to increase the replacement of automated production equipment and build new plants in the future.

VI. The following matters shall be analyzed and assessed for the risk matters in the most recent year and up to the publication date of this annual report :

(I) The impact of interest rate, exchange rate changes, and inflation on the Company's profit or loss and future countermeasures:

1. Effect of interest rate changes

The Company has dealings with a number of financial institutions, and the borrowing interest rates are mostly between 2.004% and 3.030%. The interest expenses in 2023 and 2022 accounted for 2.29% and 1.47% of the operating income respectively, which is not a large proportion. Therefore, the impact of interest rate changes on the company's profit and loss is limited. The Company evaluates changes in market interest rates at any time, and establishes close and good relationship with financial institutions, seeks the most suitable interest rate in a timely manner, and uses a combination of short-term, medium- and long-term financing lines to reduce interest expenses.

2. Effect of exchange rate fluctuations

The Company's main income and part of its expenses are denominated in foreign currencies, so some assets and liabilities have a natural hedging effect. The net exchange gains and losses in 2023 and 2022 accounted for 1.61% and 3.79% of the net operating income respectively. In order to prevent the Company from being affected by drastic fluctuations in exchange rates, the Company will also convert assets into currencies in a timely manner depending on the market conditions of exchange rates and possible future trends in order to avoid exchange rate risks.

3. Impact of inflation

The Company maintains close and good interaction with suppliers and customers, and constantly pays attention to the changes in market prices and adjusts selling prices when necessary; in addition, it is also constantly striving for the vertical integration of upstream and downstream to reduce operating and manufacturing costs, and thereby the impact of inflation on raw material price hikes.

(II) Policies on engaging in high-risk and highly leveraged investments, lending of funds, endorsements and guarantees, and transactions of derivative instruments, main reasons for profit or loss, and countermeasures in the future:

The Company's financial operations are prudent and conservative, and the Company does not engage in high-risk and highly leveraged investments, and when engaging in derivative transactions, the goal is to avoid operational risks. The hedging strategy is to avoid the risks generated by business operations. Lending of funds, endorsements and guarantees, and transactions of derivatives are managed in accordance with the control system established by the Company and are regularly evaluated in accordance with the relevant regulations of the competent authority and the Company. Regular audits are made and announced and reported according to the laws.

(III) Future R&D plans and expected R&D expenses:

Future R&D plans:

Year	Future R&D plans
2024	<ol style="list-style-type: none"> Industry-academia cooperation, cutting blade design, completed testing at the end of July. The new electronic control system of the automatic splicer machine, completed testing at the end of July.

Estimated investment in R&D expenses: The company expects to invest 1% of operating income in 2024 to develop the above-mentioned machinery and equipment.

(IV) Impacts of important domestic and foreign policies and legal changes on the Company's financial operations, and countermeasures:

The Company conducts all operations in compliance with the laws and regulations of the competent authority, and always pays attention to important policy changes and legal reforms at home and abroad to keep abreast of external information. The Company's financial business has not been affected by important policies and legal changes at home and abroad recently.

(V) Impacts of technological changes and industry changes on the Company's financial operations, and countermeasures:

In recent years, due to the global warming effect, the temperature around the world has hit record highs, and environmental protection and health topics continue to become popular, resulting in the beverage market constantly introducing new products, and the sales volume continues to rise. The cup beverage market continues to grow, eroding the bottled beverage market. This will affect the domestic label market. Therefore, the Company has been actively exploring foreign markets, and the amount of export sales has increased year by year. Therefore, it has not produced significant influence on the Company's finance and business.

(VI) Impacts of changes in corporate image on corporate crisis management and countermeasures:

Since its inception, the Company has complied with relevant laws and regulations and maintained healthy competition with peers. Actively strengthen internal management, improve the quality of employees, and set up incentives for the performance of each department to maintain a good corporate image. In the most recent year and up to the prospectus' publication date, there has been no impact on the corporate image.

(VII) Expected benefits and possible risks of mergers and acquisitions, and countermeasures: None.

(VIII) Expected benefits, possible risks and countermeasures of plant expansion

In order to continuously improve the competitive advantage, the Company will purchase additional machinery and equipment after assessing the feasibility and effectiveness to support market needs and satisfy customer orders. Not only will the output value and sales value be greatly increased, but also increase in gross margin and operating margin.

The possible risk is that the market will oversupply. In addition to expanding production lines depending on market changes, the Company will actively explore new customers, and will also improve yields and reduce costs in order to maximize the benefits of capacity expansion and establish a long-term competitive advantage.

(IX) Risks associated with concentrated purchases or sales and countermeasures:

1. Risks associated with concentrated purchases and countermeasures

The Company's main purchase items include welding parts, switchboards, shaft rods, gears, bearings and other hardware, and the printing shrink film part includes film materials, inks and solvents. Printing film materials are mainly procured from domestic listed companies. The quality and delivery time are stable. In addition, the Company maintains contact with two or more suppliers, so it shall be able to avoid the risk of excessive concentration of procurement sources. Based on the consideration of procurement flexibility, the Company has not signed long-term supply contracts with suppliers, and there are no material restrictions. Although there is no supply contract signed with the supplier, the company has always maintained a good business relationship. Since the purchase transaction began, there has been no shortage of material sources or supply shortages. The Company's raw material supply situation is still stable.

2. Risks associated with sales concentration and countermeasures

The company's largest sales customer accounted for 5.88% and 7.34% of total sales in 2023 and 2022 respectively. The sales concentration of individual customers is not high. The Company has won recognition from customers for its innovative technology developed by itself, customized design capabilities, assistance to customers in developing related products to shorten product time, rapid and flexible delivery, and stable product quality. All customers maintain long-term and good cooperative relations; in addition, the Company is also actively exploring overseas markets and related products to reduce risks in a single field or single product. In conclusion, there is no risk of concentration of sales.

- (X) Impacts, risks, and countermeasures of major share transfers by directors or shareholders with more than 10% ownership interest: As of March 26, 2024, the company has no directors or major shareholders holding more than 10% of the shares, transferring or replacing a large amount of equity occurred.
- (XI) Impacts and risks associated with the change of management on the Company, and countermeasures: As of the publication date of the annual report, the Company had not experienced any change of management.
- (XII) In the case of a court case or a non-contentious case, specify the names of the directors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, and subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.
- (XIII) Other important risks and countermeasures: None.

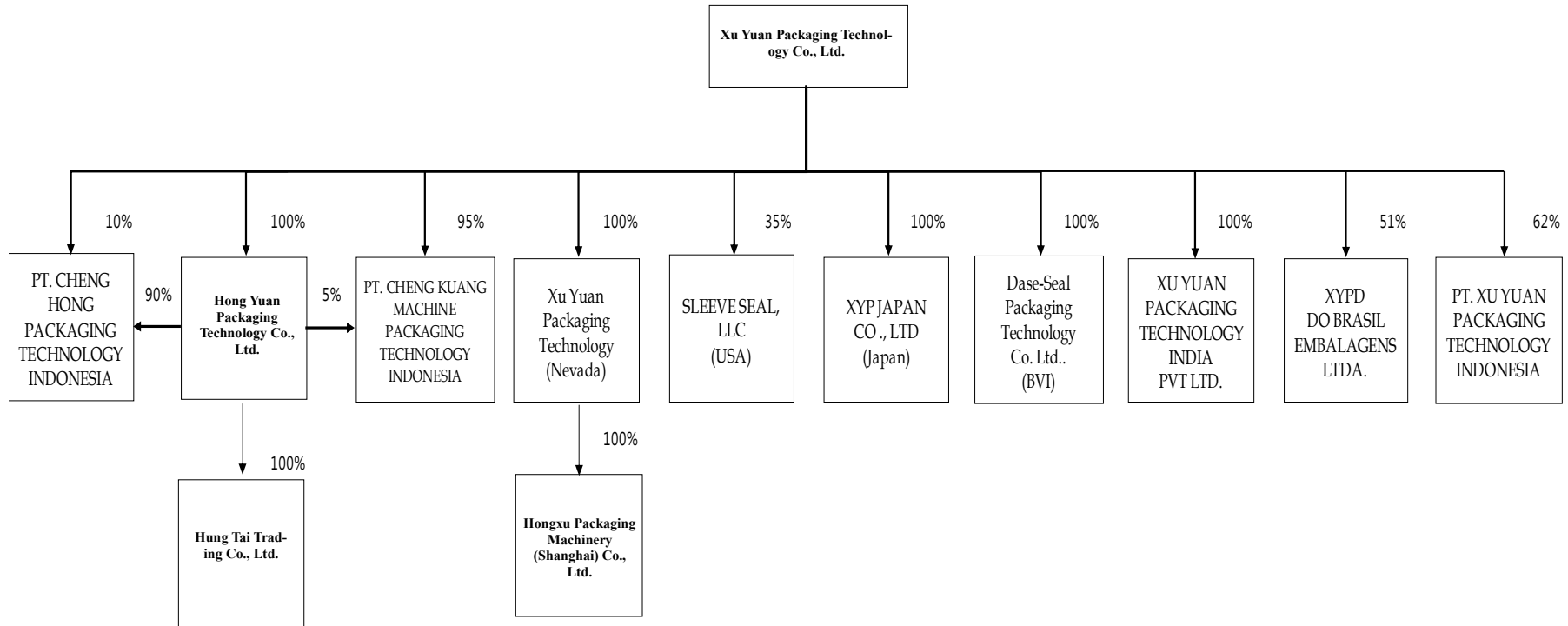
VII. Other important matters: None.

Eight. Special Matters

I. Information on affiliates:

(I) Consolidated business report of affiliated enterprises

1. Organizational chart of affiliated enterprises



2. Profile of affiliates

Unit: NTD thousand; March 31, 2024

Company	Date of establishment	Address	Paid-in capital	Main business or item produced
Hong Yuan Packaging Technology Co., Ltd.	2005/01	No. 122-18, Zhonghua Road, Hukou Township, Hsinchu County, Taiwan (R.O.C.)	NTD 43,998	Manufacturing and wholesale of plastic products and related machinery and molds
Xu Yuan Packaging Technology	2005/01	Plaza Vegas, 3305, West Spring Mountain Rd., #48 Las Vegas, Nevada, 89102, USA	USD 700	Overseas holding company
Dase-Seal Packaging Technology Co. Ltd.	2005/01	2 nd Floor, Ellen L, Skelton Building, Fishers Lane, Road Town, Tortola, British Virgin Islands	USD 320	Sales of sleeve labeling machines and color shrink labels
SLEEVE SEAL, LLC	2010/09	3300 South Woodrow Street Little Rock, AR USA 72204	USD 600	Manufacture and sale of sleeve labeling machines and color shrink labels
XYP JAPAN CO., LTD.	2011/01	Imas Nishisinjyuku daiichi Building 5F-E, 3-9-2, Nishisinjyuku, Shinjyuku-ku, Tokyo, 160-0023, Japan	JPY 77,000	Sales of sleeve labeling machines and color shrink labels
Hongxu Packaging Machinery (Shanghai) Co., Ltd.	2007/05	Room 705, Yongding Building, No. 3388, Gonghexin Road, Zhabei District, Shanghai 200436, China	USD 700	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
XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.	2013/01	Gala no 11, building 2, sector 3, millennium business park, mahape, navi Mumbai, India, 400701	INR 218	Sales of sleeve labeling machines and color shrink labels
XYPD DO BRASIL EMBALAGENS LTDA.	2013/02	RUA ITAIPU, 150 CONCHAS, SAO PAULO, BRASIL, 18570-000	BRL 9,035	Manufacturing and sale of color shrink labels
PT. XU YUAN PACKAGING TECHNOLOGY INDONESIA	2015/03	Jl.Akasia II, Blok A5 No.11Ak,Delta Silicon I, Lippo cikarang, Indonesia	USD 10,000	Manufacturing and sale of color shrink labels and plastic products; sale of label sleeve machines
PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	2017/07	Jl.Akasia II, Blok A5 No.11Ak,Delta Silicon I, Lippo cikarang, Indonesia	USD 1,500	Manufacture and sale of plastic granules and transparent film materials
PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	2017/07	Jl.Akasia II, Blok A5 No.11Ak,Delta Silicon I, Lippo cikarang, Indonesia	USD 900	Manufacturing and sale of sleeve labeling machines and other equipment
HONG SHENG HOLDING LTD.	2014/05	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD 2014	Overseas holding company
Hung Tai Trading Co., Ltd.	2014/07	No. 8, Alley 59, Lane 358, Xizhou Road, Zhubei City, Hsinchu County, Taiwan (R.O.C.)	NTD 3,000	Sale of plastic products, labeling machines and related equipment

Note1. Hong Sheng Holding Ltd. is struck off the Register on the 5th March 2024 and the company was thereupon dissolved.

3. Information on the same shareholders for parties with constructive control and affiliation relationship: None.

4. Industries covered by the overall business scope of the affiliated enterprise. For the business operations of affiliated enterprises that are related to each other, specify the division of labor in transactions

Company	Interaction and division of labor	Positioning of affiliated enterprises and business policies
Hong Yuan Packaging Technology Co., Ltd. Company limited by shares	Vertical Industry Integration	Positioning of the Group: To control the source of raw materials for the Company, reduce production costs, and invest in the R&D and production of environmentally friendly materials. Business policy: To provide the Company and investee companies with production materials of stable quality and quantity.
Xu Yuan Packaging Technology	Investment holding	Holding company
Dase-Seal Packaging Technology Co. Ltd.	Business marketing	Positioning of the Group: To be the third overseas holding company for the promotion, sale, and collection of the Company's main overseas business. Business policy: To be the bridge between the Company and the main agents in the triangular trade.
SLEEVE SEAL, LLC	Production and marketing base	Positioning of the Group: To be the business base for the production and marketing of sleeve labeling machines and other equipment established by the Company in cooperation with the local joint venture strategic partner of the United States. It also sells color shrink labels. Business policy: Cooperate with local manufacturers in the United States for production and sales in North America.
XYP JAPAN CO., LTD.	Business marketing	Positioning of the Group: To promote and sell the Company's business in Japan, and to provide after-sale services in the vicinity. Business policy: Responsible for the sales of sleeve (sticker) labeling equipment and color shrink labels in Japan.
Hongxu Packaging Machinery (Shanghai) Co., Ltd.	Business marketing	Positioning of the Group: To promote and sell the Company's business in China and to provide after-sale services in the nearest location. Business policy: In addition to serving as a customer service base in China, the Company also actively seeks business cooperation opportunities.
XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.	Business marketing	Positioning of the Group: To promote and sell the Company's business in India and neighboring countries, the Middle East and Africa, and to provide after-sale services close to these regions. Business policy: Develop customers in the above regions and refer customers to place orders with the parent company, Xu Yuan.
XYPD DO BRASIL EMBALAGENS LTDA.	Production and marketing	Positioning of the Group: To be the base for the production and marketing of shrink

Company	Interaction and division of labor	Positioning of affiliated enterprises and business policies
	base	labels of the Company in Brazil. Business policy: By setting up local factories nearby for service, we can shorten the delivery time and save on tariffs and shipping costs. With the advantages of cost and quality, the local sales volume can be increased.
PT. XU YUAN PACKAGING TECHNOLOGY INDONESIA	Production and marketing base	Positioning of the Group: To be the business stronghold of the Company in the production and marketing of shrink labels and plastic products in Indonesia and Southeast Asia. Business policy: By setting up local factories nearby for service, we can shorten the delivery time and save on tariffs and shipping costs. With the advantages of cost and quality, the local sales volume can be increased.
PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	Production and marketing base	Positioning of the Group: To be the business base for the Company's production and marketing of plastic granules and transparent films in Indonesia and Southeast Asia. Business policy: By setting up local factories nearby for service, we can shorten the delivery time and save on tariffs and shipping costs. With the advantages of cost and quality, the local sales volume can be increased.
PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Production and marketing base	Positioning of the Group: To be the company's business base for the production and marketing of sleeve labeling machines in Indonesia and Southeast Asia. Business policy: By setting up local factories nearby for service, we can shorten the delivery time and save on tariffs and shipping costs. With the advantages of cost and quality, the local sales volume can be increased.
HONG SHENG HOLDING LTD.	Investment holding	Holding company
Hung Tai Trading Co., Ltd.	Business marketing	Positioning of the Group: To be the global marketing business of plastic products and the sets of labeling machines and related equipment for the Company. Business policy: Marketing of plastic products related products, sleeve labeling machines and related equipment.

Note1: Hong Sheng Holding Ltd. is struck off the Register on the 5th March 2024 and the company was thereupon dissolved.

5. Information on directors, supervisors, and presidents of affiliated companies

Unit: Shares; %; March 26, 2024

Company	Title	Name or representative	Shareholding		Remarks
			Number of shares	Share holding ratio	
Hong Yuan Packaging Technology Co., Ltd.	Chairman-cum-President	Huang, Nan-Yuan	4,399,808	100%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
	Director	Yang, Su-Huan			
	Director	Huang, Sheng-Hung			
	Director	Chuang, Ya-Ling			
	Supervisors	Chuang, Shih-Ho			
Xu Yuan Packaging Technology	Director	Huang, Nan-Yuan	700,000	100%	Same as above
Dase-Seal Packaging Technology Co. Ltd.	Director	Huang, Nan-Yuan	320,000	100%	Same as above
SLEEVE SEAL, LLC	Director	Huang, Nan-Yuan	350	35%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
	Director-cum-President	Mark McNamer			
	Director	David McNamer			
	Director	Jason Jones			
	Director	Ramiro Berrios			
XYP JAPAN CO., LTD.	Director	Huang, Nan-Yuan	7,700	100%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
Hongxu Packaging Machinery (Shanghai) Co., Ltd.	Legal representative	Huang, Nan-Yuan	USD700,000	100%	Representative of Xu Yuan Packaging Technology Co., Ltd.
XYPD DO BRASIL EMBALAGENS LTDA.	Chairman	Huang, Nan-Yuan	4,607,952	51%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
	Director	Yang, Su-Huan			
	Director	Ramiro Berrios			
	Director and President	Patricia Anzai Ferrari			
XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.	Chairman	Huang, Nan-Yuan	21,805	100%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
PT. XU YUAN PACKAGING TECHNOLOGY INDONESIA	Chairman-cum-President	Huang, Nan-Yuan	6,200,000	62%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
	Director	Chuang, Ya-Ling			
	Director	Hsu, Yu-Ying			
	Director	Paul Ni			
	Supervisor	Cheng, Shu-Jing			
PT. CHENG HONG	Chairman-cum-President	Huang, Nan-Yuan	2,000	100%	Representative of Xu

Company	Title	Name or representative	Shareholding		Remarks
			Number of shares	Share holding ratio	
PACKAGING TECHNOLOGY INDONESIA	Director	Chuang, Ya-Ping			Yuan Packaging Technology Co., Ltd.
	Director	Hsu, Yu-Ying			
PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Chairman-cum-President	Huang, Nan-Yuan	10,000	100%	Representative of Xu Yuan Packaging Technology Co., Ltd.
	Director	Chuang, Ya-Ping			
	Director	Yang, Su-Huan			
HONG SHENG HOLDING LTD.	Director	Huang, Nan-Yuan	1,000,000	100%	Representative of Xu Yuan Packaging Technology Co., Ltd.
Hung Tai Trading Co., Ltd.	Chairman-cum-President	Hu, Wen-Lung	300,000	100%	HONG SHENG HOLDING LTD. Representative
	Director	-			
	Director	Dai Hao			
	Supervisors	Yu, Chiu-Ting			

Note1: Hong Sheng Holding Ltd. is struck off the Register on the 5th March 2024 and the company was thereupon dissolved.

6. Business overview of affiliated enterprises

For December 31, 2023; Unit: NTS thousand

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit and loss at the current period (after tax)	Earnings per share (dollars) (after tax)
Hong Yuan Packaging Technology Co., Ltd.	43,998	54,114	43,763	10,351	0	(443)	85	—
Xu Yuan Packaging Technology	22,393	12,167	4,823	7,344	2,551	(1,209)	(1,095)	—
Dase-Seal Packaging Technology Co. Ltd.	9,781	534	86	448	0	0	6	—
SLEEVE SEAL, LLC	18,780	184,275	102,977	81,298	172,093	6,129	6,724	—
XYP JAPAN CO., LTD.	25,097	2,310	8,092	(5,782)	0	0	0	—
Hongxu Packaging Machinery (Shanghai) Co., Ltd.	22,393	12,167	4,823	7,344	2,551	(1,209)	(1,096)	—
XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.	4,256	2,245	387	1,858	0	0	0	—
XYPD DO BRASIL EMBALAGENS LTDA.	124,555	269,716	189,736	79,980	224,179	42,822	31,624	—
PT. XU YUAN PACKAGING TECHNOLOGY INDONESIA	309,015	332,465	103,491	228,974	113,578	(9,606)	(8,348)	—
PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	45,660	78,751	33,720	45,031	38,681	674	716	—
PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	27,396	24,331	346	23,985	0	(3)	(15)	—
HONG SHENG HOLDING LTD.	3,076	14,360	6,501	7,859	0	(3)	(50)	—
Hung Tai Trading Co., Ltd.	3,000	14,275	6,501	7,774	0	(3)	(50)	—

Note1: Hong Sheng Holding Ltd. is struck off the Register on the 5th March 2024 and the company was thereupon dissolved.

(II) Consolidated financial statements of affiliated enterprises: Please refer to pages 108 to 168.

(III) Relationship Report: Not applicable.

II. Execution of private placement securities in the most recent year and up to the publication date of this annual report, shall disclose the date and number of approval by the shareholders' meeting or the board of directors, the basis and reasonableness of the price, the method of selecting the specific person, the necessary reasons for the private placement, the participants of the private placement, eligibility conditions, the number of subscriptions, relationship with the company, and the operation of the companies involved. The actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and

the reference price, the impact of the private placement on shareholders' equity, the use of funds from the private placement of securities from the collection of full payment or consideration until the completion of the planned utilization of funds, progress of the plan and realization of benefits: None.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report: None.

IV. Other supplementary explanatory notes : Commitments made by the Company on TPEX listing

TPEX listing commitments	Progress of commitments
<p>1. Commitment to add the provision, "the company shall not waive the rights and interests of XYP B(ASIA) CO., LTD., Hong Yuan Packaging Technology Co., Ltd., XU YUAN PACKAGING TECHNOLOGY CO., LTD., DASE - SEAL PACKAGING TECHNOLOGY CO., LTD., SLEEVE SEAL, LLC, and XYP JAPAN CO., LTD. for capital increase in future years; XU YUAN PACKAGING TECHNOLOGY CO., LTD. may not abandon capital increase for Hongxu Packaging Machinery (Shanghai) Co., Ltd. in the following years. If the Company has to give up any capital increase in or dispose of equity in a company named above due to strategic alliance considerations or other matters approved by Taipei Exchange, the matter must be passed by special resolution of the Board of Directors of XU YUAN PACKAGING TECHNOLOGY CO., LTD." in the "Procedures for the Acquisition or Disposal of Assets." And, if such procedures are amended in the future, they will be entered into the Market Observation Post System (MOPS) for disclosure and reported to you by letter.</p>	<p>1. The Company's board of directors approved the addition of relevant provisions to the "Procedures for the Acquisition and Disposal of Assets" on December 25, 2012, and major announcements were made on the same day. On December 26, 2012, the letter (Reference No. 1011226001) was sent to the Center for future reference.</p> <p>2. The Company's shareholders' meeting held on June 21, 2013, approved the addition of relevant provisions to the "Procedures for the Acquisition or Disposal of Assets," and major announcements were made on the same day. On December 24, 2013, the letter (Reference No. 1020624001) was sent to the Center for reference.</p> <p>3. On January 23, 2015, the Board approved the disposal of the equity of the reinvested company XYP B (ASIA) CO., LTD. Consent was obtained from the Center with the issuance of the official letter, dated February 2, 2015, Ref. Zheng-Gui-Jian-Zi No. 1040200102. The disposal of the reinvested company has been completed on February 9, 2015.</p> <p>4. Since the Company had disposed of all the equity of the reinvested company XYP B (ASIA) CO., LTD. on February 09, 2015, the Company expects to revise the "Procedures for the Acquisition or Disposal of Assets" in the shareholders' meeting in 2021. Deleted the provision that "the Company shall not waive the capital increase of XYP B(ASIA) CO., LTD. in the following years."</p> <p>5. Since the "Procedures for the Acquisition and Disposal of Assets" was amended in the 2021 Shareholders' Meeting on July 15, 2021, the provision, "the Company shall not waive the capital increase in XYP B (ASIA) CO., LTD. in future years," is deleted.</p> <p>6. On July 5, 2023, Taipei Exchange of the Republic of China approved the cancellation of the following commitments to list on OTC.</p>

Nine. Any occurrences of events defined under Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act in the most recent year up till the publication date of this annual report that significantly impacted shareholders' equity or security prices, shall specify item by item: None

Xu Yuan Packaging Technology
Co., Ltd. and subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
2023 and 2022

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Township, Hsinchu County 305046, Taiwan (R.O.C.)
Tel: (03)5982727

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Declaration of Consolidated Financial Statements of Affiliates

The entities to be included in the consolidated financial statements of affiliated enterprises in 2023 (from January 1, 2023 to December 31, 2023) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the Parent Company and its subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of the Parent Company and its subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Declared by

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

Person in charge: Nan-Yuan Huang

March 7, 2024

Independent Auditors' Report

To: Xu Yuan Packaging Technology Co., Ltd.

Audit opinion

We have audited the accompanying consolidated financial statements of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries, which comprise of the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries as of December 31, 2023 and 2022, and the results of their operations and cash flows for the periods then ended, in accordance with the financial reporting standards for issuers of securities as well as the International Financial Reporting Standards, interpretations and amendments issued and approved by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

Key audit matters

The key audit matters refer to those matters that, in the auditor's professional judgment, were of most significance in the audit of the consolidated financial statements of XU YUAN PACKAGING TECHNOLOGY CO., LTD. and its subsidiaries for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for XU YUAN PACKAGING TECHNOLOGY CO., LTD. and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Revenue recognition

The main source of income of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries is the sales of printed labels and sleeve (stick) labeling machines. For the relevant information on sales revenue, please refer to the consolidated financial statements, Note IV and XXI. In our assessment of the sales revenue to specific customers with significant growth in the current year, we recognize the revenue as a key audit matter for the current year.

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

1. Understand the Company's internal control system and operating procedures for the sale and transaction cycle, so as to evaluate the effectiveness of internal control operation design and implementation.
2. Random sampling checks of the sales revenue statements is taken from the sales counterparties that may be subject to the risks described above, as well as documents such as customer

orders, delivery notes, customer receipts and invoices are examined to verify whether the transactions actually occurred, and examine whether the subsequent payment collection from the sales counterparties is abnormal.

Other Matters

XU YUAN PACKAGING TECHNOLOGY CO., LTD. has prepared the parent company only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an Independent Auditors' Report with unqualified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Draw conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Xu Yuan Packaging Tech-

nology Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries to have to cease operations.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We obtained sufficient and appropriate audit evidence regarding the financial information or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the Norms of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The auditor determined the key audit matters for the audit of the consolidated financial statements of XU YUAN PACKAGING TECHNOLOGY CO., LTD. and its subsidiaries for the year ended December 31, 2023, from matters communicated with those charged with governance. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan
CPA Hsin-Tung Lin

CPA Ming-Hui Chen

Financial Supervisory Commission
Approval Reference Number
FSC Approval No. 1110348898

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

March 7, 2024

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
Consolidated balance sheet
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022		Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash (Notes IV, VI, and XXVII)	\$ 88,799	5	\$ 199,646	10	2100	Short-term borrowings (Notes IV, XVI, XXVII and XXIX)	\$ 293,798	15	\$ 122,301	6
1136	Financial assets measured at amortized cost (Notes IV, VI, XXVII, and XXIX)	135,001	7	617	-	2130	Contract liabilities - Current (Note XXI)	8,451	-	9,521	-
1170	Notes and accounts receivable - net (Notes IV, V, VIII, XXI, XXVII, and XXIX)	295,469	15	301,909	15	2150	Notes payable (Note XVII and XXVII)	64,481	3	50,633	3
1180	Accounts receivable - related parties (Notes IV, V, XXVII and XXVIII)	5,022	-	5,690	-	2170	Accounts payable (Note XVII and XXVII)	103,412	5	118,827	6
1210						2180	Accounts payable - related parties (Note XXVII and XXVIII)	597	-	339	-
	Other receivables - related party (Notes IV, XXVII and XXVIII)	8,871	-	5,976	-	2230	Current income tax liabilities (Notes IV and XXIII)	122	-	27	-
1220	Current income tax assets (Notes IV and XXIII)	66	-	11	-	2280	Lease liabilities - Current (Notes IV and XIII)	8,683	1	7,742	-
130X	Inventories (Notes IV, V and IX)	321,061	16	323,216	17	2322	Long-term borrowings due within one year (Notes IV, XVI, XXVII and XXIX)	440,442	22	93,561	5
1479	Other current assets (Notes XV and XXVIII)	109,620	6	96,679	5	2399	Other payables and other current liabilities (Note XVIII)	72,793	4	94,068	5
11XX	Total current assets	963,909	49	933,744	47	21XX	Total of current liabilities	992,779	50	497,019	25
	Non-current assets						Non-current liabilities				
1550	Investment under equity method (Notes IV and XI)	25,618	1	35,923	2	2540	Long-term borrowings (Notes IV, XVI, XXVII and XXIX)	33,671	2	469,515	24
1600	Property, plant and equipment (Notes IV, XII, XXVIII and XXIX)	876,600	45	872,567	44		Lease liabilities - Non-current (Notes IV and XIII)	15,045	1	17,696	1
1755	Right-of-use assets (Notes IV and XIII)	27,928	1	30,773	2	2580	Other non-current liabilities	19,743	1	7,574	-
1805	Goodwill (Note IV)	10,922	1	10,922	1	2670					
1821	Intangible assets (Notes IV, XIV and XXVIII)	2,792	-	3,777	-	25XX	Total non-current liabilities	68,459	4	494,785	25
1840	Deferred income tax assets (Notes IV and XXIII)	7,696	-	8,189	-						
1915	Prepayment for equipment purchase	44,590	2	66,621	3	2XXX	Total liabilities	1,061,238	54	991,804	50
1920	Refundable deposits (Note IV and XXVII)	13,544	1	15,765	1		Equity attributable to owners of the Company (Notes IV and XX)				
15XX	Total non-current assets	1,009,690	51	1,044,537	53	3110	Common stock/share capital	548,171	28	548,171	28
						3200	Additional paid-in capital	89,341	5	89,341	4
							Retained earnings				
						3310	Legal reserve	40,584	2	15,774	1
						3320	Special reserves	64,746	3	38,179	2
							Undistributed earnings (losses to be compensated)				
						3350		117,279	6	248,097	12
						3300	Total retained earnings	222,609	11	302,050	15
						3400	Other equity	(64,510)	(3)	(64,746)	(3)
						3500	Treasury shares	(9,450)	(1)	-	-
						31XX	Total equity of the Company	786,161	40	874,816	44
						36XX	Non-controlling interests (Notes X and XX)	126,200	6	111,661	6
						3XXX	Total equity	912,361	46	986,477	50
1XXX	Total assets	\$ 1,973,599	100	\$ 1,978,281	100		Total liabilities and equity	\$ 1,973,599	100	\$ 1,978,281	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
From January 1 to December 31, 2023 and 2022

Unit: thousand NTD, except for
(losses) earnings per share at NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Net operating revenue (Notes IV, XXI and XXVIII)	\$ 1,179,393	100	\$ 1,269,863	100
5000	Operating cost (Notes IX, XXII and XXVIII)	(979,362)	(83)	(1,124,876)	(88)
5900	Gross profit	200,031	17	144,987	12
5920	(Unrealized) sales gains	(1,045)	-	2,455	-
5950	Realized gross profit	198,986	17	147,442	12
	Operating expenses (Notes XXII and XXVIII)				
6100	Sales and marketing expenses	(70,485)	(6)	(79,847)	(6)
6200	Administrative expenses	(121,301)	(10)	(138,679)	(11)
6300	R&D expenses	(8,420)	(1)	(8,110)	(1)
6450	Expected credit impairment (loss) reversal gain	(18)	-	53	-
6000	Total operating expenses	(200,224)	(17)	(226,583)	(18)
6900	Net operating loss	(1,238)	-	(79,141)	(6)
	Non-operating income and expense				
7100	Interest revenue (Notes XXII)	8,080	1	1,276	-
7010	Other income (Notes XXII, XXV and XXVIII)	-	-	5,006	-
7020	Other gains and losses (Notes IV, XII, XXII and XXVIII)	11,888	1	600,037	47
7050	Finance cost (Notes IV and XXII)	(27,015)	(2)	(18,791)	(1)
7060	Share of profit and loss of associates accounted for using the equity method (Notes IV and XI)	2,380	-	2,521	-
7000	Total non-operating income and expenses	(4,667)	-	590,049	46

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(Continued from previous page)

Code		2023		2022	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	(\$ 5,905)	-	\$ 510,908	40
7950	Income tax expenses (Notes IV and XXIII)	(6,395)	(1)	(19,501)	(1)
8200	Net profit (loss) of the year	(12,300)	(1)	491,407	39
	Other comprehensive income				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translation of the financial statements of foreign operations (Notes IV and XX)	2,451	-	5,038	-
8500	Total comprehensive income for the year	(\$ 9,849)	(1)	\$ 496,445	39
	Net profit (loss) attributable to:				
8610	Owners of the Company	(\$ 24,624)	(2)	\$ 475,150	38
8620	Non-controlling interests	12,324	1	16,257	1
8600		(\$ 12,300)	(1)	\$ 491,407	39
	Total comprehensive income attributable to:				
8710	Owners of the Company	(\$ 24,388)	(2)	\$ 479,565	38
8720	Non-controlling interests	14,539	1	16,880	1
8700		(\$ 9,849)	(1)	\$ 496,445	39
	Earnings (losses) per share (Note XXIV)				
9750	Basic	(\$ 0.45)		\$ 8.67	
9850	Diluted	(\$ 0.45)		\$ 8.50	

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
From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		Equity attributable to owners of the Company							Treasury stock	Total	Non-controlling interests	Total equity
		Common stock/share capital		Additional paid-in capital	Retained earnings			Other items of equity				
		Shares (In Thousand)	Amount		Legal reserve	Special reserves	(Losses to be compensated)	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	2022 Net profit	-	-	-	-	-	475,150	-	-	475,150	16,257	491,407
D3	2022 Other comprehensive income	-	-	-	-	-	-	4,415	-	4,415	623	5,038
D5	2022 Total comprehensive income	-	-	-	-	-	475,150	4,415	-	479,565	16,880	496,445
Z1	Balance as of December 31, 2022	54,817	548,171	89,341	15,774	38,179	248,097	(64,746)	-	874,816	111,661	986,477
	Allocation and distribution of profits for the year 2022											
B1	Appropriation of legal reserve	-	-	-	24,810	-	(24,810)	-	-	-	-	-
B3	Appropriation to special reserve	-	-	-	-	26,567	(26,567)	-	-	-	-	-
B5	Cash Dividends to Shareholders of the Company	-	-	-	-	-	(54,817)	-	-	(54,817)	-	(54,817)
D1	Net (Loss) Profit for the Year 2023	-	-	-	-	-	(24,624)	-	-	(24,624)	12,324	(12,300)
D3	Other comprehensive income for the year 2023	-	-	-	-	-	-	236	-	236	2,215	2,451
D5	Total comprehensive income for the year 2023	-	-	-	-	-	(24,624)	236	-	(24,388)	14,539	(9,849)
L1	Treasury Stocks Repurchase	-	-	-	-	-	-	-	(9,450)	(9,450)	-	(9,450)
Z1	Balance as of December 31, 2023	54,817	\$ 548,171	\$ 89,341	\$ 40,584	\$ 64,746	\$ 117,279	(\$ 64,510)	(\$ 9,450)	\$ 786,161	\$ 126,200	\$ 912,361

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
From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profit (loss) before tax for the current year	(\$ 5,905)	\$ 510,908
A20000	Income and expenses items:		
A20100	Depreciation expense	115,153	98,996
A20200	Amortized expenses	985	1,052
A20300	Expected credit loss (reversal of loss)	18	(53)
A20900	Financial cost	27,015	18,791
A21200	Income from interest	(8,080)	(1,276)
A22300	Share of profit and loss of associates accounted for using the equity method	(2,380)	(2,521)
A22500	Gains (losses) from the disposal of property, plant and equipment	6,491	(3,023)
A22600	Impairment losses of property, plant and equipment	-	2,347
A23000	Gains on disposal of non-current assets to be sold	-	(541,195)
A23700	Inventory devaluation and obsolescence losses	-	6,349
A23900	Intercompany Unrealized (Realized) Sales Profit	1,045	(2,455)
A24100	Net (gain) loss on foreign currency exchange	(2,002)	1,011
A29900	Lease modification gain	-	(9)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	7,260	43,413
A31140	Accounts receivable - related parties	1,727	(2,390)
A31190	Other receivables - related parties	(2,895)	5,099
A31200	Inventory	2,155	12,636
A31240	Other current assets	(15,318)	(37,787)
A32125	Contract liabilities	(1,070)	(12,373)
A32130	Notes payable	13,848	6,319
A32150	Accounts payable	(15,410)	(37,070)
A32160	Accounts payable - related parties	83	(390)
A32230	Other payables and other current liabilities	(9,843)	66,284
A33000	Cash inflow from operations	112,877	132,663
A33300	Interest paid	(431)	-
A33500	Income tax paid	(5,862)	(19,640)
AAAA	Net cash inflow from operating activities	<u>106,584</u>	<u>113,023</u>

(Continued on next page)

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Code		2023	2022
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 173,898)	\$ -
B00050	Disposal of financial assets measured at amortized cost	39,923	22,180
B02600	Proceeds from disposal of non-current assets held for sale	-	827,773
B02700	Acquisition of property, plant and equipment	(63,619)	(64,312)
B02800	Proceeds from disposal of property, plant, and equipment	6,528	6,529
B03800	Decrease in refundable deposits	2,221	1,935
B04500	Acquisition of intangible assets	-	(289)
B07100	Increase in prepaid equipment purchase	(19,159)	(9,214)
B07500	Interest received	5,037	1,276
B07600	Collection of dividends from affiliates	<u>9,239</u>	<u>-</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>(193,728)</u>	<u>785,878</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	234,736	187,364
C00200	Decrease in short-term borrowings	(63,239)	(249,073)
C01600	Proceeds from long-term debt	5,187	45,165
C01700	Repayments of long-term debt	(94,704)	(804,767)
C03100	Decrease in guarantee deposits	-	(1,335)
C04020	Repayments of principal portion of lease liabilities	(10,388)	(11,586)
C04500	Distribution of cash dividends	(54,817)	-
C04900	Cost of repurchase of treasury shares	(9,450)	-
C05600	Interest paid	<u>(25,606)</u>	<u>(20,615)</u>
CCCC	Net cash outflow from financing activities	<u>(18,281)</u>	<u>(854,847)</u>
DDDD	Effect of exchange rate changes on cash	<u>(5,422)</u>	<u>(7,999)</u>
EEEE	Net (decrease) increase in cash	(110,847)	36,055
E00100	Beginning cash balance	<u>199,646</u>	<u>163,591</u>
E00200	Ending cash balance	<u>\$ 88,799</u>	<u>\$ 199,646</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
From January 1 to December 31, 2023 and 2022
(Amounts in NTD thousand unless stated otherwise)

I. Corporate Milestones

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

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

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

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

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 7, 2024.

III. Application of New Standards, Amendments and Interpretations

- (I) 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 accounting standards") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- (II) FSC-approved IFRSs standards from 2024 onwards
New/Amended/Revised Standards and Interpretations

	Effective date published by IASB (Note 1)
Amendments to IFRS 16 "Lease liability in a sale and leaseback"	January 1, 2024 (Note 2)
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
IAS 7 and IFRS 7 Amendments "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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.

Note 3: When applying this amendment for the first time, certain disclosure provisions are exempted.

As of the publication date of the parent company only financial statements, the Company continues to assess other 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.

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

New/Amended/Revised Standards and Interpretations	Effective date published by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: This amendment shall apply to the annual reporting periods beginning on or after January 1, 2025. When applying this amendment for the first time, the affected number shall be recognized as retained earnings recognized on the initial application date. When the consolidated Company uses a non-functional currency as its reporting currency, the affected number shall adjust the translation differences of foreign operations under equity on the initial application date.

As of the publication date of the parent company only financial statements, the Company continues to assess other 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

(I) Compliance Statement

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

(II) Basis of preparation

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

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

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

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

Current assets include:

1. Assets held mainly for the purpose of trading;

2. Assets expected to be realized within 12 months after the balance sheet date; and

3. Cash.

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;

2. Liabilities that are to be settled within twelve months from the balance sheet date; and

3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

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

(IV) Basis of consolidation

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

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

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

(V) Foreign currency

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

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

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

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

In preparing the consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries or associates that operate in countries or use currencies different from those of Xu Yuan Company) are translated into NTD at the

exchange rate on each balance sheet date. Income and expenses are translated at the average exchange rate for the current year, and the resulting exchange difference is recognized in other comprehensive income (attributable to the Company's owners and non-controlling interests respectively).

(VI) Inventory

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

(VII) Investments in Associates

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

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

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

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

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

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

(VIII) Property, plant and equipment

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

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

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

(IX) Goodwill

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

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

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

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

(X) Intangible assets

1. Acquired separately

A separately acquired intangible asset with finite useful life is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

2. Derecognition

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

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

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

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount shall not exceed the book value amount (less amortization

or depreciation) that is not determined at the time of the impairment loss being recognized in the previous year for the asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XII) Non-current Assets Held for Sale

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

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

(XIII) Financial Instruments

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

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

1. Financial asset

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

(1) Type of measurement

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

A. Financial assets measured at amortized cost

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

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

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

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

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

(2) Impairment of financial assets

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

Accounts receivable shall be recognized for allowance for loss based on expected credit loss throughout the duration. For other financial assets, the allowance is assessed as to whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the allowance is recognized according to the 12 month expected credit loss. If there is a significant increase, it is recognized according to the expected credit loss throughout the duration.

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

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

(3) Derecognition of financial assets

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

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

2. Equity instrument

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

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

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

3. Financial liability

- (1) Subsequent measurement
All financial liabilities are measured at amortized cost in the effective interest method.
- (2) Derecognition of financial liabilities
When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

(XIV) Revenue recognition

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

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

1. Sale of goods

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

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

2. Royalty

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

(XV) Lease

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

1. The Company as lessor

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

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

2. The Company as the lessee

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

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

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

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

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

(XVI) Borrowing costs

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

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

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

(XVII) Government grants

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

(XVIII) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

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

(XIX) Income Taxes

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

1. Current income tax

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

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

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

2. Deferred tax

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

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

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

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

3. Current and deferred income tax

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

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

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

When the Company develops significant accounting estimates, it incorporates considerations of potential effects from currency inflation and market interest rate fluctuations into assessments of cash flow projections, growth rates, discount rates, profitability, and other relevant significant accounting estimates. Management will continue to review estimates and underlying assumptions. If the estimate revision affects only the current period, it shall be recognized in the current period; if the amendment to the accounting estimate affects the current period and future periods at the same time, it is recognized in the current period and future periods.

Key Sources of Estimation and Assumption Uncertainty

(I) Estimated impairment of financial assets

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

(II) Inventory impairment

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

(III) Impairment of property, plant and equipment

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

VI. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Inventory of cash and allowances	\$ 986	\$ 609
Check deposits and demand deposits at banks	<u>87,813</u>	<u>199,037</u>
	<u>\$ 88,799</u>	<u>\$ 199,646</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposits	0.001%~1.45%	0.001%~2.75%

VII. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Domestic investment		
Pledged time deposit (I)	\$ 112,425	\$ -
Pledged demand deposits	2,776	617
Time deposits with original maturity exceeding 3 months		
(II)	<u>19,800</u>	<u>=</u>
	<u>\$ 135,001</u>	<u>\$ 617</u>

(I) As of December 31, 2023, the effective interest rate range of the pledged time deposit was 2.50% to 5.50% per annum.

(II) As of December 31, 2023, the interest rate range of time deposits with original maturity over 3 months was 4.50% per annum.

(III) Please refer to Note XXVII for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.

(IV) Please refer to Note XXIX for information on pledged financial assets measured at amortized cost.

VIII. Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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Notes receivable

Measured at amortized cost

Total carrying amount	\$ 46,418	\$ 47,673
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Trade receivable

Measured at amortized cost

Total carrying amount	262,474	267,521
Less: loss allowance	(13,423)	(13,285)
	<u>249,051</u>	<u>254,236</u>
	<u>\$ 295,469</u>	<u>\$ 301,909</u>

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

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

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

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

December 31, 2023

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortised cost
Not overdue	0.02%	\$ 218,165	(\$ 37)	\$ 218,128
Past due by 1 to 60 days	0.11%	17,530	(19)	17,511
Past due by 61 to 120 days	2.04%	4,500	(92)	4,408
Past due by 121 to 180 days	1.22%	981	(12)	969
Past due by 181 to 240 days	11.96%	669	(80)	589
Past due by 241 to 360 days	78.57%	280	(220)	60
Overdue for more than 361 days	63.70%	20,349	(12,963)	7,386
Total		<u>\$ 262,474</u>	<u>(\$ 13,423)</u>	<u>\$ 249,051</u>

December 31, 2022

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

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

	2023	2022
Opening balance	\$ 13,285	\$ 20,510
Plus: Provision (reversal) of impairment loss for the current year	18	(53)
Less: Actual write-offs in the current year	(45)	(7,396)
Foreign currency translation difference	<u>165</u>	<u>224</u>
Year-end balance	<u>\$ 13,423</u>	<u>\$ 13,285</u>

IX. Inventory

	December 31, 2023	December 31, 2022
Finished goods	\$ 92,395	\$112,212
Work-in-progress and semi-finished products	82,373	64,038
Raw materials	<u>146,293</u>	<u>146,966</u>
	<u>\$321,061</u>	<u>\$323,216</u>

The inventory-related costs of sales in 2023 and 2022 were NT\$979,362 thousand and NT\$1,124,876 thousand, respectively. The cost of sales for 2022, including inventory valuation and obsolescence losses, was NT\$6,349 thousand.

X. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities preparing the consolidated financial statements are as follows:

Name of investment company	Name of subsidiary	Nature of business	Percentage of shareholding		Explanation
			December 31, 2023	December 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%	-
	XU YUAN PACKAGING TECHNOLOGY CO., LTD. (XU YUAN Company)	General investment	100%	100%	-

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

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

(II) Subsidiaries with significant non-controlling equity

Name of subsidiary	Principal place of business	Percentage of shareholding and voting rights held by non-controlling interests	
		December 31, 2023	December 31, 2022
XYPD Company	Brazil	49%	49%
PT. XUYUAN Company	Indonesia	38%	38%

Name of subsidiary	Profit or loss allocated to non-controlling equity		Non-controlling interests	
	2023	2022	December 31, 2023	December 31, 2022
XYPD Company	\$ 15,496	\$ 19,704	\$ 39,188	\$ 21,643
PT. XUYUAN Company	(\$ 3,172)	(\$ 3,447)	\$ 87,012	\$ 90,018

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

XYPD Company

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current asset	\$180,709	\$180,373
Non-current assets	89,007	93,663
Current liabilities	(179,948)	(182,125)
Non-current liabilities	(9,788)	(47,737)
Equity	<u>\$ 79,980</u>	<u>\$ 44,174</u>
Equity attributable to:		
Owners of the Company	\$ 40,792	\$ 22,531
Non-controlling interests of XYPD Company	<u>39,188</u>	<u>21,643</u>
	<u>\$ 79,980</u>	<u>\$ 44,174</u>

	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$224,179</u>	<u>\$186,898</u>
Net profit for the year	\$ 31,624	\$ 40,212
Other comprehensive income	<u>4,182</u>	<u>1,022</u>
Total comprehensive income	<u>\$ 35,806</u>	<u>\$ 41,234</u>

Net profit attributable to:		
Owners of the Company	\$ 16,128	\$ 20,508
Non-controlling interests of XYPD Company	<u>15,496</u>	<u>19,704</u>
	<u>\$ 31,624</u>	<u>\$ 40,212</u>

Total comprehensive income attributable to:		
Owners of the Company	\$ 18,261	\$ 21,032
Non-controlling interests of XYPD Company	<u>17,545</u>	<u>20,202</u>
	<u>\$ 35,806</u>	<u>\$ 41,234</u>

Cash flows		
Operating activities	\$ 14,027	\$ 18,990
Investing activities	(10,892)	(10,574)
Financing activities	(6,640)	11,198
Net cash (outflow) inflow	<u>(\$ 3,505)</u>	<u>\$ 19,614</u>

PT. XUYUAN Company

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current asset	\$154,999	\$161,889
Non-current assets	177,466	190,086
Current liabilities	(103,423)	(114,888)

Non-current liabilities	(<u>69</u>)	(<u>201</u>)
Equity	<u>\$228,973</u>	<u>\$236,886</u>

Equity attributable to:		
Owners of the Company	\$ 141,961	\$ 146,868
PT. Non-controlling interests of XUYUAN Company	<u>87,012</u>	<u>90,018</u>
	<u>\$ 228,973</u>	<u>\$ 236,886</u>

	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 113,578</u>	<u>\$ 222,078</u>

Net loss for the year	(\$ 8,348)	(\$ 9,071)
Other comprehensive income	<u>435</u>	<u>326</u>
Total comprehensive income	(<u>\$ 7,913</u>)	(<u>\$ 8,745</u>)

Net loss attributable to:		
Owners of the Company	(\$ 5,176)	(\$ 5,624)
PT. Non-controlling interests of XUYUAN Company	(<u>3,172</u>)	(<u>3,447</u>)
	(<u>\$ 8,348</u>)	(<u>\$ 9,071</u>)

Total comprehensive income attributable to:		
Owners of the Company	(\$ 4,907)	(\$ 5,423)
PT. Non-controlling interests of XUYUAN Company	(<u>3,006</u>)	(<u>3,322</u>)
	(<u>\$ 7,913</u>)	(<u>\$ 8,745</u>)

Cash flows		
Operating activities	\$ 12,625	\$ 11,911
Investing activities	(<u>3,866</u>)	(<u>512</u>)
Net cash inflow	<u>\$ 8,759</u>	<u>\$ 11,399</u>

XI. Investment under equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates that are not individually material		
SLEEVE SEAL, LLC	<u>\$ 25,618</u>	<u>\$ 35,923</u>

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

	<u>Percentage of shareholding and voting rights</u>	
<u>Company name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SLEEVE SEAL, LLC	35%	35%

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

The investment under the equity method and the Company's share of profit or loss and other comprehensive income are calculated based on the financial state-

ments not audited by CPAs; however, the management of the Company have a significant impact. The Company's management, nevertheless, held the opinion that since the financial statement of the aforementioned investee has not been duly audited by the certified public accountants, the said facts would not have a significant impact.

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

	2023	2022
The Company's share		
Net profit for the year	\$ 2,380	\$ 2,521
Other comprehensive income	(2,401)	3,377
Total comprehensive income	(\$ 21)	\$ 5,898

XII. Property, plant and equipment

	December 31, 2023	December 31, 2022
Own use	\$ 876,600	\$ 872,567

(I) Own use

	Land	Houses and buildings	Machinery and equipment	In-come-generati ng instruments	Transportation equipment	Lease im-provement	Other equip-ment	Construction not completed	Total
Cost									
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	-	1,668	5,959	78	744	14,216	40,954	-	63,619
Disposal	-	(2,238)	(38,127)	-	-	-	(8,177)	-	(48,542)
Reclassification	-	3,437	6,250	-	-	12,990	43,133	(24,620)	41,190
Net exchange differ-ences	942	1,250	10,817	73	33	(4)	4,013	-	17,124
Balance as of December 31, 2023	\$ 228,563	\$ 379,297	\$ 624,314	\$ 8,075	\$ 5,077	\$ 43,792	\$ 309,270	\$ 41,213	\$ 1,639,601
Accumulated deprecia-tion and impair-ment									
Balance as of January 1, 2023	\$ -	\$ 130,373	\$ 422,124	\$ 6,312	\$ 4,049	\$ 16,233	\$ 114,552	\$ -	\$ 693,643
Depreciation expense	-	14,397	49,442	532	321	4,763	28,541	-	97,996
Disposal	-	(2,238)	(25,108)	-	-	-	(8,177)	-	(35,523)
Net exchange differ-ences	-	500	4,928	67	27	(1)	1,364	-	6,885
Balance as of December 31, 2023	\$ -	\$ 143,032	\$ 451,386	\$ 6,911	\$ 4,397	\$ 20,995	\$ 136,280	\$ -	\$ 763,001
Net amount as of December 31, 2023	\$ 228,563	\$ 236,265	\$ 172,928	\$ 1,164	\$ 680	\$ 22,797	\$ 172,990	\$ 41,213	\$ 876,600
Cost									
Balance as of January 1, 2022	\$ 226,446	\$ 344,959	\$ 647,097	\$ 2,778	\$ 11,680	\$ 15,673	\$ 200,239	\$ 45,022	\$ 1,493,894
Increase	-	10,898	9,883	118	-	917	24,303	18,193	64,312
Reclassification	-	18,723	9,226	-	-	-	7,252	2,618	37,819
Disposal	-	(960)	(36,137)	-	(2,373)	-	(6,652)	-	(46,122)
Net exchange differ-ences	1,175	1,560	9,346	5,028	(5,007)	-	4,205	-	16,307
Balance as of December 31, 2022	\$ 227,621	\$ 375,180	\$ 639,415	\$ 7,924	\$ 4,300	\$ 16,590	\$ 229,347	\$ 65,833	\$ 1,566,210
Accumulated deprecia-tion and impair-ment									
Balance as of January 1, 2022	\$ -	\$ 117,471	\$ 400,836	\$ 2,778	\$ 8,212	\$ 14,975	\$ 97,088	\$ -	\$ 641,360
Depreciation expense	-	13,220	51,324	588	238	565	20,104	-	86,039
Disposal	-	(880)	(35,400)	-	(1,608)	-	(4,728)	-	(42,616)
Recognized as impair-ment loss	-	-	805	15	-	700	827	-	2,347
Net exchange differ-ences	-	562	4,559	2,931	(2,793)	(7)	1,261	-	6,513
Balance as of December 31, 2022	\$ -	\$ 130,373	\$ 422,124	\$ 6,312	\$ 4,049	\$ 16,233	\$ 114,552	\$ -	\$ 693,643
Net amount as of December 31, 2022	\$ 227,621	\$ 244,807	\$ 217,291	\$ 1,612	\$ 251	\$ 357	\$ 114,795	\$ 65,833	\$ 872,567

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

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

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

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

XIII. Lease agreement

(I) right-of-use asset

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of right-of-use assets		
Building	\$ 21,670	\$ 26,603
Machinery and equipment	445	905
Transportation equipment	<u>5,813</u>	<u>3,265</u>
	<u>\$ 27,928</u>	<u>\$ 30,773</u>

	<u>2023</u>	<u>2022</u>
Increase in right-of-use assets	<u>\$ 14,277</u>	<u>\$ 35,940</u>
Depreciation expense of right-of-use assets		
Building	\$ 13,068	\$ 8,460
Machinery and equipment	460	529
Transportation equipment	<u>3,629</u>	<u>3,968</u>
	<u>\$ 17,157</u>	<u>\$ 12,957</u>

(II) lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of lease liabilities		
Liquidity	<u>\$ 8,683</u>	<u>\$ 7,742</u>
Non-current	<u>\$ 15,045</u>	<u>\$ 17,696</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	2.38%~9.95%	2.48%~9.95%
Machinery and equipment	2.48%	1.85%~2.48%
Transportation equipment	1.85%~9.95%	1.85%~9.95%

(III) Significant lease activities and terms and conditions

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

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

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Short-term rental expenses	<u>\$ 7,552</u>	<u>\$ 6,095</u>
Total cash outflow for leases	<u>\$ 18,371</u>	<u>\$ 17,856</u>

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

XIV. Intangible assets

	<u>Computer soft- ware</u>	<u>Others</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	<u>\$ 18,739</u>	<u>\$ 424</u>	<u>\$ 19,163</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2023	\$ 14,962	\$ 424	\$ 15,386
Amortized expenses	<u>985</u>	<u>-</u>	<u>985</u>
Balance as of December 31, 2023	<u>\$ 15,947</u>	<u>\$ 424</u>	<u>\$ 16,792</u>
Net amount as of December 31, 2023	<u>\$ 2,792</u>	<u>\$ -</u>	<u>\$ 2,792</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 18,550	\$ 424	\$ 18,974
Acquired separately	289	-	289
Disposal	(100)	-	(100)
Balance as of December 31, 2022	<u>\$ 18,739</u>	<u>\$ 424</u>	<u>\$ 19,163</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2022	\$ 14,010	\$ 424	\$ 14,434
Amortized expenses	1,052	-	1,052
Disposal	(100)	-	(100)
Balance as of December 31, 2022	<u>\$ 14,962</u>	<u>\$ 424</u>	<u>\$ 15,386</u>
Net amount as of December 31, 2022	<u>\$ 3,777</u>	<u>\$ -</u>	<u>\$ 3,777</u>

No impairment loss was recognized or reversed in 2023 and 2022.

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

Computer software	3 to 5 years
Others	3 years

XV. Other current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payment on behalf of others	\$ 16,081	\$ 15,680
Temporary payment	12,654	13,047
Retained tax credit	11,329	4,468
Prepaid expenses	9,684	5,965
Prepayment for purchase	6,313	9,685
Others	<u>53,559</u>	<u>47,834</u>
	<u>\$109,620</u>	<u>\$ 96,679</u>

XVI. Borrowings

1. Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings (Note XXIX)</u>		
Borrowings for working capital (1)		
<u>Unsecured borrowings</u>	\$ 73,000	\$ 5,000
Borrowings for working capital (1)		
Letters of credit (2)	196,642	105,000
	<u>24,156</u>	<u>12,301</u>
	<u>\$293,798</u>	<u>\$122,301</u>

- The interest rates of bank working capital borrowings as of December 31, 2023 and 2022 were 2.004% to 3.030% and 2.251% to 2.760%, respectively.
- The interest rate of bank letters of credit as of December 31, 2023 and 2022 were 2.503% to 2.800% and 2.251%, respectively.

2. Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings (Note XXIX)</u>		
Syndicated loans of First Bank and other 8 B-groups (1)	\$ 404,000	\$ 472,000
<u>Unsecured borrowings</u>		
Bank borrowings (2)	4,363	6,545
Bank borrowings (3)	4,562	6,942
Bank borrowings (4)	4,680	7,020
Bank borrowings (5)	5,000	7,400
Bank borrowings (6)	4,940	7,220
Bank borrowings (7)	4,995	7,215
Bank borrowings (8)	794	1,823
Bank borrowings (9)	36,232	45,165

Bank borrowings (10)	1,753	3,120
Bank borrowings (11)	3,473	-
Bank borrowings (12)	<u>516</u>	<u>-</u>
Sub-total	475,308	564,450
Less: Portion due within one year	(440,442)	(93,561)
Less: Syndicated loan fees and participation fees	(<u>1,195</u>)	(<u>1,374</u>)
Long-term borrowings	<u>\$ 33,671</u>	<u>\$ 469,515</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 680,000 thousand NTD or equivalent USD may be drawn on a revolving basis from December 2019 to December 2024, with a deduction of the credit line starting from the third year of maturity. The effective interest rate as of December 31, 2023 and 2022, was 2.6947% and 2.3263%, respectively.
2. From September 2020 to September 30, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.47%, respectively.
3. From November 2020 to November 4, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
4. From December 2020 to December 3, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
5. From January 2021 to January 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
6. From February 2021 to February 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
7. From March 2021 to March 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
8. From September 11, 2019 to September 11, 2024, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.921%, respectively.
9. From December 2022 to December 2025, it will be repaid quarterly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 8.80% and 8.52%, respectively.
10. From January 2022 to January 2025, it will be repaid monthly. The effective monthly interest rate on December 31, 2023 and December 31, 2022 is 1.8925%.
11. From February 2023 to February 2026, it will be repaid monthly. The effective monthly interest rate on December 31, 2023 is 1.56%.
12. From January 16, 2023 to January 16, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 is 3.350%.

Syndicated loan with First Bank

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

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

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

The Company's financial ratios as of December 31, 2023 and 2022 did not violate the above requirements.

XVII. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Occurred due to business operations	<u>\$ 64,481</u>	<u>\$ 50,633</u>
<u>Accounts payable</u>		
Occurred due to business operations	<u>\$ 103,412</u>	<u>\$ 118,827</u>

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

XVIII. Other payables and other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 25,962	\$ 22,740
Employee compensation and director remuneration payable	8,889	21,574
Output tax	8,387	-
Insurance premium payable	3,691	1,154
Others (Note)	<u>38,826</u>	<u>48,600</u>
	<u>\$ 85,755</u>	<u>\$ 94,068</u>

Note: Including Chiayi Factory's approved air pollution control fee payable of NT\$12,962 thousand and NT\$30,806 thousand respectively on December 31, 2023 and 2022.

XIX. Post-employment benefit plans

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

XX. Equity

(I) Common stock/share capital

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

(II) Additional paid-in capital

	<u>December 31, 2023</u>	<u>December 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
Corporate bond conversion premium	61,412	61,412
Premium from stock issuance (executed employee share warrants)	773	773
Treasury stock trading	19	19
<u>Not to be used for any purpose</u>		
Stock options	<u>293</u>	<u>293</u>
	<u>\$ 89,341</u>	<u>\$ 89,341</u>

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

(III) Retained earnings and dividend policy

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

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

rectors' 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, and it was resolved not to distribute the earnings.

The 2022 earnings distribution of Xu Yuan Company is as follows:

	<u>2022</u>
Appropriation of legal reserve	<u>\$ 24,810</u>
Appropriation to special reserve	<u>\$ 26,567</u>
Cash dividend	<u>\$ 54,817</u>
Cash dividend per share (NTD)	<u>\$ 1</u>

(IV) Special reserves

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 38,179	\$ 38,179
Appropriation to special reserve	<u>26,567</u>	-
Year-end balance	<u>\$ 64,746</u>	<u>\$ 38,179</u>

(V) Other items of equity

	<u>Exchange difference on translation of financial statements of foreign operations</u>	
	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 64,746)	(\$ 69,161)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>236</u>	<u>4,415</u>
Year-end balance	<u>(\$ 64,510)</u>	<u>(\$ 64,746)</u>

(VI) Non-controlling interests

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 111,661	\$ 94,781
Portions attributable to non-controlling equity		
Net profit for the year	12,324	16,257
Exchange difference on translation of financial statements of foreign	<u>2,215</u>	<u>623</u>

	operations		
	Year-end balance	<u>\$ 126,200</u>	<u>\$ 111,661</u>
(VII)	Treasury shares		Transfer of shares to employees (thousand shares)
	<u>Reason for repurchase</u>		<u>(thousand shares)</u>
	Number of shares on January 1, 2023		-
	Increase this year		<u>568</u>
	Number of shares on December 31, 2023		<u>568</u>

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

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

XXI. Income

	<u>2023</u>	<u>2022</u>
Revenue from Contracts with Customers		
Revenue from sale of goods	\$ 1,178,501	\$ 1,269,086
Revenue from royalties (Note XXVIII)	<u>892</u>	<u>777</u>
	<u>\$ 1,179,393</u>	<u>\$ 1,269,863</u>

(I) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (Note VII)	<u>\$ 249,051</u>	<u>\$ 254,236</u>	<u>\$ 288,762</u>
Contract liabilities			
Sales of goods	<u>\$ 8,451</u>	<u>\$ 9,521</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>2023</u>	<u>2022</u>
Taiwan	\$ 639,446	\$ 531,520
Americas	359,402	349,620

Asia	178,131	376,693
Others	<u>2,414</u>	<u>12,030</u>
	<u>\$ 1,179,393</u>	<u>\$ 1,269,863</u>

XXII. Net profit (loss) of the year

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

(I) Income from interest

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 8,048	\$ 1,250
Others	<u>32</u>	<u>26</u>
	<u>\$ 8,080</u>	<u>\$ 1,276</u>

(II) Other income

	<u>2023</u>	<u>2022</u>
Government subsidy income (Note XXV)	\$ -	\$ 5,000
Rent income	-	<u>6</u>
	<u>\$ -</u>	<u>\$ 5,006</u>

(III) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net gain on foreign currency exchange	\$ 18,967	\$ 48,092
Gains on disposal of non-current assets to be sold	-	541,195
Impairment losses of property, plant and equipment	-	(2,347)
(Losses) Gains from the dis- posal of property, plant and equipment	(6,491)	3,023
Others	(<u>588</u>)	<u>10,074</u>
	<u>\$ 11,888</u>	<u>\$ 600,037</u>

(IV) Financial cost

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 29,913	\$ 22,633
Interest on lease liabilities	431	175
Less: Amount included in the cost of assets for meeting the criteria	(<u>3,329</u>)	(<u>4,017</u>)
	<u>\$ 27,015</u>	<u>\$ 18,791</u>

Information about capitalization of interest is as follows:

	<u>2023</u>	<u>2022</u>
Amount of capitalized interest	\$ 3,329	\$ 4,017
Interest rate of capitalized in- terest	2.38%	2.22%

(V) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
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Depreciation expenses by function		
Operating cost	\$ 76,054	\$ 65,370
Operating expenses	<u>39,099</u>	<u>33,626</u>
	<u>\$ 115,153</u>	<u>\$ 98,996</u>

Amortization expenses are summarized by function		
Administrative expenses	<u>\$ 985</u>	<u>\$ 1,052</u>

(VI) Employee welfare expenses

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 179,263	\$ 208,337
Post-employment benefits		
Defined contribution plans	6,351	6,500
Other employee benefits	<u>26,006</u>	<u>25,469</u>
Total employee benefit expenses	<u>\$ 211,620</u>	<u>\$ 240,306</u>
Summary by function		
Operating cost	\$ 135,260	\$ 144,741
Operating expenses	<u>76,360</u>	<u>95,565</u>
	<u>\$ 211,620</u>	<u>\$ 240,306</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.

2023 saw a net loss before tax, so employees' compensation and remuneration of directors were not estimated or recognized.

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

<u>Estimated allowance</u>	<u>2022</u>
Employee remuneration	4.80%
Remuneration to directors	2.88%
<u>Amount</u>	<u>2022</u>
Employee remuneration	\$ 13,484
Remuneration to directors	8,090

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

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

The Company held a Board meeting on April 13, 2023. As a result, the actual amount of employees' compensation and remuneration of directors distributed was different from the amount recognized in the annual consolidated financial statements, and the difference was adjusted to the profit or loss of 2023.

	<u>2022</u>	
	<u>Employee remuneration</u>	<u>Remuneration to directors</u>
Amount to be distributed as resolved by the Board of Directors	<u>\$ 16,274</u>	<u>\$ 5,300</u>
Amount recognized in the annual financial statements	<u>\$ 13,484</u>	<u>\$ 8,090</u>

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

XXIII. Income Taxes

(I) Income tax recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current income tax		
Incurred in the current year	\$ 5,902	\$ 17,929
Adjustments made in previous years	=	<u>1,572</u>
	5,902	19,501
Deferred tax		
Incurred in the current year	<u>493</u>	=
Income tax expenses recognized in profit or loss	<u>\$ 6,395</u>	<u>\$ 19,501</u>

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

	<u>2023</u>	<u>2022</u>
Net profit (loss) before tax	<u>(\$ 5,905)</u>	<u>\$ 510,908</u>
Income tax expense of (loss) income before tax at the statutory tax rate (20%)	(\$ 1,180)	\$ 102,182
Non-deductible (non-weighted) profit and loss for tax purposes	880	(107,880)
Land value increment tax	-	11,516
Unrecognized temporary difference	(3,348)	(9,137)
Unrecognized loss carryforwards	7,679	20,746
Effect of different tax rates applicable to the consolidated entity	2,364	502

Adjustments to current income tax expenses of previous years	=	<u>1,572</u>
Income tax expenses recognized in profit or loss	\$ <u>6,395</u>	\$ <u>19,501</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) Income tax assets and liabilities for the current year	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Income tax assets for the current year		
Tax refund receivable	\$ <u>66</u>	\$ <u>11</u>
Income tax liabilities for the current year		
Income tax payable	\$ <u>122</u>	\$ <u>27</u>

(III) Deferred tax assets

Changes in deferred income tax assets are as follows:

2023

Deferred tax assets	<u>Opening balance</u>	Recognized in profit or loss	<u>Year-end balance</u>
Temporary difference	\$ <u>8,189</u>	(\$ <u>493</u>)	\$ <u>7,696</u>

2022

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforwards		
Mature in 2030	\$ 81,239	\$ 81,239
Mature in 2031	33,613	33,613
Mature in 2032	103,731	103,731
Mature in 2033	<u>38,851</u>	=
	\$ <u>257,434</u>	\$ <u>218,583</u>

(V) Information on unused loss carryforwards

As of December 31, 2023, information on loss carryforwards is as follows:

<u>Balance yet to be deducted</u>	<u>Last crediting year</u>
\$ 81,239	2030
33,613	2031
103,731	2032
<u>38,851</u>	2033
\$ <u>257,434</u>	

(VI) Authorization of income tax

Xu Yuan's income tax returns for profit-seeking enterprises up to 2020 and Hong Yuan Company's income tax returns for profit-seeking enterprises up to 2021 have been approved by the taxation authorities.

XXIV. (Losses) Earnings per share Unit: NTD per share

	<u>2023</u>	<u>2022</u>
Basic (loss) earnings per share		
From continuing operations	(\$ <u>0.45</u>)	\$ <u>8.67</u>
Diluted (losses) earnings per share		
From continuing operations	(\$ <u>0.45</u>)	\$ <u>8.50</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:

Net profit (loss) of the year

	<u>2023</u>	<u>2022</u>
Net (loss) income used to calculate basic and diluted (loss) earnings per share	(\$ <u>24,624</u>)	\$ <u>475,150</u>

Number of shares

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in calculating basic (loss) earnings per share	54,315	54,817
Effect of potential dilutive common stock:		
Employee remuneration	=	<u>1,062</u>
Weighted average number of ordinary shares used in calculating diluted (loss) earnings per share	<u>54,315</u>	<u>55,879</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.

The Company's 2023 employees' remuneration has an anti-dilutive effect, so it is not included in the calculation of diluted (losses) earnings per share.

XXV. Government grants

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

XXVI. Capital risk management

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

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

The Company is not subject to other external capital requirements.

XXVII. Financial Instruments

(I) Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Measured at amortized cost		
Cash and cash equivalents	\$ 88,799	\$ 199,646
Financial assets measured at		
amortized cost		
Notes and accounts receivable - net	135,001	617
Accounts receivable - related parties	295,469	301,909
Other receivables - related parties	5,022	5,690
Refundable deposits	8,871	5,976
	13,544	15,765
<u>Financial liability</u>		
Measured at amortized cost		
Short-term borrowings	293,798	122,301
Notes payable	64,481	50,633
Accounts payable	103,412	118,827
Accounts payable - related parties	597	339
Long-term borrowings (including portion due within one year)	474,113	563,076
Other non-current liabilities	12,962	-

(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	
	2023	2022	2023	2022
Profit and loss	<u>\$ 11,410</u>	<u>\$ 12,600</u>	<u>\$ 473</u>	<u>\$ 521</u>

	Effect of Renminbi (RMB/CNY)		Effect of Euro	
	2023	2022	2023	2022
Profit and loss	<u>\$ 985</u>	<u>\$ 1,000</u>	<u>\$ 112</u>	<u>\$ 97</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>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
- Financial assets	\$ 132,225	\$ -
- Financial liabilities	23,728	25,438
Cash flow interest rate risk		
- Financial assets	88,189	198,044
- Financial liabilities	767,911	685,377

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 2023 and 2022 would have decreased/increased by NT\$680 thousand and NT\$487 thousand, respectively. The main reason is the Company's liability exposure risk due to the interest rates changes.

2. Credit risk

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

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

3. Liquidity risk

The ultimate responsibility for the Company's liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework to meet the Company's short, medium and long-term funding and liquidity management needs. The Company manages liquidity risk by maintaining adequate reserves, bank financing facilities and borrowing commitments, continuously monitoring expected and actual cash flows, and matching the maturing portfolio of financial assets and liabilities. As of December 31, 2023 and 2022, the Company's undrawn short-term banking facilities amounted to NT\$58,025 thousand and NT\$147,699 thousand, respectively.

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

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

December 31, 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	\$ 201,181	\$ 5,251	\$ 12,962
lease liabilities	4,788	3,895	15,045
Short-term borrowings	293,798	-	-
Long-term borrowings	<u>18,351</u>	<u>422,091</u>	<u>33,671</u>
	<u>\$ 518,118</u>	<u>\$ 431,237</u>	<u>\$ 61,678</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>
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lease liabilities	<u>\$ 8,962</u>	<u>\$ 15,348</u>
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December 31, 2022

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

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

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

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.

(I) 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
Daseseal Packaging Technology Limitada (Daseseal Company)	Substantive related party
HRP SUL AMERICAIND .E COM .DE MÁQUIAS E EQUIP AMENTOS LTDA. (HRP Company)	Substantive related party
Dase-Sing Packaging Technology Co., LTD. (Dase-Sing Company)	Substantive related party

(II) Operating revenue

<u>Account Items</u>	<u>Category/name of related party</u>	<u>2023</u>	<u>2022</u>
Sales revenue	Associate Substantive related party	\$ 32,142 <u>183</u> <u>\$ 32,325</u>	\$ 21,708 <u>211</u> <u>\$ 21,919</u>
Revenue from royalties	Associate SSL Corporation	<u>\$ 892</u>	<u>\$ 777</u>

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

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

(III) Purchase of stock

<u>Account Items</u>	<u>Category of related party</u>	<u>2023</u>	<u>2022</u>
Cost of sales	Substantive related party	<u>\$ 1,869</u>	<u>\$ 3,100</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>2023</u>	<u>2022</u>
Commission expenses	Substantive related party Dase seal Company	<u>\$ 13,133</u>	<u>\$ 16,106</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

<u>Account Items</u>	<u>Category/name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable - related parties	Associate SSL Corporation Substantive related party	<u>\$ 4,980</u> <u>42</u> <u>\$ 5,022</u>	<u>\$ 5,664</u> <u>26</u> <u>\$ 5,690</u>
Other receivables - Relationship Person	Associate SSL Corporation	<u>\$ 8,871</u>	<u>\$ 5,976</u>

As of December 31, 2023 and 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 December 31, 2023 and 2022, the Company transferred the accounts receivable exceeding the normal collection due date for NT\$8,871 thousand and NT\$5,976 thousand from accounts receivable-related parties to other receivables-related parties, The aging distribution of its accounts is as follows:

December 31, 2023

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Associate	<u>\$ 5,297</u>	<u>\$ 255</u>	<u>\$ 3,319</u>	<u>\$ 8,871</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>

(VI) Accounts payable to related parties

Account Items	Category of related party	December 31, 2023	December 31, 2022
Accounts payable - related parties	Substantive related party	<u>\$ 597</u>	<u>\$ 339</u>

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

(VII) Others

Account Items	Category of related party	December 31, 2023	December 31, 2022
Prepayments for purchases (recorded as other current assets)	Substantive related party	<u>\$ 47</u>	<u>\$ 214</u>

(VIII) Compensation of key management personnel

	2023	2022
Short-term employee benefits	<u>\$ 20,127</u>	<u>\$ 11,806</u>
Post-employment benefits	<u>469</u>	<u>360</u>
	<u>\$ 20,596</u>	<u>\$ 12,166</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:

	December 31, 2023	December 31, 2022
Net amount of property, plant and equipment	<u>\$ 222,322</u>	<u>\$ 230,290</u>
Pledged bank deposits (recognized	<u>2,776</u>	<u>617</u>

as financial assets at amortized cost)		
Pledged time deposits (recognized as financial assets at amortized cost)	112,425	=
	<u>\$ 337,523</u>	<u>\$ 230,907</u>

XXX. Significant contingencies and unrecognized contractual commitments

As of the end of December 2023, the Company had issued an unused letter of credit for an amount of NT\$10,287 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:

December 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	\$ 9,220	30.71	\$ 283,146
Japanese Yen	43,562	0.217	9,453
Euro	66	33.98	2,243
Renminbi	4,552	4.327	<u>19,697</u>
			<u>\$ 314,539</u>

Non-monetary items

Investment under equity method

US Dollars	834	30.71	<u>\$ 25,618</u>
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Foreign currency liabilities

Monetary items

US Dollars	1,789	30.71	<u>\$ 54,940</u>
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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>

Non-monetary items

Investment under equity method

US Dollars	1,170	30.71	<u>\$ 35,923</u>
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Foreign currency liabilities

Monetary items

US Dollars 1,597 30.71 \$ 49,044

In 2023 and 2022, the Company's realized and unrealized net gains on foreign currency exchange were NT\$18,967 thousand and NT\$48,092 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

(I) 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 Company	Other receivables - related parties	Yes	\$ 166,816	\$ 127,663	\$ 127,663 (Note 3)	-	Business transactions	2023 net sales \$ 1,114	-	\$-	-	\$-	\$ 314,465	\$ 314,465	-

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	\$786,161	\$15,000	\$15,000	\$4,265	\$-	1.91%	\$786,161	Yes	No	No
	XYPD Company	2	\$314,465	\$90,000	\$50,000	\$36,846	\$6,908	6.36%	\$393,081	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	\$ 131,698	0.77%	\$ 127,663	Continuing collection	\$ 2,709	\$ -

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	4,406	100	\$ 9,089	\$ 85	(\$ 4,348)	Notes 1 and 3
	XU YUAN Company	USA	Overseas holding company	16,000	16,000	700	100	9,243	(1,093) (USD 35)	(1,093)	Note 1
	DASE-SEAL Company	BVI	Sales of sleeve (sticker) labeling machines and color shrink labels	8,336	8,336	320	100	9,470	4 USD 1	4	Note 2
	SLEEVE SEAL, LLC	USA	Manufacture and sale of sleeve (applicator) labeling machines and color shrink labels	6,455	6,455	1	35	25,618	2,680 USD 219	2,380	Notes 2 and 3
Xu Yuan Company	XYP JAPAN Company	Japan	Sales of sleeve (sticker) labeling machines and color shrink labels	\$ 25,097	\$ 25,097	8	100	\$ -	\$ - JPY -	\$ -	Note 2
	XYP India Company	India	Sales of sleeve (sticker) labeling machines and color shrink labels	4,255	4,255	22	100	1,864	- RUPEE -	-	Note 2
	XYPD Company	Brazil	Manufacturing and sale of color shrink labels	63,522	63,522	4,608	51	40,501	31,624 REAL 5,169	16,128	Notes 1 and 3
	PT. XUYUAN Company	Indonesia	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	194,396	194,396	6,200	62	139,901	(8,348) (RUPIAH 3,996,539)	(5,176)	Notes 1 and 3
	PT. Chen Hong Company	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	4,566	4,566	1	10	3,969	716 RUPIAH 373,909	72	Note 1
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	26,026	26,026	9	95	22,787	(15) (RUPIAH 8,504)	(14)	Note 1
Hong Yuan Company	HONG SHENG Company	Samoa	Overseas holding company	3,076	3,076	100	100	7,859	(50) (USD 1)	(50)	Note 1
	PT. Chen Hong Company	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	41,094	41,094	1	90	40,528	716 RUPIAH 373,909	644	Note 1
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	1,370	1,370	1	5	1,199	(15) (RUPIAH 8,504)	(1)	Note 1
HONG SHENG Company	Hong Tai Company	Taiwan	Sale of packaging machinery and plastic products	3,000	3,000	300	100	253	(50)	(50)	Note 1

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

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

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

Note 4: As of December 31, 2023, the aforementioned securities were not secured, pledged for borrowings, or otherwise restricted to users as agreed.

(II) 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	Outward remittances in the current year or recovered investment amount		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	\$ 20,570 RMB 5,056	Note 1	\$ 20,570 USD 700	\$-	\$-	\$ 20,570 USD 700	(\$ 1,096) (RMB249)	100%	(\$ 1,096) (RMB249)	\$ 7,338 RMB 1,696	\$ -

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
\$20,570 USD 700	\$20,570 USD 200 (Note 1)	\$471,697

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

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

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

(III) 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.	4,361,288	7.95%
Ya-Ping Chuang	3,245,015	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.

(IV) Business relationship and important transactions between the parent company and its subsidiaries and among the subsidiaries, and amounts:

January 1 to December 31, 2023

Name of Transaction Party	Counterparty of transactions	Relationship with counterparties (Note 2)	Status of transaction			Percentage (%) of consolidated total operating revenues or total assets
			Account titles	Amount	Trading conditions	
Xu Yuan Company	Hong Yuan Company	1	Prepayment for purchase	\$ 6,014	Note 1	-
		1	Other receivables	33,250	Note 1	2%
	Shanghai Hongxu Company	1	Accounts payable	266	Note 1	-
		1	Operating revenue	419	Note 1	-
		1	Trade receivable	137	Note 1	-
		1	Other receivables	3,612	Note 1	-
		1	Other receivables	1,648	Note 1	-
	XYP India Company XYPD Company	1	Operating revenue	1,114	Note 1	-
		1	Other income	2,457	Note 1	-
		1	Trade receivable	30	Note 1	-
	XYP JAPAN PT. XUYUAN Com-	1	Other receivables	131,698	Note 1	7%
		1	Other receivables	8,668	Note 1	-
			1	Operating revenue	2,519	Note 1

	pany	1	Operating cost	409	Note 1	-
		1	Other receivables	54,242	Note 1	3%
		1	Accounts payable	2,453	Note 1	-
	PT. Chen Hong Com- pany	1	Other receivables	4,543	Note 1	-
Hong Yuan Company	XYPD Company	2	Other receivables	\$ 5,794	Note 1	-
		2	Contract liabilities	20	Note 1	-
	Hong Tai Company	1	Trade receivable	6,358	Note 1	-
		1	Accounts payable	13,144	Note 1	1%
	PT. XUYUAN Com- pany	2	Accounts payable	2,582	Note 1	-
PT. CHENG Hong Corporation	PT. XUYUAN Com- pany	2	Operating revenue	38,136	Note 1	2%
		2	Trade receivable	30,070	Note 1	2%
		2	Accounts payable	18,017	Note 1	1%
		2	Contract liabilities	2,582	Note 1	1%
		2	Operating cost	1,922	Note 1	-
		2	Other payables	3,703	Note 1	-
PT. CHENG Kuang Corpora- tion	PT. XUYUAN Com- pany	2	Accounts payable	346	Note 1	-
XYPD Company	PT. XUYUAN Com- pany	2	Accounts payable	25	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 Information

(I) Segment revenue, results of operations, and segment assets

The information used by the Company's operating decision-makers to allocate resources and evaluate department performance focuses on product-specific information. The measurement basis of the segment information provided by the Company to the operating decision-maker for review is the same as that in the financial statements. Therefore, for the segment revenue and operating results to be reported in 2023 and 2022, please refer to the consolidated comprehensive income statements for 2023 and 2022; For the reportable segment assets as of December 31, 2023 and 2022, refer to the consolidated balance sheets as of December 31, 2023 and 2022.

(II) Revenue from major products:

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

	<u>2023</u>	<u>2022</u>
Label printing	\$ 1,066,654	\$ 1,121,621
Sleeve (sticker) labeling machine	74,342	112,385
Transparent film	18,848	7,660
Royalties	892	777
Others	<u>18,657</u>	<u>27,420</u>
Total	<u>\$ 1,179,393</u>	<u>\$ 1,269,863</u>

(III) Information by region:

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

<u>Revenue from external customers</u>		<u>Non-current assets</u>	
2023	2022	December 31, 2023	December 31, 2022

Taiwan (where the Company is located)	\$ 639,446	\$ 531,520	\$ 639,627	\$ 641,128
Americas	359,402	349,620	89,421	93,814
Asia	178,131	376,693	233,784	245,637
Other countries	<u>2,414</u>	<u>12,030</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,179,393</u>	<u>\$ 1,269,863</u>	<u>\$ 962,832</u>	<u>\$ 980,579</u>

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

(IV) Information of major customers:

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

Xu Yuan Packaging Technology
Co., Ltd.

Parent Company Only Financial
Statements and Independent Audi-
tors' Report
2023 and 2022

Address: No. 10, Alley 33, Lane 98, Xinlong Road, Xinpu
Township, Hsinchu County 305046, Taiwan (R.O.C.)
Tel: (03)5982727

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Independent Auditors' Report

To: Xu Yuan Packaging Technology Co., Ltd.

Audit opinion

We have audited the accompanying parent company only balance sheets, as of December 31, 2023 and 2022, of Xu Yuan Packaging Technology Co., Ltd. which comprise of the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies for the years then ended.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Xu Yuan Packaging Technology Co., Ltd. as of December 31, 2023 and 2022, and its parent company only financial performance and its cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of Xu Yuan Packaging Technology Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company in the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Xu Yuan Packaging Technology Co., Ltd.'s parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Revenue recognition

The main source of income of Xu Yuan Packaging Technology Co., Ltd. is the sales of printed labels and sleeve (stick) labeling machines. For the relevant information on sales revenue, please refer to the parent company only financial statements, Note IV and XX. In our assessment of the sales revenue to specific customers with significant growth in the current year, we recognize the revenue as a key audit matter for the current year.

The auditor considered XU YUAN PACKAGING TECHNOLOGY CO., LTD.'s new customer management policy and revenue recognition process, evaluated the reasonableness of its control procedure design, and performed the following audit procedures.

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing Xu Yuan Packaging Technology Co., Ltd.'s financial reporting process.

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information or business activities of Xu Yuan Packaging Technology Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion to Xu Yuan Packaging Technology Co., Ltd..

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

We also provide those charged with governance with a statement that we have complied with the Norms of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Deloitte Taiwan
CPA Hsin-Tung Lin

CPA Ming-Hui Chen

Financial Supervisory Commission
Approval Reference Number
FSC Approval No. 1110348898

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

March 7, 2024

Xu Yuan Packaging Technology Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022		Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash (Notes IV, VI, and XXVI)	\$ 45,027	3	\$ 126,678	7	2100	Short-term borrowings (Notes IV, XV, XXVI and XXVIII)	\$ 290,656	16	\$ 117,301	7
1136	Financial assets measured at amortized cost (Notes IV, VII, XXVI, and XXVIII)	114,576	6	-	-	2130	Contract liabilities - Current (Note XX)	6,807	-	7,458	-
1170	Net accounts and notes receivable (Notes IV, V, VIII, XX, and XXVI)	210,490	12	216,537	12	2150	Notes payable (Note XVI and XXVI)	64,481	4	50,633	3
1180	Accounts receivable - related parties (Notes IV, V, XXVI and XXVII)	5,193	-	6,261	-	2170	Accounts payable (Note XVI and XXVI)	85,108	5	93,695	5
1210	Other receivables - related party (Notes IV, XXVI and XXVII)	246,530	14	297,823	17	2180	Accounts payable - related parties (Note XXVI and XXVII)	3,316	-	2,670	-
1220	Current income tax assets (Notes IV and XXII)	66	-	11	-	2280	Lease liabilities - Current (Notes IV and XII)	7,854	-	7,170	-
130X	Inventories (Notes IV, V and IX)	202,193	11	198,061	11	2322	Long-term borrowings due within one year (Notes IV, XV, XXVI and XXVIII)	418,000	24	82,000	5
1479	Other current assets (Notes XIV and XXVII)	30,630	2	20,417	1	2399	Other payables and other current liabilities (Note XVII)	65,415	4	98,267	6
11XX	Total current assets	<u>854,705</u>	<u>48</u>	<u>865,788</u>	<u>48</u>	21XX	Total of current liabilities	<u>941,637</u>	<u>53</u>	<u>459,194</u>	<u>26</u>
	Non-current assets						Non-current liabilities				
1550	Investments accounted for using the equity method (Notes IV, V and X)	262,442	15	260,961	15	2540	Long-term borrowings (Notes IV, XV, XXVI and XXVIII)	13,345	1	430,968	24
1600	Property, plant and equipment (Notes IV, V, XI, XXVII, and XXVIII)	589,587	33	572,150	32	2580	Lease liabilities - Non-current (Notes IV and XII)	14,976	1	17,495	1
1755	Right-of-use assets (Notes IV and XII)	22,630	1	24,641	2	2670	Other non-current liabilities (Notes IV and X)	18,745	1	6,187	-
1821	Intangible assets (Notes IV and XIII)	2,792	-	3,777	-	25XX	Total non-current liabilities	<u>47,066</u>	<u>3</u>	<u>454,650</u>	<u>25</u>
1840	Deferred income tax assets (Notes IV and XXII)	5,381	-	5,874	-	2XXX	Total liabilities	<u>988,703</u>	<u>56</u>	<u>913,844</u>	<u>51</u>
1915	Prepayment for equipment purchase	24,618	2	40,559	2		Equity (Notes IV and XIX)				
1920	Refundable deposits (Note IV and XXVI)	12,709	1	14,910	1	3110	Common stock/share capital	548,171	31	548,171	31
15XX	Total non-current assets	<u>920,159</u>	<u>52</u>	<u>922,872</u>	<u>52</u>	3200	Additional paid-in capital	89,341	5	89,341	5
							Retained earnings				
						3310	Legal reserve	40,584	2	15,774	1
						3320	Special reserves	64,746	4	38,179	2
						3350	undistributed earnings	117,279	7	248,097	14
						3300	Total retained earnings	<u>222,609</u>	<u>13</u>	<u>302,050</u>	<u>17</u>
						3400	Other equity	(64,510)	(4)	(64,746)	(4)
						3500	Treasury shares	(9,450)	(1)	-	-
						3XXX	Total equity	<u>786,161</u>	<u>44</u>	<u>874,816</u>	<u>49</u>
1XXX	Total assets	<u>\$ 1,774,864</u>	<u>100</u>	<u>\$ 1,788,660</u>	<u>100</u>		Total liabilities and equity	<u>\$ 1,774,864</u>	<u>100</u>	<u>\$ 1,788,660</u>	<u>100</u>

The accompanying notes form part of the parent company only financial statements.

Chairman: Huang, Nan-yuan

Manager: Chuang, Ya-Ping

Accounting supervisor: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd.
Parent Company Only Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: thousand NTD, except for
(losses) earnings per share at NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Net operating revenue (Notes IV, XX and XXVII)	\$ 841,887	100	\$ 861,836	100
5000	Operating cost (Notes VIII, XXI and XXVII)	(738,853)	(88)	(807,502)	(94)
5900	Gross profit	103,034	12	54,334	6
5920	Realized gain on sales	2,935	-	4,696	1
5950	Realized gross profit	105,969	12	59,030	7
	Operating expenses (Notes XXII and XXVII)				
6100	Sales and marketing expenses	(61,645)	(7)	(70,490)	(8)
6200	Administrative expenses	(64,944)	(8)	(81,643)	(10)
6300	R&D expenses	(8,420)	(1)	(8,110)	(1)
6000	Total operating expenses	(135,009)	(16)	(160,243)	(19)
6900	Net operating loss	(29,040)	(4)	(101,213)	(12)
	Non-operating income and expense				
7100	Interest revenue (Notes XXI)	6,458	1	340	-
7010	Other income (Notes XXI, XXIV and XXVII)	-	-	5,006	1
7020	Other gains and losses (Notes IV, XI, XXI and XXVII)	5,884	1	581,512	67
7050	Finance cost (Notes IV and XXI)	(15,386)	(2)	(14,227)	(2)
7070	Share of profit and loss of subsidiaries and associates accounted for using the equity method (Notes IV and X)	7,953	1	15,248	2
7000	Total non-operating income and expenses	4,909	1	587,879	68

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	(\$ 24,131)	(3)	\$ 486,666	56
7950	Income tax expenses (Notes IV and XXII)	(493)	-	(11,516)	(1)
8200	Net profit (loss) of the year	(24,624)	(3)	475,150	55
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translation of the financial statements of foreign operations (Notes IV and XIX)	236	-	4,415	1
8500	Total comprehensive income for the year	(\$ 24,388)	(3)	\$ 479,565	56
	(Losses) Earnings per share (Note XXIII)				
9750	Basic	(\$ 0.45)		\$ 8.67	
9850	Diluted	(\$ 0.45)		\$ 8.50	

The accompanying notes form part of the parent company only financial statements.

Chairman:
Huang, Nan-yuan

Managerial Officer:
Chuang, Ya-Ping

Accounting supervisor:
Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd.
Parent Company Only Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		Common stock/share capital		Retained earnings			Other items of equity	Treasury stock	Total equity	
		Shares (In Thousand)	Amount	Additional paid-in capital	Legal reserve	Special reserves	(Losses to be compensated)			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	(Losses to be compensated) Undistributed earnings (\$ 227,053)	(\$ 69,161)	\$ -	\$ 395,251
D1	2022 Net profit	-	-	-	-	-	475,150	-	-	475,150
D3	2022 Other comprehensive income	-	-	-	-	-	-	4,415	-	4,415
D5	2022 Total comprehensive income	-	-	-	-	-	475,150	4,415	-	479,565
Z1	Balance as of December 31, 2022	54,817	548,171	89,341	15,774	38,179	248,097	(64,746)	-	874,816
	Allocation and distribution of profits for the year 2022									
B1	Appropriation of legal reserve	-	-	-	24,810	-	(24,810)	-	-	-
B3	Appropriation to special reserve	-	-	-	-	26,567	(26,567)	-	-	-
B5	Cash Dividends to Shareholders of the Company	-	-	-	-	-	(54,817)	-	-	(54,817)
D1	2023 Net loss	-	-	-	-	-	(24,624)	-	-	(24,624)
D3	Other comprehensive income for the year 2023	-	-	-	-	-	-	236	-	236
D5	Total comprehensive income for the year 2023	-	-	-	-	-	(24,624)	236	-	(24,388)
L1	Treasury Stocks Repurchase	-	-	-	-	-	-	-	(9,450)	(9,450)
Z1	Balance as of December 31, 2023	54,817	\$ 548,171	\$ 89,341	\$ 40,584	\$ 64,746	\$ 117,279	(\$ 64,510)	(\$ 9,450)	\$ 786,161

The accompanying notes form part of the parent company only financial statements.

Chairman: Huang, Nan-yuan

Managerial Officer: Chuang, Ya-Ping

Accounting supervisor: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd.
Parent Company Only Statement of Cash Flows
From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profit (loss) before tax for the current year	(\$ 24,131)	\$ 486,666
A20000	Income and expenses items:		
A20100	Depreciation expense	77,898	64,482
A20200	Amortized expenses	985	1,052
A20900	Financial cost	15,386	14,227
A21200	Income from interest	(6,458)	(340)
A22400	Share of profit and loss of subsidiaries and associates accounted for using the equity method	(7,953)	(15,248)
A22500	Gain on disposal of property, plant and equipment	(700)	(3,014)
A23000	Gains on disposal of non-current assets to be sold	-	(541,195)
A23700	Inventory write-down and reversal of impairment losses	-	(2,498)
A23900	Realized gross profit from sales with subsidiaries and affiliates	(2,935)	(4,696)
A24100	Net gain (loss) on foreign currency exchange	(439)	(3,489)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	5,135	15,060
A31140	Accounts receivable - related parties	846	1,831
A31190	Other receivables - related parties	51,822	15,353
A31200	Inventory	(4,132)	26,224
A31240	Other current assets	(6,991)	4,684
A32125	Contract liabilities	(651)	(8,585)
A32130	Notes payable	13,848	11,417
A32150	Accounts payable	(11,941)	(56,863)
A32160	Accounts payable - related parties	471	(699)
A32230	Other payables and other current liabilities	(20,624)	64,999
A33000	Cash inflow from operations	79,436	69,368
A33300	Interest paid	(368)	-
A33500	Payment of income tax	(55)	(11,493)
AAAA	Net cash inflow from operating activities	<u>79,013</u>	<u>57,875</u>

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Code		2023	2022
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(153,473)	-
B00050	Disposal of financial assets measured at amortized cost	39,923	20,502
B02600	Proceeds from disposal of non-current assets held for sale	\$ -	\$ 827,773
B02700	Acquisition of property, plant and equipment	(44,545)	(49,006)
B02800	Proceeds from disposal of property, plant, and equipment	700	5,799
B03800	Decrease in refundable deposits	2,201	2,126
B04500	Acquisition of intangible assets	-	(289)
B07100	Increase in prepaid equipment purchase	(21,890)	(8,531)
B07500	Interest received	3,415	340
B07600	Collection of dividends from affiliates	<u>9,239</u>	<u>-</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>(164,430)</u>	<u>798,714</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	231,594	177,364
C00200	Decrease in short-term borrowings	(58,239)	(239,073)
C01600	Proceeds from long-term debt	-	-
C01700	Repayments of long-term debt	(81,802)	(768,000)
C03100	Decrease in guarantee deposits	-	(1,335)
C04020	Repayments of principal portion of lease liabilities	(9,424)	(11,029)
C04500	Distribution of cash dividends	(54,817)	-
C04900	Cost of repurchase of treasury shares	(9,450)	-
C05600	Interest paid	<u>(14,043)</u>	<u>(16,087)</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>3,819</u>	<u>(858,160)</u>
DDDD	Effect of exchange rate changes on cash	<u>(53)</u>	<u>339</u>
EEEE	Net decrease in cash	(81,651)	(1,232)
E00100	Beginning cash balance	<u>126,678</u>	<u>127,910</u>
E00200	Ending cash balance	<u>\$ 45,027</u>	<u>\$ 126,678</u>

The accompanying notes form part of the parent company only financial statements.

Chairman:
Huang, Nan-yuan

Managerial Officer:
Chuang, Ya-Ping

Accounting supervisor:
Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd.
Notes to Parent Company Only Financial Statements
From January 1 to December 31, 2023 and 2022
(Amounts in NTD thousand unless stated otherwise)

I. Corporate Milestones

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

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

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

II. Approval Date and Procedures of the Financial Statements

The standalone financial statements were approved by the Board of Directors on March 7, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) 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 accounting standards") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

(II) FSC-approved IFRSs standards from 2024 onwards

New/Amended/Revised Standards and Interpretations	Effective date published by IASB (Note 1)
Amendments to IFRS 16 "Lease liability in a sale and leaseback"	January 1, 2024 (Note 2)
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
IAS 7 and IFRS 7 Amendments "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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.

Note 3: When applying this amendment for the first time, certain disclosure provisions are exempted.

As of the publication date of the parent company only financial statements, the Company continues to assess other 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.

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

New/Amended/Revised Standards and Interpretations	Effective date published by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: This amendment shall apply to the annual reporting periods beginning on or after January 1, 2025. When applying this amendment for the first time, the affected number shall be recognized as retained earnings recognized on the initial application date. When the consolidated Company uses a non-functional currency as its reporting currency, the affected number shall adjust the translation differences of foreign operations under equity on the initial application date.

As of the publication date of the parent company only financial statements, the Company continues to assess other 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

(I) Compliance Statement

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

Except for financial instruments measured at fair value, the parent company only 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.

The Company adopts the equity method to account for its investments in subsidiaries and associates when preparing the parent company only financial statements. In order to make the profit or loss and other comprehensive profit or loss and equity of the current year in the Standalone Financial Statements and in the consolidated financial statements, which are attributable to the Company's owners, identical, certain accounting treatment differences between the standalone and the consolidated are adjusted and made to "Investments under the equity method", "Share of profit or loss

of subsidiaries under the equity method", "Share of other comprehensive profit or loss of subsidiaries under the equity method", and related equity items.

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

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash.

Current liabilities include:

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

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

(IV) Foreign currency

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

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

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

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

(V) Inventory

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

(VI) Investment in subsidiaries

The Company adopts the equity method to account for its investment in subsidiaries.

A subsidiary is an entity controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, for the changes in the subsidiaries' other equity, the Company is entitled to have it recognized proportionately to the shareholding.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are treated as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses on a subsidiary equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that in substance form part of the Company's net investment in the subsidiary), losses will continue to be recognized proportionally to the Company's shareholding.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. The impairment loss attributed to goodwill shall not be reversed in subsequent periods.

The unrealized profit or loss of downstream transactions between the Company and its subsidiaries is eliminated in the individual financial statements. The profit or loss resulting from the countercurrent and side-stream transactions between the Company and the subsidiary is recognized in the standalone financial statement within the range that is irrelevant to the Company's interest in the affiliated company.

(VII) Investments in Associates

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

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

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

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

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

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

(VIII) Property, plant and equipment

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

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

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

(IX) Intangible assets

1. Acquired separately

A separately acquired intangible asset with finite useful life is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

2. Derecognition

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

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

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

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

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

(XI) Non-current Assets Held for Sale

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

set, and the sale is expected to be completed within one year from the classification date.

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

(XII) Financial Instruments

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

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

1. Financial asset

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

(1) Type of measurement

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

A. Financial assets measured at amortized cost

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

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

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

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

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

(2) Impairment of financial assets

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

Accounts receivable shall be recognized for allowance for loss based on expected credit loss throughout the duration. For other financial assets, the allowance is assessed as to whether the credit risk has in-

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

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

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

(3) Derecognition of financial assets

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

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

2. Equity instrument

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

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

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

3. Financial liability

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

(XIII) Revenue recognition

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

1. Sale of goods

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

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

2. Royalty

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

(XIV) Lease

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

1. The Company as lessor

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

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

2. The Company as the lessee

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

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

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

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in the lease is easily determined, the lease payment is discounted at the interest rate. If such

interest rate cannot be easily determined, the lessee's incremental borrowing rate shall be used.

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

(XV) Borrowing costs

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

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

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

(XVI) Government grants

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

1. Employee benefits
2. Short-term employee benefits

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

3. Post-employment benefits

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

(XVII) Income Taxes

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

1. Current income tax

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

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

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

2. Deferred tax

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

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

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

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

3. Current and deferred income tax

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

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

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

When the Company develops significant accounting estimates, it incorporates considerations of potential effects from currency inflation and market interest rate fluctuations into assessments of cash flow projections, growth rates, discount rates, profitability, and other relevant significant accounting estimates. Management will continue to review estimates and underlying assumptions. If the estimate revision affects only the current period, it shall be recognized in the current period; if the amendment to the accounting estimate affects the current period and future periods at the same time, it is recognized in the current period and future periods.

Key Sources of Estimation and Assumption Uncertainty

(I) Estimated impairment of financial assets

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

(II) Inventory impairment

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

(III) Impairment of property, plant and equipment

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

VI. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Inventory of cash and allowances	\$ 400	\$ 361
Check deposits and demand deposits at banks	<u>44,627</u>	<u>126,317</u>
	<u>\$ 45,027</u>	<u>\$126,678</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposits	0.001%~1.45%	0.001%~1.05%

VII. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Domestic investment		
Pledged time deposit (I)	\$112,425	\$ -
Pledged demand deposits	<u>2,151</u>	<u>-</u>
	<u>\$114,576</u>	<u>\$ -</u>

(I) The effective interest rate range was 2.50% to 5.50% on December 31, 2023.

(II) Please refer to Note XXVI for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.

(III) Please refer to Note XXVIII for information on pledged financial assets measured at amortized cost.

VIII. Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ <u>46,417</u>	\$ <u>47,673</u>
<u>Trade receivable</u>		
Measured at amortized cost		
Total carrying amount	171,022	175,858
Less: loss allowance	(<u>6,949</u>)	(<u>6,994</u>)
	<u>164,073</u>	<u>168,864</u>
	<u>\$210,490</u>	<u>\$216,537</u>

The Company's credit period for sales of goods is 120 days from current to monthly settlement, and no interest is accrued on accounts receivable. The Company

has defined credit and accounts receivable management regulations to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one at the balance sheet date to ensure that the appropriate impairment loss has been recognized for the irrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has been significantly reduced.

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

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

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

December 31, 2023

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortised cost
Not overdue	0.02%	\$ 154,830	(\$ 37)	\$ 154,793
Past due by 1 to 60 days	0.36%	5,264	(19)	5,245
Past due by 61 to 120 days	3.04%	3,028	(92)	2,936
Past due by 121 to 180 days	2.12%	567	(12)	555
Past due by 181 to 240 days	12.82%	624	(80)	544
Past due by 241 to 360 days	100%	220	(220)	-
Overdue for more than 361 days	100%	6,489	(6,489)	-
Total		<u>\$ 171,022</u>	<u>(\$ 6,949)</u>	<u>\$ 164,073</u>

December 31, 2022

	Expected credit loss rate	Total carrying amount	Allowance for loss (Expected credit losses throughout the duration)	Amortised cost
Not overdue	0.42%	\$ 154,606	(\$ 184)	\$ 154,422
Past due by 1 to 60 days	0.78%	7,567	(105)	7,462
Past due by 61 to 120 days	4.11%	2,388	(210)	2,178
Past due by 121 to 180 days	3.96%	892	(45)	847

Past due by 181 to 240 days	4.17%	3,186	(405)	2,781
Past due by 241 to 360 days	17.94%	1,799	(625)	1,174
Overdue for more than 361 days	100%	<u>5,420</u>	(<u>5,420</u>)	-
Total		<u>\$ 175,858</u>	(<u>\$ 6,994</u>)	<u>\$ 168,864</u>

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

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 6,994	\$ 14,390
Less: Actual write-offs in the current year	(<u>45</u>)	(<u>7,396</u>)
Year-end balance	<u>\$ 6,949</u>	<u>\$ 6,994</u>

IX. Inventory

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Finished goods	\$ 72,931	\$ 90,450
Work-in-progress and semi-finished products	67,975	48,345
Raw materials	<u>61,287</u>	<u>59,266</u>
	<u>\$202,193</u>	<u>\$198,061</u>

The inventory-related costs of sales in 2023 and 2022 were NT\$738,853 thousand and NT\$807,502 thousand, respectively. For 2022, the cost of sales includes NT\$2,498 thousand of inventory write-downs and gains from recovery of obsolescence.

The rebound in the net realizable value of inventories was a result of the increase in the selling prices of inventories in a specific market.

X. Investment under equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	\$231,041	\$218,851
Investments in Associates	<u>25,618</u>	<u>35,923</u>
	256,659	254,774
Credit balances of investments accounted for using the equity method recognized as other liabilities	<u>5,783</u>	<u>6,187</u>
	<u>\$262,442</u>	<u>\$260,961</u>

(I) Investment in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unlisted company</u>		
PT. XUYUAN PACKAGING TECHNOLOGY INDONESIA (PT. XUYUAN Company)	\$139,901	\$141,878
Hong Yuan Packaging Technology Co., Ltd. (Hong Yuan Company)	9,089	13,460

PT. CHENG KUANG MA- CHINE PACKAGING TECHNOLOGY INDONE- SIA (PT. CHENG Kuang Company)	22,787	22,802
Director, XYPD DO BRASIL EMBALAGENS LTDA. (XYPD Company)	40,501	21,280
DASE-SEAL PACKAGING TECHNOLOGY CO., LTD. (DASE-SEAL Company)	9,470	9,466
PT. CHENG HONG PACK- AGING TECHNOLOGY INDONESIA (PT. Chen Hong Company)	3,969	3,804
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
XU YUAN PACKAGING TECHNOLOGY CO., LTD. (XU YUAN Company)	\$ 9,243	\$ 10,477
XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD. (XYP India Company)	1,864	1,871
XYP Japan Co., Ltd. (XYP JAPAN Company)	(<u>5,783</u>)	(<u>6,187</u>)
	231,041	218,851
Credit balances of investments accounted for using the eq- uity method recognized as other liabilities	<u>5,783</u>	<u>6,187</u>
	<u>\$236,824</u>	<u>\$225,038</u>

Percentage of ownership interests and voting
rights

Name of subsidiary	<u>December 31, 2023</u>	<u>December 31, 2022</u>
PT. XUYUAN Company	62%	62%
Hong Yuan Company	100%	100%
PT. CHENG Kuang Company	95%	95%
XYPD Company	51%	51%
DASE-SEAL Company	100%	100%
PT. Chen Hong Company	10%	10%
XU YUAN Company	100%	100%
XYP India Company	100%	100%
XYP JAPAN Company	100%	100%

(II) Investments in Associates

Associates that are not individually material

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unlisted company</u>		

SLEEVE SEAL, LLC

\$ 25,618\$ 35,923

Company name	Percentage of shareholding and voting rights	
	December 31, 2023	December 31, 2022
SLEEVE SEAL, LLC	35%	35%

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

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

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

	2023	2022
The Company's share		
Net profit for the year	\$ 2,380	\$ 2,521
Other comprehensive income	(2,401)	3,377
Total comprehensive income	<u>(\$ 21)</u>	<u>\$ 5,898</u>

XI. Property, plant and equipment

	December 31, 2023	December 31, 2022
Own use	<u>\$589,587</u>	<u>\$572,150</u>

(I) Own use

	Land	Houses and buildings	Machinery and equipment	In-come-generating instruments	Transportation equipment	Lease improvement	Other equipment	Construction not completed	Total
<u>Cost</u>									
Balance as of January 1, 2023	\$ 75,460	\$ 359,701	\$ 419,976	\$ 5,639	\$ 1,591	\$ 3,783	\$ 164,655	\$ 65,833	\$ 1,096,638
Increase	-	1,668	3,192	78	-	14,095	25,512	-	44,545
Disposal	-	(2,238)	(5,237)	-	-	-	(8,177)	-	(15,652)
Reclassification	-	3,437	6,250	-	-	12,990	43,133	(24,620)	41,190
Balance as of December 31, 2023	<u>\$ 75,460</u>	<u>\$ 362,568</u>	<u>\$ 424,181</u>	<u>\$ 5,717</u>	<u>\$ 1,591</u>	<u>\$ 30,868</u>	<u>\$ 225,123</u>	<u>\$ 41,213</u>	<u>\$ 1,166,721</u>
<u>Accumulated depreciation and impairment</u>									
Balance as of January 1, 2023	\$ -	\$ 124,168	\$ 306,279	\$ 4,162	\$ 1,386	\$ 2,815	\$ 85,678	\$ -	\$ 524,488
Depreciation expense	-	13,711	27,106	469	83	4,739	22,190	-	68,298
Disposal	-	(2,238)	(5,237)	-	-	-	(8,177)	-	(15,652)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 135,641</u>	<u>\$ 328,148</u>	<u>\$ 4,631</u>	<u>\$ 1,469</u>	<u>\$ 7,554</u>	<u>\$ 99,691</u>	<u>\$ -</u>	<u>\$ 577,134</u>
Net amount as of December 31, 2023	<u>\$ 75,460</u>	<u>\$ 226,927</u>	<u>\$ 96,033</u>	<u>\$ 1,086</u>	<u>\$ 122</u>	<u>\$ 23,314</u>	<u>\$ 125,432</u>	<u>\$ 41,213</u>	<u>\$ 589,587</u>
<u>Cost</u>									
Balance as of January 1, 2022	\$ 75,460	\$ 331,040	\$ 442,575	\$ 6,191	\$ 1,591	\$ 2,866	\$ 152,107	\$ 45,022	\$ 1,056,852
Increase	-	10,898	4,312	90	-	917	14,596	18,193	49,006
Disposal	-	(960)	(36,137)	(642)	-	-	(6,652)	-	(44,391)
Reclassification	-	18,723	9,226	-	-	-	4,604	2,618	35,171
Balance as of December 31, 2022	<u>\$ 75,460</u>	<u>\$ 359,701</u>	<u>\$ 419,976</u>	<u>\$ 5,639</u>	<u>\$ 1,591</u>	<u>\$ 3,783</u>	<u>\$ 164,655</u>	<u>\$ 65,833</u>	<u>\$ 1,096,638</u>
<u>Accumulated depreciation and impairment</u>									
Balance as of January 1, 2022	\$ -	\$ 112,456	\$ 312,187	\$ 4,275	\$ 1,296	\$ 2,751	\$ 75,886	\$ -	\$ 508,851
Depreciation expense	-	12,592	29,492	485	90	64	14,520	-	57,243
Disposal	-	(880)	(35,400)	(598)	-	-	(4,728)	-	(41,606)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 124,168</u>	<u>\$ 306,279</u>	<u>\$ 4,162</u>	<u>\$ 1,386</u>	<u>\$ 2,815</u>	<u>\$ 85,678</u>	<u>\$ -</u>	<u>\$ 524,488</u>
Net amount as of December 31, 2022	<u>\$ 75,460</u>	<u>\$ 235,533</u>	<u>\$ 113,697</u>	<u>\$ 1,477</u>	<u>\$ 205</u>	<u>\$ 968</u>	<u>\$ 78,977</u>	<u>\$ 65,833</u>	<u>\$ 572,150</u>

No impairment loss was recognized or reversed in 2023 and 2022.

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 20 years
Machinery and equipment	2 to 10 years
Income-generating instruments	2 to 8 years
Transportation equipment	4 to 5 years
Lease improvement	5 years
Other equipment	2 to 20 years

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

XII. Lease agreement

(I) right-of-use asset

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of right-of-use assets		
Building	\$ 16,818	\$ 21,086
Machinery and equipment	445	905
Transportation equipment	<u>5,367</u>	<u>2,650</u>
	<u>\$ 22,630</u>	<u>\$ 24,641</u>

	<u>2023</u>	<u>2022</u>
Increase in right-of-use assets	<u>\$ 7,589</u>	<u>\$ 28,605</u>
Depreciation expense of right-of-use assets		
Building	\$ 6,084	\$ 3,090
Machinery and equipment	460	529
Transportation equipment	<u>3,056</u>	<u>3,620</u>
	<u>\$ 9,600</u>	<u>\$ 7,239</u>

(II) lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of lease liabilities		
Liquidity	<u>\$ 7,854</u>	<u>\$ 7,170</u>
Non-current	<u>\$ 14,976</u>	<u>\$ 17,495</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	2.38%~2.48%	2.48%
Machinery and equipment	2.48%	1.85%~2.48%
Transportation equipment	1.85%~2.38%	1.85%~1.89%

(III) Significant lease activities and terms and conditions

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

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

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Short-term rental expenses	\$ 7,643	\$ 6,044
Total cash outflow for leases	<u>\$ 17,435</u>	<u>\$ 17,213</u>

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

XIII. Intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2023 and December 31, 2023	<u>\$ 17,441</u>
<u>Accumulated amortization</u>	
Balance as of January 1, 2023	\$ 13,664
Amortized expenses	<u>985</u>
Balance as of December 31, 2023	<u>\$ 14,649</u>
Net amount as of December 31, 2023	<u>\$ 2,792</u>
<u>Cost</u>	
Balance as of January 1, 2022	\$ 17,252
Acquired separately	289
Disposal	(100)
Balance as of December 31, 2022	<u>\$ 17,441</u>
<u>Accumulated amortization</u>	
Balance as of January 1, 2022	\$ 12,712
Amortized expenses	1,052
Disposal	(100)
Balance as of December 31, 2022	<u>\$ 13,664</u>
Net amount as of December 31, 2022	<u>\$ 3,777</u>

No impairment loss was recognized or reversed in 2023 and 2022.

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

Computer software	3 to 5 years
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XIV. Other current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepaid expenses	\$ 8,760	\$ 4,426
Payment on behalf of others	7,096	6,945
Prepayment for purchase	3,605	8,680
Others	<u>11,169</u>	<u>366</u>

\$ 30,630

\$ 20,417

XV. Borrowings

(I) Short-term borrowings	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings (Note XXVIII)</u>		
Borrowings for working capital (I)	\$ 73,000	\$ -
<u>Unsecured borrowings</u>		
Borrowings for working capital (I)	193,500	105,000
Letters of credit (2)	<u>24,156</u>	<u>12,301</u>
	<u>\$290,656</u>	<u>\$117,301</u>

1. The interest rates of bank working capital borrowings as of December 31, 2023 and 2022 were 2.004% to 3.030% and 2.251% to 2.760%, respectively.
2. The interest rate of bank letters of credit as of December 31, 2023 and 2022 were 2.503% to 2.800% and 2.251%, respectively.

(II) Long-term borrowings	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings (Note XXVIII)</u>		
Syndicated loans of First Bank and other 8 B-groups (I)	\$404,000	\$472,000
<u>Unsecured borrowings</u>		
Bank borrowings (2)	4,363	6,545
Bank borrowings (3)	4,562	6,942
Bank borrowings (4)	4,680	7,020
Bank borrowings (5)	5,000	7,400
Bank borrowings (6)	4,940	7,220
Bank borrowings (7)	<u>4,995</u>	<u>7,215</u>
Sub-total	432,540	514,342
Less: Portion due within one year	(418,000)	(82,000)
Less: Syndicated loan fees and participation fees	(<u>1,195</u>)	(<u>1,374</u>)
Long-term borrowings	<u>\$ 13,345</u>	<u>\$430,968</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 XXVIII). The loan facility may be drawn on a revolving basis from December 2019 to December 2024, with a deduction of the credit line starting from the third year of maturity. The effective interest rate as of December 31, 2023 and 2022, was 2.6947% and 2.3263%, respectively.
2. From September 2020 to September 30, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.47%, respectively.

3. From November 2020 to November 4, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
4. From December 2020 to December 3, 2025, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
5. From January 2021 to January 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
6. From February 2021 to February 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.
7. From March 2021 to March 4, 2026, it will be repaid monthly with the annual interest rate floating. The effective annual interest rate on December 31, 2023 and 2022 is 2.595% and 2.345%, respectively.

Syndicated loan with First Bank

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

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

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

The Company's financial ratios as of December 31, 2023 and 2022 did not violate the above requirements.

XVI. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Occurred due to business operations	\$ <u>64,481</u>	\$ <u>50,633</u>
<u>Accounts payable</u>		
Occurred due to business operations	\$ <u>85,108</u>	\$ <u>93,695</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.

XVII. Other payables and other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 19,984	\$ 18,915
Employee compensation and director remuneration payable	8,889	21,574
Insurance premium payable	3,691	1,154
Pension payable	1,817	1,384
Others (Note)	<u>43,996</u>	<u>55,240</u>
	<u>\$ 78,377</u>	<u>\$ 98,267</u>

Note: Including Chiayi Factory's approved air pollution control fee payable of NT\$12,962 thousand and NT\$30,806 thousand respectively on December 31, 2023 and 2022.

XVIII. Post-employment benefit plans

The Company's 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.

XIX. Equity

(I) Common stock/share capital

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

(II) Additional paid-in capital

	<u>December 31, 2023</u>	<u>December 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
Corporate bond conversion premium	61,412	61,412
Premium from stock issuance (executed employee share warrants)	773	773
Treasury stock trading	19	19
<u>Not to be used for any purpose</u>		
Stock options	<u>293</u>	<u>293</u>
	<u>\$ 89,341</u>	<u>\$ 89,341</u>

Note: Such capital surplus may be used to offset a deficit, and may be distributed as cash or applied to share capital when the Company has no deficits, provided

that the capital surplus shall not exceed a certain percentage of the Company's paid-in share capital each year.

(III) Retained earnings and dividend policy

According to the 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 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 XXI (VII) for the employees' and directors' remuneration distribution policy stipulated in the Company's Articles of Incorporation.

The Company will manage its future capital expenditures, business expansion and sound financial plan in line with the environment and growth stage it is in the pursuit of sustainable development. The 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 the 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, the Company held a shareholders' meeting on June 8, 2022, and it was resolved not to distribute the earnings. The Company's 2022 earnings distribution proposal is as follows:

	2022
Appropriation of legal reserve	<u>\$ 24,810</u>
Appropriation to special reserve	<u>\$ 26,567</u>
Cash dividend	<u>\$ 54,817</u>
Cash dividend per share (NTD)	\$ 1

The above cash dividends were distributed by resolution of the Board of Directors on April 13, 2023, and the remaining distribution items were resolved by the shareholders' meeting on June 9, 2023.

(IV) Special reserves

	2023	2022
Opening balance	<u>\$ 38,179</u>	<u>\$ 38,179</u>
Appropriation to special reserve	<u>26,567</u>	<u>-</u>
Year-end balance	<u>\$ 64,746</u>	<u>\$ 38,179</u>

(V)	Other items of equity		
	<u>Exchange difference on translation of financial statements of foreign operations</u>		
		<u>2023</u>	<u>2022</u>
	Opening balance	(\$ 64,746)	(\$ 69,161)
	Exchange differences arising from the translation of the financial statements of foreign operations	<u>236</u>	<u>4,415</u>
	Year-end balance	<u>(\$ 64,510)</u>	<u>(\$ 64,746)</u>

(VI)	Treasury shares		Transfer of shares to employees (thousand shares)
	Reason for repurchase		
	<u>Number of shares on January 1, 2023</u>		<u>-</u>
	Increase this year		<u>568</u>
	<u>Number of shares on December 31, 2023</u>		<u>568</u>

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

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

XX.	<u>Income</u>		<u>2023</u>	<u>2022</u>
	Revenue from Contracts with Customers			
	Revenue from sale of goods	\$840,995		\$861,059
	Revenue from royalties (Note XXVII)	<u>892</u>		<u>777</u>
		<u>\$841,887</u>		<u>\$861,836</u>
(I)	Contract balance			
		<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
	Accounts receivable (Note VIII)	<u>\$ 164,073</u>	<u>\$ 168,864</u>	<u>\$ 175,124</u>

Contract liabilities			
Sales of goods	\$ <u>6,807</u>	\$ <u>7,458</u>	\$ <u>16,043</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

	2023	2022
Taiwan	\$674,968	\$637,119
Americas	136,337	163,609
Asia	28,168	49,078
Others	<u>2,414</u>	<u>12,030</u>
	<u>\$841,887</u>	<u>\$861,836</u>

XXI. Current net profit (loss)

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

(I) Income from interest

	2023	2022
Bank deposits	\$ 6,426	\$ 315
Others	<u>32</u>	<u>25</u>
	<u>\$ 6,458</u>	<u>\$ 340</u>

(II) Other income

	2023	2022
Government subsidy income (Note XXIV)	\$ -	\$ 5,000
Rent income	<u>-</u>	<u>6</u>
	<u>\$ -</u>	<u>\$ 5,006</u>

(III) Other gains and losses

	2023	2022
Net gain on foreign currency exchange	\$ 2,471	\$ 40,350
Gain on disposal of property, plant and equipment	700	3,014
Gains on disposal of non-current assets to be sold	-	541,195
Others	<u>2,713</u>	<u>(3,047)</u>
	<u>\$ 5,884</u>	<u>\$581,512</u>

(IV) Financial cost

	2023	2022
Interest on bank loans	\$ 18,347	\$ 18,104
Interest on lease liabilities	368	140
Less: Amount included in the cost of assets for meeting the criteria	<u>(3,329)</u>	<u>(4,017)</u>
	<u>\$ 15,386</u>	<u>\$ 14,227</u>

Information about capitalization of interest is as follows:

	<u>2023</u>	<u>2022</u>
Amount of capitalized interest	\$ 3,329	\$ 4,017
Interest rate of capitalized interest	2.38%	2.22%
(V) Depreciation and amortization		
	<u>2023</u>	<u>2022</u>
Depreciation expenses by function		
Operating cost	\$ 57,570	\$ 47,102
Operating expenses	<u>20,328</u>	<u>17,380</u>
	<u>\$ 77,898</u>	<u>\$ 64,482</u>
Amortization expenses are summarized by function		
Administrative expenses	<u>\$ 985</u>	<u>\$ 1,052</u>
(VI) Employee welfare expenses		
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$151,212	\$175,352
Post-employment benefits		
Defined contribution plans	5,387	5,575
Other employee benefits	<u>19,857</u>	<u>19,300</u>
Total employee benefit expenses	<u>\$176,456</u>	<u>\$200,227</u>
Summary by function		
Operating cost	\$112,766	\$119,078
Operating expenses	<u>63,690</u>	<u>81,149</u>
	<u>\$176,456</u>	<u>\$200,227</u>
(VII) Employees' compensation and remuneration of directors		
<p>According to the 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.</p>		
<p>2023 saw a net loss before tax, so employees' compensation and remuneration of directors were not estimated or recognized.</p>		
<p>The estimated 2022 employees' compensation and remuneration of directors for the year ended March 16, 2023:</p>		
<u>Estimated allowance</u>		
		<u>2022</u>
Employee remuneration		4.80%
Remuneration to directors		2.88%

Amount

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

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

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

The Company held a Board meeting on April 13, 2023. As a result, the actual amount of employees' compensation and remuneration of directors distributed was different from the amount recognized in the annual consolidated financial statements, and the difference was adjusted to the profit or loss of 2023.

	<u>2022</u>	
	<u>Employee remuneration</u>	<u>Remuneration to directors</u>
Amount to be distributed as resolved by the Board of Directors	<u>\$ 16,274</u>	<u>\$ 5,300</u>
Amount recognized in the annual financial statements	<u>\$ 13,484</u>	<u>\$ 8,090</u>

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

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	<u>2023</u>	<u>2022</u>
Current income tax		
Incurred in the current year	\$ -	\$ 11,516
Deferred tax		
Incurred in the current year	<u>493</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 493</u>	<u>\$ 11,516</u>

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

	<u>2023</u>	<u>2022</u>
Net (loss) profit of continuing business	(<u>\$ 24,131</u>)	<u>\$486,666</u>
Income tax expense of (loss) income before tax at the statutory tax rate (20%)	(\$ 4,826)	\$ 97,333
Non-deductible (non-weighted) profit and loss for tax purposes	880	(107,880)
Land value increment tax	-	11,516
Unrecognized temporary dif-	(3,240)	(10,199)

	ference		
	Unrecognized loss carryforwards	<u>7,679</u>	<u>20,746</u>
	Income tax expenses recognized in profit or loss	<u>\$ 493</u>	<u>\$ 11,516</u>
(II)	Income tax assets for the current year	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Income tax assets for the current year		
	Tax refund receivable	<u>\$ 66</u>	<u>\$ 11</u>
(III)	Deferred tax assets		
	Changes in deferred income tax assets are as follows:		
	<u>2023</u>		
	<u>Deferred tax assets</u>	<u>Opening balance</u>	<u>Recognized in profit or loss</u>
	<u>Temporary difference</u>	<u>\$ 5,874</u>	<u>(\$ 493)</u>
			<u>Year-end balance</u>
			<u>\$ 5,381</u>
	<u>2022</u>		
	<u>Deferred tax assets</u>	<u>Opening balance</u>	<u>Recognized in profit or loss</u>
	<u>Temporary difference</u>	<u>\$ 5,874</u>	<u>\$ -</u>
			<u>Year-end balance</u>
			<u>\$ 5,874</u>
(IV)	Unused loss carryforwards of deferred income tax assets not recognized in the standalone balance sheet	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Loss carryforwards		
	Mature in 2030	\$ 81,239	\$ 81,239
	Mature in 2031	33,613	33,613
	Mature in 2032	103,731	103,731
	Mature in 2033	<u>38,397</u>	<u>-</u>
		<u>\$256,980</u>	<u>\$218,583</u>
(V)	Information on unused loss carryforwards		
	As of December 31, 2023, information on loss carryforwards is as follows:		
	Balance yet to be deducted	<u>Last crediting year</u>	
	\$ 81,239	2030	
	33,613	2031	
	103,731	2032	
	<u>38,397</u>	2033	
	<u>\$256,980</u>		
(VI)	Authorization of income tax		
	The Company's income tax returns for profit-seeking enterprises up to 2020 have been approved by the taxation authorities.		
XXIII.	<u>(Losses) Earnings per share</u>		
		<u>2023</u>	<u>2022</u>
			Unit: NTD per share

Basic (loss) earnings per share		
From continuing operations	(\$ 0.45)	\$ 8.67
Diluted (losses) earnings per share		
From continuing operations	(\$ 0.45)	\$ 8.50

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 profit (loss)

	<u>2023</u>	<u>2022</u>
Net (loss) income used to calculate basic and diluted (loss) earnings per share	(\$ 24,624)	\$475,150

Number of shares

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in calculating basic (loss) earnings per share	54,315	54,817
Effect of potential dilutive common stock:		
Employee remuneration	-	1,062
Weighted average number of ordinary shares used in calculating diluted (loss) earnings per share	<u>54,315</u>	<u>55,879</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.

The Company's 2023 employees' remuneration has an anti-dilutive effect, so it is not included in the calculation of diluted (losses) earnings per share.

XXIV. Government grants

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

XXV. Capital risk management

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

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

The Company is not subject to other external capital requirements.

XXVI. Financial Instruments

(I) Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Measured at amortized cost		
Cash and cash equivalents	\$ 45,027	\$126,678
Financial assets measured at amortized cost		
Notes and accounts receivable - net	114,576	-
Accounts receivable - related parties	210,490	216,537
Other receivables - related parties	5,193	6,261
Refundable deposits	246,530	297,823
	12,709	14,910
<u>Financial liability</u>		
Measured at amortized cost		
Short-term borrowings	290,656	117,301
Notes payable	64,481	50,633
Accounts payable	85,108	93,695
Accounts payable - related parties	3,316	2,670
Long-term borrowings (including portion due within one year)	431,345	512,968
Other non-current liabilities	12,962	-

(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	
	2023	2022	2023	2022
Profit and loss	\$ 12,127	\$ 18,607	\$ 473	\$ 521

	Effect of Renminbi (RMB/CNY)		Effect of Euro	
	2023	2022	2023	2022
Profit and loss	\$ 972	\$ 1,000	\$ 112	\$ 97

(2) Interest rate risk

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

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	\$ 112,425	\$ -
- Financial liabilities	22,830	24,665
Cash flow interest rate risk		
- Financial assets	44,378	124,707
- Financial liabilities	722,001	549,643

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 2023 and 2022 would have decreased/increased by NT\$678 thousand and NT\$425 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 standalone balance sheet.

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

3. Liquidity risk

The ultimate responsibility for the Company's liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework to meet the Company's short, medium and long-term funding and liquidity management needs. The Company manages liquidity risk by maintaining adequate reserves, bank financing facilities and borrowing commitments, continuously monitoring expected and actual cash flows, and matching the maturing portfolio of financial assets and liabilities. As of December 31, 2023 and 2022, the Company's undrawn short-term banking facilities amounted to NT\$58,025 thousand and NT\$147,699 thousand, respectively.

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

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

December 31, 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	\$ 184,196	\$ 5,251	\$ 12,962
lease liabilities	4,271	3,583	14,976
Short-term borrowings	290,656	-	-
Long-term borrowings	7,000	411,000	13,345
	<u>\$ 486,123</u>	<u>\$ 419,834</u>	<u>\$ 41,283</u>

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

	Less than 1 year	1 to 5 years
lease liabilities	<u>\$ 8,110</u>	<u>\$ 15,276</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	\$ 204,776	\$ -	\$ -

liabilities			
lease liabilities	4,102	3,068	17,495
Short-term borrowings	112,301	5,000	-
Long-term borrowings	<u>7,000</u>	<u>75,000</u>	<u>430,968</u>
	<u>\$ 328,179</u>	<u>\$ 83,068</u>	<u>\$ 448,463</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>\$ 7,472</u>	<u>\$ 17,909</u>

XXVII. Related party transactions

The transactions between the Company and related parties are as follows:

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Hong Yuan Company	Subsidiary
XYP JAPAN Company	Subsidiary
XYP India Company	Subsidiary
XYPD Company	Subsidiary
PT. XUYUAN Company	Subsidiary
PT. Chen Hong Company	Subsidiary
Hongxu Packaging Machinery (Shanghai) Co., Ltd. (Shanghai Hongxu Company)	Subsidiary
HONG TAI GLOBAL TRADING CO., LTD. (Hong Tai Company)	Subsidiary
SLEEVE SEAL, LLC (SSL Company)	Associate
Daseal Packaging Technology Limitada (Daseal 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>2023</u>	<u>2022</u>
Sales revenue	Associate	\$ 32,142	\$ 21,708
	Subsidiary	3,633	1,627
	Subsidiary	419	824
	Substantive related party	<u>183</u>	<u>211</u>
		<u>\$ 36,377</u>	<u>\$ 24,370</u>
Revenue from royalties	Associate		
	SSL Corporation	<u>\$ 892</u>	<u>\$ 777</u>

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

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

(III) Purchase of stock

Account Items	Category of related party	2023	2022
Cost of sales	Substantive related party	\$ 1,869	\$ 3,100
	Subsidiary	-	32
	Subsidiary	409	-
		<u>\$ 2,278</u>	<u>\$ 3,132</u>

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

(IV) Operating expenses

Account Items	Category/name of related party	2023	2022
Commission expenses	Substantive related party		
	Daseal Company	<u>\$ 13,133</u>	<u>\$ 16,106</u>

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

(V) Non-operating income and expense

Account Items	Category/name of related party	2023	2022
Other income	Subsidiary		
	XYPD Company	<u>\$ 2,457</u>	<u>\$ 3,137</u>

In the lease contract between the Company and the related party, the determination of the rent and the collection method are determined according to the conditions of the disposition agreement between the two parties.

(VI) Receivables from related parties

Account Items	Category/name of related party	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Subsidiary		
	XYPD Company	\$ 30	\$ 1
	PT. XUYUAN Company	4	137
	Others	-	390
	Associate		
	SSL Corporation	4,980	5,664
	Subsidiary	137	43
	Substantive related party	<u>42</u>	<u>26</u>
		<u>\$ 5,193</u>	<u>\$ 6,261</u>

Account Items	Category/name of related party	December 31, 2023	December 31, 2022
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Other receivables - related parties	Subsidiary		
	XYPD Company	\$ 131,698	\$ 157,661
	PT. XUYUAN Company	54,242	69,971
	Hong Yuan Company	33,250	44,383
	Others	14,858	15,172
	Subsidiary	3,611	4,660
	Associate	8,871	5,976
		<u>\$ 246,530</u>	<u>\$ 297,823</u>

As of December 31, 2023 and 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 December 31, 2023 and 2022, the Company transferred the accounts receivable exceeding the normal collection due date for NT\$104,487 thousand and NT\$125,552 thousand from accounts receivable-related parties to other receivables-related parties, The aging distribution of its accounts is as follows:

December 31, 2023

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Subsidiary	\$ 17	\$ 3	\$ 91,985	\$ 92,005
Subsidiary	-	-	3,611	3,611
Associate	5,297	255	3,319	8,871
	<u>\$ 5,314</u>	<u>\$ 258</u>	<u>\$ 98,915</u>	<u>\$ 104,487</u>

December 31, 2022

Category of related party	181 to 240 days	241 to 360 days	More than 361 days	Total
Subsidiary	\$ 55	\$ 135	\$ 114,726	\$ 114,916
Subsidiary	-	-	4,660	4,660
Associate	-	905	5,071	5,976
	<u>\$ 55</u>	<u>\$ 1,040</u>	<u>\$ 124,457</u>	<u>\$ 125,552</u>

(VII) Accounts payable to related parties

Account Items	Category/name of related party	December 31, 2023	December 31, 2022
Accounts payable - related parties	Subsidiary	\$ 2,453	\$ 2,059
	Subsidiary		
	Others	266	272
	Substantive related party	597	339
		<u>\$ 3,316</u>	<u>\$ 2,670</u>

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

(VIII) Others

Account Items	Category/name of related party	December 31, 2023	December 31, 2022
Prepayments for	Subsidiary		

purchases (recorded as other current assets)	Hong Yuan Company	\$ 6,014	\$ 3,050
	Substantive related party	<u>47</u>	<u>214</u>
		<u>\$ 6,061</u>	<u>\$ 3,264</u>
Payment on behalf of others (stated as other current assets)	Subsidiary	\$ 927	\$ 928
	XYPD Company	8,244	3,167
	PT. XUYUAN Company	836	835
	Others	<u>1,638</u>	<u>1,638</u>
	Subsidiary	<u>\$ 11,645</u>	<u>\$ 6,568</u>

(IX) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 19,792	\$ 11,472
Post-employment benefits	<u>429</u>	<u>320</u>
	<u>\$ 20,221</u>	<u>\$ 11,792</u>

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

XXVIII. Assets pledged as collateral

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net amount of property, plant and equipment	\$222,322	\$230,290
Pledged demand deposits (recognized as financial assets at amortized cost)	2,151	-
Pledged time deposits (recognized as financial assets at amortized cost)	<u>112,425</u>	<u>-</u>
	<u>\$336,898</u>	<u>\$230,290</u>

XXIX. Significant contingencies and unrecognized contractual commitments

As of the end of December 2023, the Company had issued an unused letter of credit for an amount of NT\$10,287 thousand.

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

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

December 31, 2023

Unit: Each foreign currency is in thousand

	<u>Foreign curren- cy</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US Dollars	\$ 8,300	30.71	\$ 254,893
Japanese Yen	43,562	0.217	9,453
Euro	66	33.98	2,243
Renminbi	4,552	4.33	<u>19,710</u>
			<u>\$ 286,299</u>
<u>Non-monetary items</u>			
Investment under equity method			
US Dollars	1,143	30.71	\$ 35,088
Rupee	5,038	0.37	1,864
Indonesian Rupiah	83,328,500	0.002	166,657
Pakistani Rupee	6,491	6.24	<u>40,501</u>
			<u>\$ 244,110</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
US Dollars	402	30.71	\$ 12,345
Renminbi	62	4.33	<u>268</u>
			<u>\$ 12,613</u>

December 31, 2022

Unit: Each foreign currency is in thousand

	<u>Foreign curren- cy</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US Dollars	\$ 12,321	30.71	\$ 378,378
Japanese Yen	44,814	0.232	10,415
Euro	59	32.72	1,930
Renminbi	4,535	4.408	<u>19,990</u>
			<u>\$ 410,713</u>
<u>Non-monetary items</u>			
Investment under equity method			
US Dollars	\$ 1,478	30.71	\$ 45,389
Rupee	5,053	0.37	1,871
Indonesian Rupiah	85,092,929	0.002	168,484
Pakistani Rupee	3,687	5.771	<u>21,280</u>
			<u>\$ 237,024</u>
<u>Foreign currency liabilities</u>			

Monetary items

US Dollars

203

30.71

\$ 6,234

In 2023 and 2022, the Company's realized and unrealized net gains on foreign currency exchange were NT\$2,471 thousand and NT\$40,350 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.

XXXI. Disclosures in notes

(I) Significant transactions and (II) information on investees: Except for the following, there are no other matters to be disclosed.

1. Loans to others:

Unit: In Thousand of New Taiwan Dollars, Unless Stated Otherwise

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	Name	Value			
1	The Company	XYPD Company	Other receivables - related parties	Yes	\$166,816	\$127,663	\$127,663	-	Business transactions	2023 net sales \$ 1,114	-	\$ -	-	\$ -	-	\$314,465	\$314,465	-

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.

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)										
The Company	Hong Yuan Company	2	\$ 786,161	\$ 15,000	\$ 15,000	\$ 4,265	\$ -	1.91%	\$ 786,161	Yes	No	No
	XYPD Company	2	314,465	90,000	50,000	36,846	6,908	6.36%	393,081	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		
The Company	XYPD Company	Subsidiary	\$ 131,698	0.77%	\$ 127,663	Continuing collection	\$ 2,709	\$ -

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			
The Company	Hong Yuan Company	Taiwan	Manufacturing and wholesale of plastic products and related machinery and molds	\$ 24,738	\$ 24,738	4,400	100	\$ 9,089	\$ 85	(\$ 4,348)	Notes 1 and 3
	XU YUAN Company	USA	Overseas holding company	16,000	16,000	700	100	9,243	(1,093) (USD 35)	(1,093)	Note 1

	DASE-SEAL Company	BVI	Sales of sleeve (sticker) labeling machines and color shrink labels	8,336	8,336	320	100	9,470	USD 41	4	Note 2
	SLEEVE SEAL, LLC	USA	Manufacture and sale of sleeve (applicator) labeling machines and color shrink labels	6,455	6,455	1	35	25,618	6,801 USD 219	2,380	Notes 2 and 3
	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	1,864	RUPEE -	-	Note 2
	XYPD Company	Brazil	Manufacturing and sale of color shrink labels	63,522	63,522	4,608	51	40,501	31,624 REAL 5,169	16,128	Notes 1 and 3
	PT. XUYUAN Company	Indonesia	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	194,396	194,396	6,200	62	139,901	(8,348) (RUPIAH 3,996,539)	(5,176)	Notes 1 and 3
	PT. Chen Hong Company	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	4,566	4,566	1	10	3,969	716 RUPIAH 373,909	72	Note 1
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	26,026	26,026	9	95	22,787	(15) (RUPIAH 8,504)	(14)	Note 1
Hong Yuan Company	HONG SHENG HOLDING LTD.	Samoa	Overseas holding company	3,076	3,076	100	100	7,859	(50) (USD 1)	(50)	Note 1
	PT. Chen Hong Company	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	41,094	41,094	1	90	40,528	716 RUPIAH 373,909	644	Note 1
	PT. CHENG Kuang Company	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	1,370	1,370	1	5	1,199	(15) (RUPIAH 8,504)	(1)	Note 1
HONG SHENG HOLDING LTD.	Hong Tai Company	Taiwan	Sale of packaging machinery and plastic products	3,000	3,000	300	100	253	(50)	(50)	Note 1

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

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

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

Note 4: As of December 31, 2023, the aforementioned securities were not secured, pledged for borrowings, or otherwise restricted to users as agreed.

(II) 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	\$ 20,570 RMB 5,050	Note 1	\$ 20,570 USD 700	\$ -	\$ -	\$ 20,570 USD 700	(\$ 1,096) (RMB249)	100%	(\$ 1,096) (RMB249)	\$ 7.3 RMB 1.6	\$ -
Cumulative amount of outward remittances from Taiwan at the end of this year				Investment amount approved by the Investment Commission, MOEA				Per the limit of investment in Mainland China as specified by the Investment Commission, MOEA				
Amount of investment in Mainland China				\$20,570 USD 700				\$471,697				

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

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

2. 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 XXVII.
- (III) 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.	4,361,288	7.95%
Ya-Ping Chuang	3,245,015	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 standalone 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.

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Xu Yuan Packaging Technology Co., Ltd.
Statement of Cash
December 31, 2023

Schedule I.

Unit: In Thousand of New Taiwan Dollars,
Unless Stated Otherwise

Name	Amount
Foreign currency demand deposits (Note)	\$ 24,491
Demand deposits	17,736
Check deposits	2,400
Inventory of cash and allowances	400
Total	\$ 45,027

Note: Foreign currency deposits include USD 675 thousand (exchange rate 30.71: 1), EUR 62 thousand (exchange rate 33.98: 1), Japanese Yen 2,513 thousand (exchange rate 0.217: 1), CNY 204 thousand (exchange rate 4.33: 1)) and CAD 9 thousand (exchange rate 23.20:1).

Xu Yuan Packaging Technology Co., Ltd.
Notes and accounts receivable - Statement of net amount
December 31, 2023

Schedule 2

Unit: In Thousands of New Taiwan Dollars

Name of customer	Amount
Notes receivable	
Customer A	\$ 5,936
Customer B	4,829
Customer C	4,240
Customer D	3,055
Customer E	2,951
Others (Note)	<u>25,406</u>
	<u>46,417</u>
 Trade receivable	
Customer G	14,411
Others (Note)	<u>156,611</u>
	171,022
Less: loss allowance	(<u>6,949</u>)
	<u>164,073</u>
	 <u>\$210,490</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Xu Yuan Packaging Technology Co., Ltd.
Inventory statement
December 31, 2023

Schedule 3

Unit: In Thousands of New Taiwan Dollars

Items	Amount	
	Cost	Net realisable value
Finished goods	\$ 72,931	\$ 83,972
Work-in-progress and semi-finished products	67,975	145,285
Raw materials	61,287	67,801
Total	\$202,193	\$297,058

Note: Inventory insurance amounted to NT\$220,000 thousand.

Xu Yuan Packaging Technology Co., Ltd.
Statement of Changes in Investment Using the Equity Method
January 1 to December 31, 2023

Schedule 4

Unit: In Thousand of New Taiwan Dollars, Unless Stated Otherwise

Name of investee	Opening balance		Share of profit and loss accounted for using equity method	Realized (unrealized) benefits	Exchange difference on translation of financial statements of foreign operations	Credit balance under equity method reclassified as other liabilities	Cash dividends	Year-end balance			Remarks	
	Shares (In Thousand)	Amount						Shares (In Thousand)	Shareholding%	Amount		
PT. XUYUAN Company	6,200	\$ 141,878	(\$ 5,176)	\$ 2,928	\$ 271	\$ -	\$ -	6,200	62	\$ 139,901	\$ 141,964	Note 2
Hong Yuan Company	4,400	13,460	(4,348)	-	(23)	-	-	4,400	100	9,089	10,352	Note 3
SLEEVE SEAL, LLC.	1	35,923	2,380	(1,045)	(2,401)	-	(9,239)	1	35	25,618	28,454	Notes 1 and 7
XYPD Company	4,608	21,280	16,128	960	2,133	-	-	4,608	51	40,501	40,790	Note 4
PT. CHENG Kuang Company	9	22,802	(14)	-	(1)	-	-	9	95	22,787	22,787	—
PT. Chen Hong Company	1	3,804	72	92	1	-	-	1	10	3,969	4,503	Note 9
DASE-SEAL Company	320	9,466	4	-	-	-	-	320	100	9,470	447	Note 5
XYP India Company	22	1,871	-	-	(7)	-	-	22	100	1,864	1,859	Note 1
XU YUAN Company	700	10,477	(1,093)	-	(141)	-	-	700	100	9,243	7,344	Note 6
XYP JAPAN Company	8	-	-	-	404	(404)	-	8	100	-	(5,783)	Notes 1 and 8
		<u>\$ 260,961</u>	<u>\$ 7,953</u>	<u>\$ 2,935</u>	<u>\$ 236</u>	<u>(\$ 404)</u>	<u>(\$ 9,239)</u>			<u>\$ 262,442</u>	<u>\$ 252,717</u>	

Note 1: Except for SLEEVE SEAL, LLC., XYP JAPAN, and XYP INDIA, the remainder is calculated based on the financial statements audited and verified by CPAs during the same period.

Note 2: PT. The difference between the investment amount and the net equity value of XUYUAN Company was the unrealized gross profit of NT\$2,063 thousand.

Note 3: The difference between the investment amount and the net equity value of Hongyuan Company is the unrealized gross profit of NT\$1,263 thousand.

Note 4: The difference between the investment amount and the net equity value of XYPD Company is the unrealized gross profit of NT\$289 thousand.

Note 5: The difference between the investment amount and the equity net value of DASE-SEAL Company was the goodwill of NT\$9,023 thousand when recognized under the equity method.

Note 6: The difference between the investment amount and the equity net value of Xu Yuan Company was the goodwill of NT\$1,899 thousand when recognized under the equity method.

Note 7: The difference between the investment amount and the net equity value of SLEEVE SEAL, LLC. is the unrealized gross profit of NT\$2,836 thousand.

Note 8: XYP Japan had a credit balance of NT\$5,783 thousand, which was transferred to other non-current liabilities.

Note 9: PT. The difference between the investment amount and the net equity value of CHENG HONG Company is the unrealized gross profit of NT\$534 thousand.

Xu Yuan Packaging Technology Co., Ltd.
Statement of Changes in Cost of Right-of-use Assets and Accumulated Depreciation
January 1 to December 31, 2023

Schedule 5

Unit: In Thousands of New Taiwan Dollars

Name	Building	Machinery and equipment	Transportation equipment	Total
Cost				
Balance as of January 1, 2023	\$ 22,330	\$ 1,505	\$ 8,945	\$ 32,780
Increase	1,816	-	5,773	7,589
Disposal	(2,081)	(503)	(6,750)	(9,334)
Balance as of December 31, 2023	<u>22,065</u>	<u>1,002</u>	<u>7,968</u>	<u>31,035</u>
accumulated depreciation				
Balance as of January 1, 2023	1,244	600	6,295	8,139
Depreciation	6,084	460	3,056	9,600
Disposal	(2,081)	(503)	(6,750)	(9,334)
Balance as of December 31, 2023	<u>5,247</u>	<u>557</u>	<u>2,601</u>	<u>8,405</u>
Net amount as of December 31, 2023	<u>\$ 16,818</u>	<u>\$ 445</u>	<u>\$ 5,367</u>	<u>\$ 22,630</u>

Xu Yuan Packaging Technology Co., Ltd.
Statement of Short-term Borrowings
January 1 to December 31, 2023

Schedule 6

Unit: In Thousand of New Taiwan Dollars, Unless Stated
Otherwise

	Amount	Duration of contract	Interest rate interval (%)	Financing lim- it	Collateral or guarantee
Letters of credit					
Chang Hwa Bank	\$ 16,830	2023.07.04~2024.05.2 8	2.560	NTD60,000	None
Mega Bank	6,032	2023.10.04~2024.05.0 4	2.785~2.800	NTD10,000	None
Cooperative Bank	1,294	2023.12.26~2024.06.0 3	2.503	NTD30,000	None
Borrowings for working capital					
CTBC	73,500	2023.11.17~2024.11.2 7	2.004~2.554	NTD80,000	None
Fubon Bank					Book value of time deposit with bank NT\$112,425 thousand
First Bank	73,000	2023.10.11~2024.02.0 7	2.080~2.100	NTD95,000	
Land Bank	50,000	2023.09.08~2024.02.2 3	2.550	NTD60,000	None
Mega Bank	30,000	2023.10.16~2024.04.1 3	3.030	NTD30,000	None
Cooperative Bank	30,000	2023.11.15~2024.05.1 3	2.785	NTD40,000	None
Cooperative Bank	10,000	2023.12.01~2024.12.0 1	2.503	NTD30,000	None
	<u>\$ 290,656</u>				

Xu Yuan Packaging Technology Co., Ltd.
Statement of Notes Payable
December 31, 2023

Schedule 7

Unit: In Thousands of New Taiwan Dollars

<u>Name of supplier</u>	<u>Amount</u>
Company A	\$ 10,541
Company B	8,537
Company C	6,286
Company D	5,148
Company E	4,958
Others (Note)	<u>29,011</u>
Total	<u>\$ 64,481</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Xu Yuan Packaging Technology Co., Ltd.
Statement of Accounts Payable
December 31, 2023

Schedule 8

Unit: In Thousands of New Taiwan Dollars

<u>Name of supplier</u>	<u>Amount</u>
Company F	\$ 8,584
Company G	7,823
Company H	6,478
Company I	5,844
Company J	4,625
Others (Note)	<u>51,754</u>
Total	<u>\$ 85,108</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Xu Yuan Packaging Technology Co., Ltd.
Statement of Long-term Borrowings
December 31, 2023

Schedule 9

Unit: In Thousands of New Taiwan Dollars

Creditors	Summary	Year-end balance	Duration of contract	Interest rate interval (%)	Financing limit	Mortgage or guarantee
Syndicated loans of First Bank and other 8 banks (Item 2)	Land and building mortgages	\$ 404,000	2019/12~2024/12	2.6947	\$ 404,000	Book value of land and buildings NT\$222,322 thousand
First Bank	Relief and recovery loans	4,363	2020/09~2025/09	2.595	11,900	None
First Bank	Relief and recovery loans	4,562	2020/11~2025/11	2.595	11,900	None
First Bank	Relief and recovery loans	4,680	2020/12~2025/12	2.595	11,700	None
First Bank	Relief and recovery loans	5,000	2021/01~2026/01	2.595	12,000	None
First Bank	Relief and recovery loans	4,940	2021/02~2026/02	2.595	11,400	None
First Bank	Relief and recovery loans	<u>4,995</u>	2021/03~2026/03	2.595	11,100	None
		432,540				
Less: Due within one year (see Note XIV)		(418,000)				
Less: Syndicated loan fees and participation fees		<u>(1,195)</u>				
Total		<u>\$ 13,345</u>				

Xu Yuan Packaging Technology Co., Ltd.
Statement of Operating Income
January 1 to December 31, 2023

Schedule 10

Unit: In Thousands of New Taiwan Dollars

Items	Unit (set)	Amount
Printing shrink film	Note	\$761,715
Sleeve (sticker) labeling machine	25	87,500
Royalties		<u>892</u>
Total		850,107
Sales returns and discounts		(<u>8,220</u>)
Net sales revenue		<u>\$841,887</u>

Note: Due to the variety and quantity, it cannot be consolidated.

Xu Yuan Packaging Technology Co., Ltd.
Statement of Operating Costs
January 1 to December 31, 2023

Schedule 11

Unit: In Thousands of New Taiwan Dollars

Items	Amount
Raw materials at the beginning of the year	\$ 59,266
Materials used in the current year	401,382
Reclassified to expenses	(80,991)
Transferred to others	367
Raw materials at year-end	(<u>61,287</u>)
Consumption of materials in the current year	318,737
Direct labour	72,563
Production overheads	259,624
Outsourcing fee	<u>72,071</u>
Manufacturing cost	722,995
Semi-finished goods and work-in-progress at beginning of the year	48,345
Purchases this year	23,945
Transferred to others	(18,508)
Semi-finished goods and work-in-progress at year-end	(<u>67,975</u>)
Cost of finished goods	708,802
Finished goods at the beginning of the year	90,450
Purchase of finished goods	10,059
Transferred to others	2,473
Finished goods at year-end	(<u>72,931</u>)
Cost of sales	<u>\$738,853</u>

Xu Yuan Packaging Technology Co., Ltd.
Statement of Operating Expenses
January 1 to December 31, 2023

Schedule 12

Unit: In Thousands of New Taiwan Dollars

Items	Sales and mar- keting expenses	Administrative expenses	R&D expenses
Salary expenses	\$ 18,271	\$ 34,630	\$ 2,224
Commission expenses	14,042	-	-
Depreciation expense	10,724	4,979	4,625
Export expenses	3,155	-	-
Shipping cost	6,588	119	-
Labor service expense	5	4,080	-
Others (Note)	<u>8,860</u>	<u>21,136</u>	<u>1,571</u>
Total	<u>\$ 61,645</u>	<u>\$ 64,944</u>	<u>\$ 8,420</u>

Note: The respective amounts did not exceed 5% of the respective account titles' amounts.

Xu Yuan Packaging Technology Co., Ltd.
Summary table of employee benefits, depreciation, and amortization expenses incurred in the current period by
function
From January 1 to December 31, 2023 and 2022

Schedule 13

Unit: In Thousands of New Taiwan Dollars

	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee expenses						
Salary expenses	\$ 96,723	\$ 54,489	\$ 151,212	\$ 102,982	\$ 72,370	\$ 175,352
Pension	3,423	1,964	5,387	3,629	1,946	5,575
Food expenses	2,508	1,098	3,606	2,712	1,104	3,816
Welfare allowance	-	429	429	-	792	792
Employee insurance premium	10,040	4,601	14,641	9,740	4,212	13,952
Remuneration to directors	-	636	636	-	546	546
Other employee expenses	72	473	545	15	179	194
Sub-total	<u>\$ 112,766</u>	<u>\$ 63,690</u>	<u>\$ 176,456</u>	<u>\$ 119,078</u>	<u>\$ 81,149</u>	<u>\$ 200,227</u>
Depreciation expense	<u>\$ 57,570</u>	<u>\$ 20,328</u>	<u>\$ 77,898</u>	<u>\$ 47,102</u>	<u>\$ 17,380</u>	<u>\$ 64,482</u>
Amortized expenses	<u>\$ -</u>	<u>\$ 985</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ 1,052</u>	<u>\$ 1,052</u>

Note:

5. The number of employees for the current year and the previous year were 220 and 233, respectively. There were 6 directors who did not serve as employees concurrently.
6. Companies whose shares have been listed on the Stock Exchange or Taipei Exchange shall additionally disclose the following information:
 - (1) The average employee benefit expense for this year was NT\$822 thousand (Total employee benefit expense for the year - Total remuneration to directors/Number of employees for the year - Number of directors who are not employees concurrently).
 - (2) The average employee benefit expenses for the previous year were NT\$880 thousand ("Total employee benefit expenses for the previous year - Total remunerations to directors"/ "Number of employees for the previous year - Number of directors who are not employees concurrently").
 - (3) The average employee salaries and wages for the year was NT\$707 thousand (Total salaries and wages for the year / Number of employees for the year - Number of directors who are not employees concurrently).
 - (4) The average employee salaries and wages for the previous year was NT\$772 thousand (Total wages and salaries for the previous year/Number of employees in the previous year - Number of directors who were not employees concurrently).
 - (5) Average employee salaries and wages adjusted by (8)% ("Average employee salaries and wages of the current year - Average employee salaries and wages of the previous year"/Average employee salaries and wages of the previous year).
 - (6) The Company has no supervisor.
 - (7) The remuneration policy for directors, managers, and employees is determined by the Remuneration Committee based on individual performance and market trends.

Xu Yuan Packaging
Technology Co., Ltd.



Chairman: Huang, Nan-yan

