Stock Code: 8421

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2023 and 2022

Address: No. 10, Alley 33, Lane 98, Xinlong Road, Xinpu Township, Hsinchu County 305046, Taiwan (R.O.C.)
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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:

<u>Revenue recognition</u>

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 Technology Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we

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

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

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

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

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 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash (Notes IV, VI, and XXVII)	$ 88,799	5	$ 199,646	10
1136	Financial assets measured at amortized cost (Notes IV, VI, XXVII, and XXIX)	135,001	7	617	-
1170	Notes and accounts receivable - net (Notes IV, V, VIII, XXI, XXVII, and XXIX)	295,469	15	301,909	15
1180	Accounts receivable - related parties (Notes IV, V, XXVII and XXVIII)	5,022	-	5,690	-
1210	Other receivables - related party (Notes IV, XXVII and XXVIII)	8,871	-	5,976	-
1220	Current income tax assets (Notes IV and XXIII)	66	-	11	-
130X	Inventories (Notes IV, V and IX)	321,061	16	323,216	17
1479	Other current assets (Notes XV and XXVIII)	109,620	6	96,679	5
11XX	Total current assets	963,909	49	933,744	47
	Non-current assets				
1550	Investment under equity method (Notes IV and XI)	25,618	1	35,923	2
1600	Property, plant and equipment (Notes IV, XII, XXVIII and XXIX)	876,600	45	872,567	44
1755	Right-of-use assets (Notes IV and XIII)	27,928	1	30,773	2
1805	Goodwill (Note IV)	10,922	1	10,922	1
1821	Intangible assets (Notes IV, XIV and XXVIII)	2,792	-	3,777	-
1840	Deferred income tax assets (Notes IV and XXIII)	7,696	-	8,189	-
1915	Prepayment for equipment purchase	44,590	2	66,621	3
1920	Refundable deposits (Note IV and XXVII)	13,544	1	15,765	1
15XX	Total non-current assets	1,009,690	51	1,044,537	53
1XXX	Total assets	$ 1,973,599	100	$ 1,978,281	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes IV, XVI, XXVII and XXIX)	$ 293,798	15	$ 122,301	6
2130	Contract liabilities - Current (Note XXI)	8,451	-	9,521	-
2150	Notes payable (Note XVII and XXVII)	64,481	3	50,633	3
2170	Accounts payable (Note XVII and XXVII)	103,412	5	118,827	6
2180	Accounts payable – related parties (Note XXVII and XXVIII)	597	-	339	-
2230	Current income tax liabilities (Notes IV and XXIII)	122	-	27	-
2280	Lease liabilities - Current (Notes IV and XIII)	8,683	1	7,742	-
2322	Long-term borrowings due within one year (Notes IV, XVI, XXVII and XXIX)	440,442	22	93,561	5
2399	Other payables and other current liabilities (Note XVIII)	72,793	4	94,068	5
21XX	Total of current liabilities	992,779	50	497,019	25
	Non-current liabilities				
2540	Long-term borrowings (Notes IV, XVI, XXVII and XXIX)	33,671	2	469,515	24
2580	Lease liabilities - Non-current (Notes IV and XIII)	15,045	1	17,696	1
2670	Other non-current liabilities	19,743	1	7,574	-
25XX	Total non-current liabilities	68,459	4	494,785	25
2XXX	Total liabilities	1,061,238	54	991,804	50
	Equity attributable to owners of the Company (Notes IV and XX)				
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
3350	Undistributed earnings (losses to be compensated)	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
	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 Amount	2023 %	2022 Amount	2022 %
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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Code		2023 Amount	2023 %	2022 Amount	2022 %
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: Common stock/share capital: Shares (In Thousand)	Common stock/share capital: Amount	Additional paid-in capital	Retained earnings: Legal reserve	Retained earnings: Special reserves	Retained earnings: (Losses to be compensated) undistributed earnings	Other items of equity: Exchange difference on translation of financial statements of foreign operations	Treasury stock	Total	Non-controlling interests	Total equity
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	106,584	113,023

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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	9,239	-
BBBB	Net cash inflow (outflow) from investing activities	(193,728)	785,878
	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	(25,606)	(20,615)
CCCC	Net cash outflow from financing activities	(18,281)	(854,847)
DDDD	Effect of exchange rate changes on cash	(5,422)	(7,999)
EEEE	Net (decrease) increase in cash	(110,847)	36,055
E00100	Beginning cash balance	199,646	163,591
E00200	Ending cash balance	$ 88,799	$ 199,646

The accompanying notes form part of the consolidated financial statements.

Chairman: Huang, Nan-yuan

Managerial Officer: Chuang, Ya-Ping

Accounting supervisor: Yang, Su-Huan

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

New/Amended/Revised Standards and Interpretations	Effective date published by IASB (Note 1)
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 nonfunctional 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 underthe 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 the preparing each of the entity’s financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are translated into the functional currency at the exchange rate on the transaction date.

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

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

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

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

(VI) Inventory

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

(VII) Investments in Associates

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

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

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

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

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

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

(VIII) Property, plant and equipment

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

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

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

(IX) Goodwill

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

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

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

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

(X) Intangible assets

1. Acquired separately

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

2. Derecognition

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

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

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

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

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

(XII) Non-current Assets Held for Sale

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

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

(XIII) Financial Instruments

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

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

1. Financial asset

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

(1) Type of measurement

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

A. Financial assets measured at amortized cost

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

a. Held under a certain business model, and the purpose of such model is to hold financial assets to collect contractual cash flows; and

b. The cash flows on specific dates that arise from the terms of the contract are solely payments of the principal and interest on the principal amount outstanding.

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

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

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

(2) Impairment of financial assets

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

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

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

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

(3) Derecognition of financial assets

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

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

2. Equity instrument

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

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

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

3. Financial liability

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

(XIV) Revenue recognition

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

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

1. Sale of goods

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

(1) The Company has transferred the significant risks and rewards of the ownership of the product to the buyer;

(2) The Company neither continuously participates in the management nor maintains effective control over the sold products;

(3) The amount of income can be measured reliably;

(4) It is probable that the economic benefits related to the transaction will flow into the Company; and

(5) The cost incurred or to be incurred related to the transaction can be measured reliably.

2. Royalty

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

(XV) Lease

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

1. The Company as lessor

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

Lease payments under operating leases and 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) (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

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

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

	December 31, 2023	December 31, 2022
Bank deposits	0.001%~1.45%	0.001%~2.75%

VII. Financial assets measured at amortized cost

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

(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

	December 31, 2023	December 31, 2022
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 46,418	$ 47,673
Trade receivable		
Measured at amortized cost		
Total carrying amount	262,474	267,521
Less: loss allowance	(13,423)	(13,285)
	249,051	254,236
	$ 295,469	$ 301,909

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		$ 262,474	($ 13,423)	$ 249,051

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%	14,965	(11,710)	3,255
Total		$ 267,521	($ 13,285)	$ 254,236

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	165	224
Year-end balance	$ 13,423	$ 13,285

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	146,293	146,966
	$321,061	$323,216

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 December 31, 2023	Percentage of shareholding December 31, 2022	Explanation
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 2023	2022	Non-controlling interests 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

	December 31, 2023	December 31, 2022
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	$ 79,980	$ 44,174
Equity attributable to:		
Owners of the Company	$ 40,792	$ 22,531
Non-controlling interests of XYPD Company	39,188	21,643
	$ 79,980	$ 44,174

	2023	2022
Operating revenue	$224,179	$186,898
Net profit for the year	$ 31,624	$ 40,212
Other comprehensive income	4,182	1,022
Total comprehensive income	$ 35,806	$ 41,234
Net profit attributable to:		
Owners of the Company	$ 16,128	$ 20,508
Non-controlling interests of XYPD Company	15,496	19,704
	$ 31,624	$ 40,212
Total comprehensive income attributable to:		
Owners of the Company	$ 18,261	$ 21,032

Non-controlling interests of XYPD Company	17,545	20,202
	$ 35,806	$ 41,234

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

PT. XUYUAN Company

	December 31, 2023	December 31, 2022
Current asset	$154,999	$161,889
Non-current assets	177,466	190,086
Current liabilities	(103,423)	(114,888)
Non-current liabilities	(69)	(201)
Equity	$228,973	$236,886
Equity attributable to:		
Owners of the Company	$ 141,961	$ 146,868
PT. Non-controlling interests of XUYUAN Company	87,012	90,018
	$ 228,973	$ 236,886

	2023	2022
Operating revenue	$ 113,578	$ 222,078
Net loss for the year	($ 8,348)	($ 9,071)
Other comprehensive income	435	326
Total comprehensive income	($ 7,913)	($ 8,745)
Net loss attributable to:		
Owners of the Company	($ 5,176)	($ 5,624)
PT. Non-controlling interests of XUYUAN Company	(3,172)	(3,447)
	($ 8,348)	($ 9,071)
Total comprehensive income attributable to:		
Owners of the Company	($ 4,907)	($ 5,423)
PT. Non-controlling interests of XUYUAN Company	(3,006)	(3,322)
	($ 7,913)	($ 8,745)
Cash flows		
Operating activities	$ 12,625	$ 11,911
Investing activities	(3,866)	(512)
Net cash inflow	$ 8,759	$ 11,399

XI. Investment under equity method

	December 31, 2023	December 31, 2022
Associates that are not individually material		
SLEEVE SEAL, LLC	$ 25,618	$ 35,923

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

	Percentage of shareholding and voting rights	
Company name	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 XXXII "Information about investees and regions where the company is situated."

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

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

	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	Income-generating instruments	Transportation equipment	Lease improvement	Other equipment	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 differences	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 depreciation and impairment									
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 differences	-	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 differences	1,175	1,560	9,346	5,028	(5,007)	-	4,205	-	16,307
	$ 227,621	$ 375,180	$ 639,415	$ 7,924	$ 4,300	$ 16,590	$ 229,347	$ 65,833	
Accumulated depreciation and impairment									
Balance as of January 1, 2022	$ -	$ 117,471	$ 400,836	$ 2,778	$ 8,212	$ 14,975	$ 97,088	$ -	$ 641,360
Depreciation expense	-	13,220	51,324	588	238	565	20,104	-	86,039
Disposal	-	(880)	(35,400)	-	(1,608)	-	(4,728)	-	(42,616)
Recognized as impairment loss	-	-	805	15	-	700	827	-	2,347
Net exchange differences	-	562	4,559	2,931	(2,793)	(7)	1,261	-	6,513
Balance as of December 31, 2022	$ -	$ 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

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		

	December 31, 2023	December 31, 2022
Building	$ 21,670	$ 26,603
Machinery and equipment	445	905
Transportation equipment	5,813	3,265
	$ 27,928	$ 30,773

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

(II) lease liabilities

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

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

	December 31, 2023	December 31, 2022
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

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

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

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

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

	December 31, 2023	December 31, 2022
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	53,559	47,834
	$109,620	$ 96,679

XVI. Borrowings

1. Short-term borrowings

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

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.

2. Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note XXIX)		
Syndicated loans of First Bank and other 8 B-groups (1)	$ 404,000	$ 472,000
Unsecured borrowings		
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)	516	-
Sub-total	475,308	564,450
Less: Portion due within one year	(440,442)	(93,561)
Less: Syndicated loan fees and participation fees	(1,195)	(1,374)
Long-term borrowings	$ 33,671	$ 469,515

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

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

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

XVIII. Other payables and other current liabilities

	December 31, 2023	December 31, 2022
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)	38,826	48,600
	$ 85,755	$ 94,068

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

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

(II) Additional paid-in capital

	December 31, 2023	December 31, 2022
Can be used to offset losses, distribute cash or capitalize on share capital (Note)		
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
Not to be used for any purpose		
Stock options	293	293
	$ 89,341	$ 89,341

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

(III) Retained earnings and dividend policy

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

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

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

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

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

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

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

(IV) Special reserves

	2023	2022
Opening balance	$ 38,179	$ 38,179
Appropriation to special reserve	26,567	-
Year-end balance	$ 64,746	$ 38,179

(V) Other items of equity

Exchange difference on translation of financial statements of foreign operations

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

(VI) Non-controlling interests

	2023	2022
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 operations	2,215	623
Year-end balance	$ 126,200	$ 111,661

(VII) Treasury shares

Reason for repurchase	Transfer of shares to employees (thousand shares)
Number of shares on January 1, 2023	-
Increase this year	568
Number of shares on December 31, 2023	568

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

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

(I) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note VII)	$ 249,051	$ 254,236	$ 288,762
Contract liabilities			
Sales of goods	$ 8,451	$ 9,521	$ 21,894

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	$ 639,446	$ 531,520
Americas	359,402	349,620
Asia	178,131	376,693
Others	2,414	12,030
	$ 1,179,393	$ 1,269,863

XXII. Net profit (loss) of the year

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

(I) Income from interest

	2023	2022
Bank deposits	$ 8,048	$ 1,250
Others	32	26
	$ 8,080	$ 1,276

(II) Other income

	2023	2022
Government subsidy income (Note XXV)	$ -	$ 5,000
Rent income	-	6
	$ -	$ 5,006

(III) Other gains and losses

	2023	2022
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 disposal of property, plant and equipment	(6,491)	3,023
Others	(588)	10,074
	$ 11,888	$ 600,037

(IV) Financial cost

	2023	2022
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	(3,329)	(4,017)
	$ 27,015	$ 18,791

Information about capitalization of interest is as follows:

	2023	2022
Amount of capitalized interest	$ 3,329	$ 4,017
Interest rate of capitalized interest	2.38%	2.22%

(V) Depreciation and amortization

	2023	2022
Depreciation expenses by function		
Operating cost	$ 76,054	$ 65,370
Operating expenses	39,099	33,626
	$ 115,153	$ 98,996
Amortization expenses are summarized by function		
Administrative expenses	$ 985	$ 1,052

(VI) Employee welfare expenses

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

(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:

Estimated allowance

	2022
Employee remuneration	4.80%
Remuneration to directors	2.88%

Amount

	2022
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.

	2022	
	Employee remuneration	Remuneration to directors

Amount to be distributed as resolved by the Board of Directors	$ 16,274	$ 5,300
Amount recognized in the annual financial statements	$ 13,484	$ 8,090

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

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

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

	2023	2022
Net profit (loss) before tax	($ 5,905)	$ 510,908
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	-	1,572
Income tax expenses recognized in profit or loss	$ 6,395	$ 19,501

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

	December 31, 2023	December 31, 2022
Income tax assets for the current year		
Tax refund receivable	$ 66	$ 11
Income tax liabilities for the current year		
Income tax payable	$ 122	$ 27

(III) Deferred tax assets

Changes in deferred income tax assets are as follows:

2023

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

2022

Deferred tax assets	Opening balance	Recognized in profit or loss	Year-end balance
Temporary difference	$ 8,189	$ -	$ 8,189

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

	December 31, 2023	December 31, 2022
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	38,851	-
	$ 257,434	$ 218,583

(V) Information on unused loss carryforwards

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

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

(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

	2023	2022
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:

Net profit (loss) of the year

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

Number of shares Unit: Thousand shares

	2023	2022
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	54,315	55,879

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

	December 31, 2023	December 31, 2022
Financial asset		
Measured at amortized cost		
Cash and cash equivalents	$ 88,799	$ 199,646
Financial assets measured at amortized cost	135,001	617
Notes and accounts receivable - net	295,469	301,909
Accounts receivable - related parties	5,022	5,690
Other receivables - related parties	8,871	5,976
Refundable deposits	13,544	15,765
Financial liability		
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.

<u>Sensitivity analysis</u>

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	$ 11,410	$ 12,600	$ 473	$ 521

	Effect of Renminbi (RMB/CNY)		Effect of Euro	
	2023	2022	2023	2022
Profit and loss	$ 985	$ 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	$ 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
Non-derivative financial liabilities			
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	18,351	422,091	33,671
	$ 518,118	$ 431,237	$ 61,678

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

	Less than 1 year	1 to 5 years
lease liabilities	$ 8,962	$ 15,348

December 31, 2022

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

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

	Less than 1 year	1 to 5 years
lease liabilities	$ 8,084	$ 18,126

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

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

(II) Operating revenue

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

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

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		
	Daseseal Company	$ 13,133	$ 16,106

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

(V) Receivables from related parties

Account Items	Category/name of related party	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Associate		
	SSL Corporation	$ 4,980	$ 5,664

	Substantive related party	42	26
		$ 5,022	$ 5,690
Other receivables - Relationship Person	Associate SSL Corporation	$ 8,871	$ 5,976

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	$ 5,297	$ 255	$ 3,319	$ 8,871

December 31, 2022

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

(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	$ 597	$ 339

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	$ 47	$ 214

(VIII) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 20,127	$ 11,806
Post-employment benefits	469	360
	$ 20,596	$ 12,166

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	$ 222,322	$ 230,290
Pledged bank deposits (recognized as financial assets at amortized cost)	2,776	617
Pledged time deposits (recognized as financial assets at amortized cost)	112,425	-
	$ 337,523	$ 230,907

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

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
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	19,697
			$ 314,539
Non-monetary items			
Investment under equity method			

US Dollars	834	30.71	$ 25,618
Foreign currency liabilities			
Monetary items			
US Dollars	1,789	30.71	$ 54,940

December 31, 2022 — Unit: Each foreign currency is in thousand

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
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	19,990
			$ 333,385
Non-monetary items			
Investment under equity method			
US Dollars	1,170	30.71	$ 35,923
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

1. 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			
			Account titles	Amount	Trading conditions	Percentage (%) of consolidated total operating revenues or total assets
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	-

	XYP India Company	1	Other receivables	1,648	Note 1	-
	XYPD Company	1	Operating revenue	1,114	Note 1	-
		1	Other income	2,457	Note 1	-
		1	Trade receivable	30	Note 1	-
		1	Other receivables	131,698	Note 1	7%
	XYP JAPAN	1	Other receivables	8,668	Note 1	-
	PT. XUYUAN Company	1	Operating revenue	2,519	Note 1	-
		1	Operating cost	409	Note 1	-
		1	Other receivables	54,242	Note 1	3%
		1	Accounts payable	2,453	Note 1	-
	PT. Chen Hong Company	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 Company	2	Accounts payable	2,582	Note 1	-
PT. CHENG Hong Corporation	PT. XUYUAN Company	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 Corporation	PT. XUYUAN Company	2	Accounts payable	346	Note 1	-
XYPD Company	PT. XUYUAN Company	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:

	2023	2022
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	18,657	27,420
Total	$ 1,179,393	$ 1,269,863

(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:

	Revenue from external customers		Non-current assets	
	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	2,414	12,030	-	-
	$ 1,179,393	$ 1,269,863	$ 962,832	$ 980,579

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.