

Xu Yuan Packaging Technology
Co., Ltd. and subsidiaries
Consolidated Financial Statements and Report of
Independent Accounts
First Quarter in 2024 and 2023
(STOCK CODE: 8421)

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Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS AND REVIEWED REPORT OF
INDEPENDENT ACCOUNTANTS AS OF MARCH 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Xu Yuan Packaging Technology Co., Ltd

Introduction

We have reviewed the accompanying consolidated balance sheets of Xu Yuan Packaging Technology Co., Ltd and subsidiaries as at March 31, 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews..

Scope of review

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

Basis for qualified conclusion

As explained in Notes 4(3), the consolidated financial statements of certain insignificant consolidated subsidiaries, which were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$395,463 thousand, constituting 20% of the consolidated total assets as at March 31, 2024, total liabilities amounted to NT\$109,190 thousand, constituting 10% of the consolidated total liabilities as at March 31, 2024, and the total comprehensive income (loss) amounted to NT\$19,393 thousand, constituting 80% of the consolidated total comprehensive income for the three-month periods then ended. And as explained in Notes 6(5) to the consolidated financial statements, the same-period financial statements of investees recognized in the

consolidated financial statements using the equity method have not been reviewed, the investments accounted for under equity method as at March 31, 2024 amounted to NT\$ 25,549 thousand, and the total comprehensive income (loss) amounted to NT(\$4,035) thousand, constituting (0.17%) of the consolidated total comprehensive income for the three-month periods then ended.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Xu Yuan Packaging Technology Co., Ltd and subsidiaries as at March 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Other Matter – Reference to the reviews of other auditors

The consolidated financial statements as of Xu Yuan Packaging Technology Co., Ltd and subsidiaries as at March 31, 2023 were reviewed by other auditors, whose review report dated May 10, 2023 expressed an unqualified conclusion.

Wei-Hao Wu

Ya-Hui Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

May 9, 2024

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 96,341	5	\$ 88,799	5	\$ 149,462	7
1136	Financial assets measured at amortized cost—current	6(2) and 8	139,474	7	135,001	7	95,007	5
1150	Notes receivable, net	6(3)	46,100	2	46,418	2	40,054	2
1170	Accounts receivable, net	6(3)	275,738	14	249,051	13	239,211	12
1180	Accounts receivable, net - related parties	6(3) and 7	8,536	-	5,022	-	9,313	-
1200	Other receivables		10,058	-	11,118	1	2,412	-
1210	Other receivables-related parties	7	-	-	8,871	-	4,333	-
1220	Current income tax assets		-	-	66	-	-	-
130X	Inventories, net	6(4)	319,466	16	321,061	16	318,835	16
1410	Prepayments	7	55,829	3	44,732	2	53,744	3
1470	Other current assets		56,350	3	53,770	3	37,000	2
11XX	Total current assets		<u>1,007,892</u>	<u>50</u>	<u>963,909</u>	<u>49</u>	<u>949,371</u>	<u>47</u>
Non-current assets								
1550	Investments accounted for under equity method	6(五)	25,549	1	25,618	1	36,125	2
1600	Property, plant and equipment	6(6) and 8	868,377	43	876,600	45	918,404	46
1755	Right-of-use assets	6(7)	24,140	1	27,928	1	28,695	1
1780	Intangible assets		13,517	1	13,714	1	14,426	1
1840	Deferred income tax assets		7,696	1	7,696	-	8,189	-
1900	Other non-current assets	6(8)	59,286	3	58,134	3	50,819	3
15XX	Total non-current assets		<u>998,565</u>	<u>50</u>	<u>1,009,690</u>	<u>51</u>	<u>1,056,658</u>	<u>53</u>
1XXX	Total assets		<u>\$ 2,006,457</u>	<u>100</u>	<u>\$ 1,973,599</u>	<u>100</u>	<u>\$ 2,006,029</u>	<u>100</u>

(Continued)

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(9)	\$ 308,843	15	\$ 293,798	15	\$ 196,354	10
2130	Contract liabilities - current	6(17)	18,984	1	8,451	-	19,644	1
2150	Notes payable		54,500	3	64,481	3	70,127	3
2170	Accounts payable		119,062	6	103,412	5	112,714	6
2180	Accounts payable - related parties	7	444	-	597	-	318	-
2200	Other payables	6(10) and 7	57,549	3	72,793	4	43,650	2
2230	Current income tax liabilities		2,177	-	122	-	39	-
2280	Lease liabilities - current	6(7)	7,934	-	8,683	1	7,575	-
2320	Long-term liabilities maturing	6(11)						
	within one year or one business cycle		441,037	22	440,442	22	95,926	5
21XX	Total current liabilities		<u>1,010,530</u>	<u>50</u>	<u>992,779</u>	<u>50</u>	<u>546,347</u>	<u>27</u>
Non-current liabilities								
2540	Long-term loans	6(11)	26,253	1	33,671	2	461,274	23
2580	Lease liabilities - non-current	6(7)	13,366	1	15,045	1	17,359	1
2600	Other non-current liabilities		19,838	1	19,743	1	7,347	-
25XX	Total non-current liabilities		<u>59,457</u>	<u>3</u>	<u>68,459</u>	<u>4</u>	<u>485,980</u>	<u>24</u>
2XXX	Total liabilities		<u>1,069,987</u>	<u>53</u>	<u>1,061,238</u>	<u>54</u>	<u>1,032,327</u>	<u>51</u>
Equity attributable to owners of the parent company								
Share capital								
3110	Share capital - common stock	6(13)	548,171	27	548,171	28	548,171	27
Capital surplus								
3200	Capital surplus	6(14)	89,341	5	89,341	5	89,341	4
Retained earnings								
3310	Legal reserve	6(15)	40,584	2	40,584	2	15,774	1
3320	Special reserve		64,746	3	64,746	3	38,179	2
3350	Unappropriated retained earnings		124,623	6	117,279	6	231,196	12
Other equity interest								
3400	Other equity interest	6(16)	(55,059)	(3)	(64,510)	(3)	(59,163)	(3)
3500	Treasury stocks	6(13)	(9,450)	-	(9,450)	(1)	(9,450)	-
31XX	Total equity attributable to owners of the parent company		<u>802,956</u>	<u>40</u>	<u>786,161</u>	<u>40</u>	<u>854,048</u>	<u>43</u>
36XX	Non-controlling equity		<u>133,514</u>	<u>7</u>	<u>126,200</u>	<u>6</u>	<u>119,654</u>	<u>6</u>
3XXX	Total equity		<u>936,470</u>	<u>47</u>	<u>912,361</u>	<u>46</u>	<u>973,702</u>	<u>49</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 2,006,457</u>	<u>100</u>	<u>\$ 1,973,599</u>	<u>100</u>	<u>\$ 2,006,029</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Item	Notes	For the three-month period ended March 31, 2024		For the three-month period ended March 31, 2023		
		Amount	%	Amount	%	
4000	Operating revenue	6(17) and 7	\$ 297,970	100	\$ 282,152	100
5000	Operating costs	6(4)(21)(22) and 7	(238,233)	(80)	(241,702)	(86)
5900	Operating profit - gross		59,737	20	40,450	14
5910	Unrealized profit from sales		-	-	(198)	-
5920	Realized profit from sales		1,063	1	-	-
5950	Net operating margin		60,800	21	40,252	14
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(16,801)	(6)	(18,896)	(6)
6200	Administrative expenses		(28,006)	(9)	(30,291)	(11)
6300	Research and development expenses		(2,088)	(1)	(2,332)	(1)
6000	Total operational expenses		(46,895)	(16)	(51,519)	(18)
6900	Operating profit(loss)		13,905	5	(11,267)	(4)
	Non-operating income and expenses					
7100	Interest income	6(18)	2,478	1	985	1
7020	Other gains and losses	6(19)	5,056	2	2,962	1
7050	Finance cost	6(20)	(5,398)	(2)	(4,880)	(2)
7060	Share of profit or loss of associates and joint ventures accounted for under the equity method	6(5)	(4,035)	(2)	720	-
7000	Total non-operating income and expenses		(1,899)	(1)	(213)	-
7900	Profit(loss) before income tax		12,006	4	(11,480)	(4)
7950	Income tax expense	6(23)	-	-	-	-
8200	Net income(losses) for the period		\$ 12,006	4	(\$ 11,480)	(4)
	Other comprehensive income (losses), net					
	Components of other comprehensive income (losses) that will not be reclassified to profit or loss	6(16)				
8361	Financial statements translation differences of foreign operations		\$ 12,103	4	\$ 8,155	3
8360	Items that may be reclassified subsequently to profit or loss		12,103	4	8,155	3
8300	Other comprehensive income(loss), net		\$ 12,103	4	\$ 8,155	3
8500	Total comprehensive income for the period		\$ 24,109	8	(\$ 3,325)	(1)
	Net income(losses) attributable to:					
8610	Equity holders of the parent company		\$ 7,548	3	(\$ 16,901)	(6)
8620	Non-controlling interest		4,458	1	5,421	2
	Net income(losses) for the period		\$ 12,006	4	(\$ 11,480)	(4)
	Comprehensive income(losses) attributable to:					
8710	Equity holders of the parent company		\$ 16,795	6	(\$ 11,318)	(4)
8720	Non-controlling interest		7,314	2	7,993	3
	Total comprehensive income for the period		\$ 24,109	8	(\$ 3,325)	(1)
	Basic earnings(losses) per share	6(24)				
9750	Net income(loss) for the period		\$ 0.14		(\$ 0.31)	
	Diluted earnings(losses) per share	6(24)				
9850	Net income(loss) for the period		\$ 0.14		(\$ 0.31)	

The accompanying notes are an integral part of these consolidated financial statements.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent company																						
Retained earnings																						
Notes	Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange difference on translation of financial statements of foreign operations	Treasury stocks	Total	Non-controlling interest	Total equity												
<u>Three-month period ended March 31, 2023</u>																						
	\$	548,171	\$	89,341	\$	15,774	\$	38,179	\$	248,097	(\$	64,746)	\$	-	\$	874,816	\$	111,661	\$	986,477	
		-		-		-		-		(16,901)		-		-		(16,901)		5,421		(11,480)		
6(16)		-		-		-		-		-		5,583		-		5,583		2,572		8,155		
		-		-		-		-		(16,901)		5,583		-		(11,318)		7,993		(3,325)		
6(13)		-		-		-		-		-		-		(9,450)		(9,450)		-		(9,450)		
	\$	548,171	\$	89,341	\$	15,774	\$	38,179	\$	231,196	(\$	59,163)	(\$	9,450)	\$	854,048	\$	119,654	\$	973,702
<u>Three-month period ended March 31, 2024</u>																						
	\$	548,171	\$	89,341	\$	40,584	\$	64,746	\$	117,279	(\$	64,510)	(\$	9,450)	\$	786,161	\$	126,200	\$	912,361
		-		-		-		-		7,548		-		-		7,548		4,458		12,006		
6(16)		-		-		-		-		-		9,247		-		9,247		2,856		12,103		
		-		-		-		-		7,548		9,247		-		16,795		7,314		24,109		
		-		-		-		-		(204)		204		-		-		-		-		
	\$	548,171	\$	89,341	\$	40,584	\$	64,746	\$	124,623	(\$	55,059)	(\$	9,450)	\$	802,956	\$	133,514	\$	936,470

The accompanying notes are an integral part of these consolidated financial statements

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>For the three-month period ended March 31, 2024</u>	<u>For the three-month period ended March 31, 2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit(loss) before income tax		\$ 12,006	(\$ 11,480)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(21)	29,070	27,054
Amortization	6(21)	197	273
Share of profit or loss of associates and joint ventures accounted for under the equity method	6(5)	4,035	(720)
Interest expense	6(20)	5,398	4,880
Interest income	6(18)	(2,478)	(985)
Gains on disposal of property, plant and equipment	6(19)	(461)	(700)
Realized(Unrealized) profit from sales		(1,063)	198
Gain on foreign exchange, net		-	(819)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		318	7,619
Accounts receivable, net		(26,687)	15,191
Accounts receivable, net - related parties		(3,514)	(4,001)
Other receivables		1,060	(2,412)
Other receivables-related parties		8,871	1,682
Inventories		1,595	4,381
Prepayments		(11,097)	(9,367)
Other current assets		(2,580)	15,481
Changes in operating liabilities			
Contract liabilities - current		10,533	10,123
Notes payable		(9,981)	19,494
Accounts payable		15,650	(6,222)
Accounts payable - related parties		(153)	(21)
Other payables		(15,244)	(51,425)
Other non-current liabilities		95	(227)
Cash inflow generated from operations		15,570	17,997
Income taxes refund		-	23
Net cash inflow from operating activities		<u>15,570</u>	<u>18,020</u>

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Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>For the three-month period ended March 31, 2024</u>	<u>For the three-month period ended March 31, 2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost - current, net		(\$ 4,473)	(\$ 94,395)
Acquisition of property, plant and equipment	6(6)	(9,658)	(29,617)
Disposal of property, plant and equipment		650	700
Decrease in refundable deposits		471	1,983
Increase in prepaid equipment purchase		(1,623)	(2,735)
Interest received		<u>2,478</u>	<u>985</u>
Net cash outflow from investing activities		(<u>12,155</u>)	(<u>123,079</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		32,327	82,111
Decrease in short-term borrowings		(17,561)	(8,058)
Repayments of long-term loans		(9,024)	(4,872)
Repayments of principal portion of lease liabilities	6(25)	(2,604)	(2,777)
Cost of repurchase of treasury shares	6(13)	-	(9,450)
Interest paid		(<u>6,244</u>)	(<u>3,759</u>)
Net cash inflow (outflow) from financing activities		(<u>3,106</u>)	<u>53,195</u>
Effect of exchange rate changes on cash		<u>7,233</u>	<u>1,680</u>
Net (decrease) increase in cash		7,542	(50,184)
Beginning cash balance		<u>88,799</u>	<u>199,646</u>
Ending cash balance		<u>\$ 96,341</u>	<u>\$ 149,462</u>

The accompanying notes are an integral part of these consolidated financial statements.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

The Company's shares were listed on the Taipei Exchange on November 2012.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards, interpretations and amendments have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment ◦

Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

None.

IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows: :

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

Except for the following, the above standards, interpretations and amendments have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of comprehensive income, disclosure requirements related to management - defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when

the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements :

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	HONG YUAN PACKAGING TECHNOLOGY CO., LTD.(HONG YUAN company)	Manufacturing and wholesale of plastic products and related machinery and molds	100%	100%	100%	Note1
The Company	XU YUAN PACKAGING TECHNOLOGY CO., LTD.(XU YUAN company)	General investment business	100%	100%	100%	Note1
The Company	DASE-SEAL PACKAGING TECHNOLOGY CO., LTD.(DASE-SEAL company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100.00%	100%	Note1
The Company	XYP JAPAN Company (XYP JAPAN Company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	100%	Note1
The Company	XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.(XYP INDIA company)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	100%	Note1
The Company	XYPD DO BRASIL EMBALAGENS LTDA.(XYPD company)	Sales of sleeve (sticker) labeling machines and color shrink labels	51%	51%	51%	Note1
The Company	PT. XUYUAN PACKAGING TECHNOLOGY INDONESIA (PT. XUYUAN company)	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	62%	62%	62%	
The Company	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA (PT. CHENG HONG company)	Manufacturing and sale of plastic granules and transparent film materials	10%	10%	10%	Note1
The Company	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA (PT. CHENG KUANG company)	Manufacture and sale of complete sets of labeling machines and other equipment	95%	95%	95%	Note1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
HONG YUAN company	Hongxu Packaging Machinery (Shanghai) Co.,Ltd. (Hongxu Shanghai company)	Manufacturing other plastic products;	100%	100%	100%	Note1
HONG YUAN company	HONG SHENG HOLDING LTD.(HONG SHENG company)	General investment business	-	100%	100%	Note1 and 2
HONG YUAN company	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA (PT. CHENG HONG company)	Manufacturing and sale of plastic granules and transparent film materials	90%	90%	90%	Note1
HONG YUAN company	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA (PT. CHENG KUANG company)	Manufacture and sale of complete sets of labeling machines and other equipment	5%	5%	5%	Note1
HONG SHENG company	HONG TAI GLOBAL TRADING CO., LTD.(HONG TAI company)	Sale of packaging machinery and plastic products	-	100%	100%	Note1 and 2
HONG YUAN company	HONG TAI GLOBAL TRADING CO., LTD.(HONG TAI company)	Sale of packaging machinery and plastic products	100%	-	-	Note1 and 2

Note 1: The financial statements of the entity as at and for the three-month periods ended March 31, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 2: HONG SHENG HOLDING LTD. was liquidated in March 2024, and the remaining assets were distributed to HONG YUAN PACKAGING TECHNOLOGY CO., LTD. As a result, HONG YUAN PACKAGING TECHNOLOGY CO., LTD. acquired 100% equity of HONG TAI GLOBAL TRADING CO., LTD.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2024, December 31, 2023, and March 31, 2023, the non-controlling interest amounted to \$133,514, \$126,200 and \$119,654, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest						Description
		March 31, 2024		December 31, 2023		March 31, 2023		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
XYPD company	Brazil	\$ 45,639	49%	\$ 39,188	49%	\$ 27,255	49%	
PT. XUYUAN company	Indonesia	\$ 87,875	38%	\$ 87,012	38%	\$ 92,399	38%	

Summarised financial information of the subsidiaries:

Balance sheets

	XYPD company		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 197,257	\$ 180,709	\$ 171,489
Non-current assets	90,521	89,007	94,174
Current liabilities	(170,749)	(179,948)	(167,361)
Non-current liabilities	(23,889)	(9,788)	(42,679)
Total net assets	<u>\$ 93,140</u>	<u>\$ 79,980</u>	<u>\$ 55,623</u>

	PT. XUYUAN company		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 160,894	\$ 154,999	\$ 160,153
Non-current assets	176,142	177,466	189,784
Current liabilities	(105,751)	(103,423)	(106,623)
Non-current liabilities	(34)	(69)	(164)
Total net assets	<u>\$ 231,251</u>	<u>\$ 228,973</u>	<u>\$ 243,150</u>

Statements of comprehensive income

	XYPD company	
	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Revenue	<u>\$ 66,952</u>	<u>\$ 52,039</u>
Profit before income tax	\$ 10,901	\$ 10,850
Income tax expense	-	-
Profit for the period	\$ 10,901	\$ 10,850
Other comprehensive income, net of tax	<u>2,258</u>	<u>599</u>
Total comprehensive income for the period	<u>\$ 13,159</u>	<u>\$ 11,449</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 6,448</u>	<u>\$ 5,612</u>

	PT. XUYUAN company	
	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Revenue	\$ 34,068	\$ 33,647
Profit before income tax	(\$ 2325)	\$ 276
Income tax expense	-	-
Profit for the period	2325)	\$ 276
Other comprehensive income, net of tax	4,602	5,988
Total comprehensive income for the period	\$ 2,277	\$ 6,264
Comprehensive income attributable to non-controlling interest	\$ 866	\$ 2,381

Statements of cash flows

	XYPD company	
	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Net cash provided by operating activitie	\$ 10,951	(\$ 13,401)
Net cash provided by (used in) investing activities	(3,090)	(3,007)
Net cash provided by (used in) financing activities	(7,248)	3,687
Effect of exchange rates on cash and cash equivalents	446	-
Increase (decrease) in cash and cash equivalents	1,059	(12,721)
Cash and cash equivalents, beginning of period	16,313	19,818
Cash and cash equivalents, end of period	\$ 17,372	\$ 7,097

	PT. XUYUAN company	
	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Net cash provided by operating activities	\$ 1631	\$ 2,372
Net cash provided by (used in) investing activities	-	(778)
Net cash provided by (used in) financing activities	-	-
Effect of exchange rates on cash and cash equivalents	324	-
Increase (decrease) in cash and cash equivalents	(1,307)	1,594
Cash and cash equivalents, beginning of period	16,838	27,879
Cash and cash equivalents, end of period	<u>\$ 15,531</u>	<u>\$ 29,473</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured a fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income

within 'other gains and losses.

B. Translation of foreign operation

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows: :

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet ;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current item

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, The Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, The Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Loan costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to The Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15~30	years
Machinery and equipment	2~10	years
Income-generating instruments	2~8	years
Transportation equipment	3~5	years
Lease improvement	5~8	years
Other equipment	2~20	years

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of lowvalue assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized as expenses in the period in which the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

A. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at fair value of the liability to pay for those services, and are recognised as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognised in profit or loss.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where The Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by The Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. °
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.
- F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(22) Share capita

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

Sales of goods

The Group main source of income are the sales of printed labels and sleeve (stick) labeling machines.. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying The Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of March 31, 2024, the carrying amount of inventories was \$319,466.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Petty cash and cash on hand	\$ 4,389	\$ 986	\$ 623
Checking accounts and demand deposits	<u>91,952</u>	<u>87,813</u>	<u>148,839</u>
	<u>\$ 96,341</u>	<u>\$ 88,799</u>	<u>\$ 149,462</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits maturing in over three months and pledged as collateral recorded in financial assets, please refer to Note 6(4).

(2) Financial assets at amortised cost

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Time deposits pledged	\$ 119,274	\$ 115,201	\$ 64,557
Time deposits with original maturities of more than 3 months	<u>20,200</u>	<u>19,800</u>	<u>30,450</u>
	<u>\$ 139,474</u>	<u>\$ 135,001</u>	<u>\$ 95,007</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Interest income	\$ 1,867	\$ 754

B. As at March 31, 2024, December 31, 2023, and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount were \$139,474, \$135,001 and \$95,007, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Note receivable	\$ 46,100	\$ 46,418	\$ 40,054
Accounts receivable	\$ 289,236	\$ 262,474	\$ 252,486
Less: Allowance for bad debts	(13,498)	(13,423)	(13,275)
	\$ 275,738	\$ 249,051	\$ 239,211
Accounts receivable – related parties	8,536	5,022	9,313
	\$ 284,274	\$ 254,073	\$ 248,524

A. The aging analysis of notes and accounts receivable is as follows:

	March 31, 2024		December 31, 2023		March 31, 2023	
	Accounts receivable	Note receivable	Accounts receivable	Note receivable	Accounts receivable	Note receivable
Not past due	\$ 253,940	\$ 46,100	\$ 223,187	\$ 46,418	\$ 218,200	\$ 40,054
Up to 60 days	22,888	-	17,530	-	18,359	-
61 to 120 days	2,378	-	4,500	-	3,695	-
121 to 180 days	2,548	-	981	-	936	-
181 to 240 days	2,619	-	669	-	34	-
241 to 360 days	329	-	280	-	1,727	-
Over 360 days	13,070	-	20,349	-	18,848	-
	\$ 297,772	\$ 46,100	\$ 267,496	\$ 46,418	\$ 261,799	\$ 40,054

The above aging analysis is based on past due date.

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, notes and accounts receivable were all from contracts with customers. And as at January 1, 2023, the balance of receivables from contracts with customers amounted to \$320,884.

- C. As at March 31, 2024, December 31, 2023 and March 31, 2023, The Group has no note and accounts receivable pledged to others.
- D. As at March 31, 2024, December 31, 2023, and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$46,100, \$46,418 and \$40,054, respectively. As at March 31, 2024, December 31, 2023, and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$284,274, \$254,073 and \$248,524, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Raw materials	\$ 146,674	\$ 146,293	\$ 149,699
Work in progress	66,905	82,373	73,714
Finished goods	105,887	92,395	95,422
Total	<u>\$ 319,466</u>	<u>\$ 321,061</u>	<u>\$ 318,835</u>

Operating costs incurred on inventories for the three-month periods ended March 31, 2024 and 2023 were as follows:

	<u>For the three-month period ended March 31, 2024</u>	<u>For the three-month period ended March 31, 2023</u>
Cost of goods sold	<u>\$ 238,233</u>	<u>\$ 241,702</u>

(5) Investments accounted for under equity method

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates:			
SLEEVE SEAL, LLC	<u>\$ 25,549</u>	<u>\$ 25,618</u>	<u>\$ 36,125</u>

As of March 31, 2023, December 31, 2022, March 31, 2022, the carrying amount of the Company's individually immaterial associates amounted to \$25,549, \$25,618 and \$36,125, respectively.

	<u>For the three-month period ended March 31, 2024</u>	<u>For the three-month period ended March 31, 2023</u>
Profit(loss) for the period from continuing operations	(\$ 4,035)	\$ 720
Other comprehensive income, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(\$ 4,035)</u>	<u>\$ 720</u>

(6) Property, plant and equipment

2024

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased Improvements	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2024</u>									
Cost	\$ 228,563	\$ 379,297	\$ 624,314	\$ 8,075	\$ 5,077	\$ 43,792	\$ 309,270	\$ 41,213	\$ 1,639,601
Accumulated depreciation	-	(143,032)	(451,386)	(6,911)	(4,397)	(20,995)	(136,280)	-	(763,001)
	<u>\$ 228,563</u>	<u>\$ 236,265</u>	<u>\$ 172,928</u>	<u>\$ 1,164</u>	<u>\$ 680</u>	<u>\$ 22,797</u>	<u>\$ 172,990</u>	<u>\$ 41,213</u>	<u>\$ 876,600</u>
<u>2024</u>									
Opening net book amount as at January 1	\$ 228,563	\$ 236,265	\$ 172,928	\$ 1,164	\$ 680	\$ 22,797	\$ 172,990	\$ 41,213	\$ 876,600
Additions	-	377	1,469	-	-	2,950	5,821	-	10,617
Disposals	-	-	(189)	-	-	-	-	-	(189)
Reclassifications	-	-	-	47	47	-	-	-	-
Depreciation expense	-	(3,621)	(11,955)	(104)	(60)	(1,414)	(7,878)	-	(25,032)
Net exchange differences	3,177	247	1,717	2	15	9	1,232	-	6,381
At March 31	<u>\$ 231,740</u>	<u>\$ 233,268</u>	<u>\$ 163,970</u>	<u>\$ 1,015</u>	<u>\$ 682</u>	<u>\$ 24,324</u>	<u>\$ 172,165</u>	<u>\$ 41,213</u>	<u>\$ 868,377</u>
<u>At March 31, 2024</u>									
Cost	\$ 231,740	\$ 380,123	\$ 616,503	\$ 7,292	\$ 3,439	\$ 39,454	\$ 309,420	\$ 41,213	\$ 1,629,184
Accumulated depreciation	-	(146,855)	(452,533)	(6,277)	(2,757)	(15,130)	(137,255)	-	(760,807)
	<u>\$ 231,740</u>	<u>\$ 233,268</u>	<u>\$ 163,970</u>	<u>\$ 1,015</u>	<u>\$ 682</u>	<u>\$ 24,324</u>	<u>\$ 172,165</u>	<u>\$ 41,213</u>	<u>\$ 868,377</u>

2023

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased Improvements	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2023</u>									
Cost	\$ 227,621	\$ 375,180	\$ 639,415	\$ 7,924	\$ 4,300	\$ 16,590	\$ 229,347	\$ 65,833	\$ 1,566,210
Accumulated depreciation	-	(130,373)	(422,124)	(6,312)	(4,049)	(16,233)	(114,552)	-	(693,643)
	<u>\$ 227,621</u>	<u>\$ 244,807</u>	<u>\$ 217,291</u>	<u>\$ 1,612</u>	<u>\$ 251</u>	<u>\$ 357</u>	<u>\$ 114,795</u>	<u>\$ 65,833</u>	<u>\$ 872,567</u>
<u>2023</u>									
Opening net book amount as at January 1	\$ 227,621	\$ 244,807	\$ 217,291	\$ 1,612	\$ 251	\$ 357	\$ 114,795	\$ 65,833	\$ 872,567
Additions	-	682	814	-	697	10,239	17,185	-	29,617
Reclassifications(Note)	-	3,437	(754)	-	-	11,066	42,260	(23,690)	32,319
Depreciation expense		(3,546)	(12,225)	(143)	(79)	(720)	(5,992)		(22,705)
Net exchange differences	3,705	127	2,291	- 41	46	- 15	493	-	6,606
At March 31	<u>\$ 231,326</u>	<u>\$ 245,507</u>	<u>\$ 207,417</u>	<u>\$ 1,428</u>	<u>\$ 915</u>	<u>\$ 20,927</u>	<u>\$ 168,741</u>	<u>\$ 42,143</u>	<u>\$ 918,404</u>
<u>At March 31, 2023</u>									
Cost	\$ 231,326	\$ 379,509	\$ 632,916	\$ 7,209	\$ 3,463	\$ 30,953	\$ 281,945	\$ 42,143	\$ 1,609,464
Accumulated depreciation	-	(134,002)	(425,499)	(5,781)	(2,548)	(10,026)	(113,204)	-	(691,060)
	<u>\$ 231,326</u>	<u>\$ 245,507</u>	<u>\$ 207,417</u>	<u>\$ 1,428</u>	<u>\$ 915</u>	<u>\$ 20,927</u>	<u>\$ 168,741</u>	<u>\$ 42,143</u>	<u>\$ 918,404</u>

Note: The primary transfer amounting to \$32,319 is from non-current assets - prepaid equipment payments. °

- A. For the three-month periods ended March 31, 2024 and 2023, The amounts of borrowing costs capitalized for real estate, plant, and equipment are \$959 and \$860, respectively.
- B. The significant components of buildings and structure include main plants and electromechanical power equipment and engineering, which are depreciated over 15 and 30 years and 2 and 22 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements – lessee

- A. The Group leases various assets including buildings, machinery and transportation equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise building and structure. Low-value assets comprise printer.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount		
	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	\$ 18,846	\$ 21,670	\$ 23,844
Machinery and equipment	362	445	773
Transportation equipment (Business vehicles)	4,932	5,813	4,078
	<u>\$ 24,140</u>	<u>\$ 27,928</u>	<u>\$ 28,695</u>
	Depreciation		
	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023	
Buildings	\$ 3,067	\$ 3,230	
Machinery and equipment	84	132	
Transportation equipment (Business vehicles)	887	987	
	<u>\$ 4,038</u>	<u>\$ 4,349</u>	

- D. For the three-month periods ended March 31, 2024 and 2023, the additions to right-of-use assets were \$282 and \$2,143, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 96	\$ 114
Expense on short-term lease contracts	498	36
Expense on leases of low-value assets	8	-

- F. For the three-month periods ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$3,206 and \$2,927, respectively.

(8) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for equipment	\$ 46,213	\$ 44,590	\$ 37,037
Refundable deposits	13,073	13,544	13,782
	<u>\$ 59,286</u>	<u>\$ 58,134</u>	<u>\$ 50,819</u>

(9) Short-term borrowings

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 101,000	2.05%~2.2%	Pledged deposit
Unsecured borrowings	207,843	2.55%~3.02%	None
	<u>\$ 308,843</u>		

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 73,000	2.00%~3.03%	Pledged deposit
Unsecured borrowings	220,798	2.00%~3.03%	None
	<u>\$ 293,798</u>		

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 196,354</u>	1.93%~2.76%	None

(10) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Accrued salaries and bonus Payable for employees' compensation	\$ 19,081	\$ 25,962	\$ 9,528
	9,493	8,889	21,574
Insurance premium payable	1,494	3,691	1,728
Others	27,481	34,251	10,820
	<u>\$ 57,549</u>	<u>\$ 72,793</u>	<u>\$ 43,650</u>

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2024
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December, 2019 to December, 2024; interest is repayable monthly; lump sum repayment at maturity.	2.69%	Note	\$ 404,000
Unsecured borrowings	Borrowing period is from September, 2019 to September, 2025; interest is repayable monthly.	2.60%	None	3,768
Unsecured borrowings	Borrowing period is from November, 2020 to November, 2025; interest is repayable monthly.	2.60%	None	3,967
Unsecured borrowings	Borrowing period is from December, 2020 to December, 2025; interest is repayable monthly; lump sum repayment at maturity.	2.60%	None	4,095
Unsecured borrowings	Borrowing period is from January, 2021 to January, 2026; interest is repayable monthly.	2.60%	None	4,400
Unsecured borrowings	Borrowing period is from February, 2021 to February, 2026; interest is repayable monthly.	2.60%	None	4,370
Unsecured borrowings	Borrowing period is from March, 2021 to March, 2026; interest is repayable monthly.	2.60%	None	4,440
Unsecured borrowings	Borrowing period is from September, 2019 to September, 2024; interest is repayable monthly.	3.17%	None	531
Unsecured borrowings	Borrowing period is from January, 2022 to January, 2025; interest is repayable monthly.	1.89%	None	1,385
Unsecured borrowings	Borrowing period is from January, 2023 to January, 2026; interest is repayable monthly.	3.30%	None	3,056
Unsecured borrowings	Borrowing period is from February, 2021 to February, 2026; interest is repayable monthly.	1.56%	None	466
Other bank borrowings				
Unsecured borrowings	Borrowing period is from December, 2022 to December, 2025; interest is repayable quarterly.	9.52%	None	33,600
				468,078
Less: Current portion				(441,037)
Less: Syndicated loan fees and participation fees				(788)
				\$ 26,253

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December, 2019 to December, 2024; interest is repayable monthly; lump sum repayment at maturity.	2.69%	Note	\$ 404,000
Unsecured borrowings	Borrowing period is from September, 2019 to September, 2025; interest is repayable monthly.	2.60%	None	4,363
Unsecured borrowings	Borrowing period is from November, 2020 to November, 2025; interest is repayable monthly.	2.60%	None	4,562
Unsecured borrowings	Borrowing period is from December, 2020 to December, 2025; interest is repayable monthly; lump sum repayment at maturity.	2.60%	None	4,680
Unsecured borrowings	Borrowing period is from January, 2021 to January, 2026; interest is repayable monthly.	2.60%	None	5,000
Unsecured borrowings	Borrowing period is from February, 2021 to February, 2026; interest is repayable monthly.	2.60%	None	4,940
Unsecured borrowings	Borrowing period is from March, 2021 to March, 2026; interest is repayable monthly.	2.60%	None	4,995
Unsecured borrowings	Borrowing period is from September, 2019 to September, 2024; interest is repayable monthly.	2.92%	None	794
Unsecured borrowings	Borrowing period is from January, 2022 to January, 2025; interest is repayable monthly.	1.89%	None	1,753
Unsecured borrowings	Borrowing period is from January, 2023 to January, 2026; interest is repayable monthly.	3.35%	None	3,473
Unsecured borrowings	Borrowing period is from February, 2021 to February, 2026; interest is repayable monthly.	1.56%	None	516
Other bank borrowings				
Unsecured borrowings	Borrowing period is from December, 2022 to December, 2025; interest is repayable quarterly.	8.80%	None	36,232
				475,308
Less: Current portion				(440,442)
Less: Syndicated loan fees and participation fees				(1,195)
				\$ 33,671

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December, 2019 to December, 2024; interest is repayable monthly;lump sum repayment at maturity.	2.48%	Note	\$ 472,000
Unsecured borrowings	Borrowing period is from September, 2019 to September, 2025; interest is repayable monthly.	2.47%	None	6,148
Unsecured borrowings	Borrowing period is from November, 2020 to November, 2025; interest is repayable monthly.	2.47%	None	6,347
Unsecured borrowings	Borrowing period is from December, 2020 to December, 2025; interest is repayable monthly;lump sum repayment at maturity.	2.47%	None	6,435
Unsecured borrowings	Borrowing period is from January, 2021 to January, 2026; interest is repayable monthly.	2.47%	None	6,800
Unsecured borrowings	Borrowing period is from February, 2021 to February, 2026; interest is repayable monthly.	2.47%	None	6,650
Unsecured borrowings	Borrowing period is from March, 2021 to March, 2026; interest is repayable monthly.	2.47%	None	6,660
Unsecured borrowings	Borrowing period is from September, 2019 to September, 2024; interest is repayable monthly.	3.05%	None	1,569
Unsecured borrowings	Borrowing period is from January, 2022 to January, 2025; interest is repayable monthly.	1.89%	None	2,783
Unsecured borrowings	Borrowing period is from February, 2021 to February, 2026; interest is repayable monthly.	1.56%	None	659
Other bank borrowings				
Unsecured borrowings	Borrowing period is from December, 2022 to December, 2025; interest is repayable quarterly.	8.52%	None	42,344
				558,395
Less: Current portion			(95,926)
Less: Syndicated loan fees and participation fees			(1,195)
			\$	<u>461,274</u>

Note: The Company has used real estate as collateral to secure loans from banks in order to repay existing bank loans and to supplement mid-term operating capital. (refer to Note 8 for details).

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: :

- A. The current ratio (current assets/current liabilities less medium and long-term liabilities due within a year) shall be maintained at or above 100%;
- B. The debt ratio [(debt less cash and cash equivalents)/tangible net worth] shall be maintained below 200%.
- C. The interest coverage ratio ((pre-tax net profit + interest expense + depreciation + amortization)/interest expense) shall be maintained at 3 times or above;
- D. 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. °

As of March 31, 2024, December 31, 2023, and March 31, 2023, the financial ratios all comply with the above-mentioned regulations.

(12) Pension

A. Effective July 1, 2005, the Group and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined benefit pension plans of the Group for the three-month periods ended March 31, 2024 and 2023 were \$1,533 and \$1,574, respectively.

(13) Share capital

A. A. As of March 31, 2024, the Company’s authorised capital was \$650,000, consisting of 65,000 thousand shares of ordinary stock (including 1,000 thousand shares reserved for employee stock options), and the paid-in capital was \$548,171 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number (thousands of shares) of the Company's common shares outstanding are as follows:

	2024	2023
At January 1	54,249	54,817
Treasury share purchase	-	(568)
At March 31	<u>54,249</u>	<u>54,249</u>

B. On January 12, 2023, the Company's board of directors resolved to repurchase 600,000 shares of the Company's stock, which will all be transferred to employees. As of March 31, 2023, the Company had repurchased a total of 568,000 shares amounting to \$9,450,000.

C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		March 31, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	568	\$ 9,450

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	568	\$ 9,450

		March 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	568	\$ 9,450

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

		2024				
		Treasury share transactions	Corporate bond conversion premium	executed employee share warrants	Stock options	Total
At March 30 (at January 31)	\$ 26,844	\$ 19	\$ 61,412	\$ 773	\$ 293	\$ 89,341

	Share premium	Treasury share transactions	Corporate bond conversion premium	executed employee share warrants	Stock options	Total
At March 30 (at January 31)	\$ 26,844	\$ 19	\$ 61,412	\$ 773	\$ 293	\$ 89,341

(15) Retained earnings

- A. For the current year's pre-tax net profit before deducting employee and director compensation, the Company shall allocate no less than 4% as employee compensation and no more than 4% as director compensation. However, if the Company has accumulated losses, the amount shall be reserved to cover these losses in advance. The aforementioned employee compensation may be distributed in the form of stock or cash, and the recipients may include employees of subsidiaries who meet certain conditions. The director compensation, however, shall only be distributed in cash. The allocation of both employee and director compensation shall be resolved by the board of directors and reported to the shareholders' meeting.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with prior year's accumulated undistributed earnings shall be proposed by the Board of Directors. However, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares, or the appropriation of earnings shall be resolved by the Board of Directors. In accordance with Company Act Article 240, and Article 241, the resolution, for all or partial of distributable dividends, legal reserve and capital surplus are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors, and will be reported to the shareholders.
- C. Before the distribution of dividends, the Company shall first take into consideration its operating environment and industry developments, as well as its programs to maintain operating efficiency, and meet its capital expenditure budget, business expansion, and financial goals, in determining the stock or cash dividends to be distributed. Dividend distributions should not be less than 10% of the distributable earnings. The Company shall distribute the dividends of at least 10% of the aggregate dividends, if the distributions include cash dividends. °
- D. B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve

shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

F. The Company recognised dividends distributed to owners amounting to \$0 and \$54,817 (\$1 in dollars per share) for the years ended December 31, 2023 and 2022, respectively.

(16) Other equity items

	Currency translation	
	2024	2023
At January 1	(\$ 64,510)	(\$ 64,746)
Revaluation transferred to retained earnings	204	-
Foreign currency translation difference	9,247	5,583
At March 31	<u>(\$ 55,059)</u>	<u>(\$ 59,163)</u>

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

For the three-month period ended					
March 31, 2024	Taiwan	America	Asia	Others	Total
Timing of revenue					
At a point intime	<u>\$ 164,532</u>	<u>\$ 97,599</u>	<u>\$ 34,011</u>	<u>\$ 1,828</u>	<u>\$ 297,970</u>
For the three-month period ended					
March 31, 2023	Taiwan	America	Asia	Others	Total
Timing of revenue					
At a point intime	<u>\$ 136,618</u>	<u>\$ 89,823</u>	<u>\$ 54,993</u>	<u>\$ 718</u>	<u>\$ 282,152</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023	January 31, 2023
Contract liabilities	<u>\$ 18,984</u>	<u>\$ 8,451</u>	<u>\$ 19,644</u>	<u>\$ 9,521</u>

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Contract liabilities – advance sales receipts	\$ 3,665	\$ 7,287

(18) Interest income

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2024
Interest income from bank deposits	\$ 2,467	\$ 978
Others	11	7
	<u>\$ 2,478</u>	<u>\$ 985</u>

(19) Other gains and losses

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2024
Gains on disposal of property, plant and equipment	\$ 461	\$ 700
Net currency exchange gains	5,979	2,428
Other losses	(1,384)	(166)
	<u>\$ 5,056</u>	<u>\$ 2,962</u>

(20) Finance costs

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2024
Bank borrowings	\$ 6,261	\$ 5,626
Lease liabilities	96	114
	6,357	5,740
Less: interest capitalization	(959)	(860)
	<u>\$ 5,398</u>	<u>\$ 4,880</u>

(21) Expenses by nature

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2024
Employee benefit expenses	\$ 50,322	\$ 54,833
Depreciation	\$ 29,070	\$ 27,054
Amortization	\$ 197	\$ 273

(22) Employee benefit expenses

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2024
Wages and salaries	\$ 41,822	\$ 46,481
Labor and health insurance fe	4,727	4,827
Pension costs	1,533	1,574
Other personnel expenses	2,240	1,951
	<u>\$ 50,322</u>	<u>\$ 54,833</u>

A. In accordance with the Company's Articles of Incorporation, the Company shall appropriate no higher than 4% for directors' remuneration and no less than 4% for employees' compensation, if the Company generates profit.

2. For the three-month periods ended March 31, 2024, employees' compensation was accrued at \$378; directors' remuneration was accrued at \$226. The amounts were estimated as salary expense in accordance with the Company's Articles of Incorporation. For the three-month periods ended March 31, 2024, , there was a pre-tax loss, so employee and director/supervisor compensation were not estimated.

For 2024, based on the profit situation up to the end of the period, 5% and 3% were estimated respectively.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2024
Current income tax:		
Current income tax on profits for the year	\$ -	\$ -
Total current income tax	<u>\$ -</u>	<u>\$ -</u>
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

(b) The income tax credit relating to components of other comprehensive income is as follows: None.

B. As at March 31, 2024, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	<u>For the three-month period ended March 31, 2024</u>		
	<u>Amount after</u>	<u>Weighted average</u> <u>number of ordinary</u> <u>shares outstanding</u> <u>(shares in thousands)</u>	<u>Earnings per</u> <u>share</u> <u>(in dollars)</u>
	<u>tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 7,548</u>	<u>54,249</u>	<u>\$ 0.14</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	29	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 7,548</u>	<u>54,278</u>	<u>\$ 0.14</u>
	<u>For the three-month period ended March 31, 2023</u>		
	<u>Amount after</u>	<u>Weighted average</u> <u>number of ordinary</u> <u>shares outstanding</u> <u>(shares in thousands)</u>	<u>Earnings per</u> <u>share</u> <u>(in dollars)</u>
	<u>tax</u>		
<u>Basic earnings per share</u>			
Losses attributable to common shareholders of the parent company	<u>(\$ 16,901)</u>	<u>54,514</u>	<u>(\$ 0.31)</u>
<u>Diluted earnings per share</u>			
Loss attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>(\$ 16,901)</u>	<u>54,514</u>	<u>(\$ 0.31)</u>

(25) Changes in liabilities from financing activities

	For the three-month period ended March 31, 2024			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-total
At January 1	\$ 293,798	\$ 474,113	\$ 23,728	\$ 791,639
Changes in cash flow from financing activities	14,766	(9,024)	(2,604)	3,138
Interest expense	-	-	96	96
Interest paid	-	-	(96)	(96)
Impact of changes in foreign exchange	279	2,201	(106)	2,374
Changes in other non-cash items	-	-	282	282
At March 31	\$ 308,843	\$ 467,290	\$ 21,300	\$ 797,433
	For the three-month period ended March 31, 2023			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-total
At January 1	\$ 122,301	\$ 563,076	\$ 25,438	\$ 710,815
Changes in cash flow from financing activities	74,053	(5,876)	(2,777)	65,400
Interest expense	-	-	114	114
Interest paid	-	-	(114)	(114)
Impact of changes in foreign exchange	-	-	(130)	(130)
Changes in other non-cash items	-	-	2,143	2,143
At March 31	\$ 196,354	\$ 557,200	\$ 24,934	\$ 778,488

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
SLEEVE SEAL, LLC(SSL company)	Associate
Daseal Packaging Technology Limitada (Daseal company)	Substantive related party
HRP SUL AMERICAIND.E COM .DE MA'QUIAS E EQUIP AMENTOS LTDA. (HRP company)	Substantive related party
DASE-SING PACKAGING TECHNOLOGY CO., LTD.(DASE-SING company)	Substantive related party

(2) Significant related party transactions and balances

A. Operating revenue:

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Sales of goods and services :		
Associate	\$ 3,990	\$ 7,571
Substantive related party	<u>-</u>	<u>129</u>
	<u>\$ 3,990</u>	<u>\$ 7,700</u>

Goods are sold based on the price lists in force and terms that would be available to the general collection term was 30 ~ 90 days after monthly billings.

B. Purchases:

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Purchases:		
Substantive related party	<u>\$ 393</u>	<u>\$ 474</u>

The Company's purchases from related parties are conducted under standard procurement conditions, with payment terms negotiated between both parties.

D. Operating expenses

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Substantive related party	<u>\$ 1,961</u>	<u>\$ 3,667</u>

The Company's commission payments to related parties are determined based on mutual agreements in contracts, with no other comparable transactions available.

D. Receivables from related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
Associate	\$ 8,536	\$ 4,980	\$ 9,313
Substantive related party	<u>-</u>	<u>42</u>	<u>-</u>
subtotal	<u>\$ 8,536</u>	<u>\$ 5,022</u>	<u>\$ 9,313</u>
Other receivables			
Associate			
SSL company	<u>\$ -</u>	<u>\$ 8,871</u>	<u>\$ 4,333</u>

E. Payables to related parties:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts payable:			
Substantive related party	\$ 444	\$ 597	\$ 318
Other payables:			
Daseseal company	\$ 6,485	\$ 9,811	\$ 4,019

The outstanding balances of payable amounts to related parties are unsecured.

6. Prepayments:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Substantive related party	\$ -	\$ 47	\$ -

(3) Key management compensation

	<u>For the three-month period ended March 31, 2024</u>	<u>For the three-month period ended March 31, 2023</u>
Salaries and other short-term employee benefits	\$ 4,380	\$ 5,105
Post-employment benefits	144	92
Total	<u>\$ 4,524</u>	<u>\$ 5,197</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	<u>Book value</u>			Purpose
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
Property, plant and equipment	\$ 220,330	\$ 222,322	\$ 228,298	Long-term and short-term borrowings
Time deposits (shown in financial assets at amortized cost-current)	119,274	115,201	64,557	Short-term borrowings
	<u>\$ 339,604</u>	<u>\$ 337,523</u>	<u>\$ 292,855</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

Commitments

Issued an unused letter of credit:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
NTD	\$ 7,981	\$ 10,287	\$ 8,242

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On April 9, 2024, the Company's board of directors decided to streamline the group's organization and enhance operational efficiency by conducting a simplified merger between its wholly-owned subsidiary, Hong Yuan Packaging Technology Co., Ltd., and its wholly-owned subsidiary, Hong Tai Trading Co., Ltd. Hong Yuan Packaging Technology Co., Ltd. will continue as the surviving company, assuming all rights and obligations of Hong Tai Trading Co., Ltd. (the dissolved company).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group endeavored to maintain its debt-to-equity ratio at a reasonable risk level as of March 31, 2024. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group's debt-to-equity ratios were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total borrowing	\$ 776,133	\$ 767,911	\$ 753,554
Less: Cash and cash equivalents	(96,341)	(88,799)	(149,462)
Net debt	679,792	679,112	604,092
Total equity	936,470	912,361	973,702
Total capital	<u>\$ 1,616,262</u>	<u>\$ 1,591,473</u>	<u>\$ 1,577,794</u>
Net worth to debts ratio	<u>42%</u>	<u>43%</u>	<u>38%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 96,341	\$ 88,799	\$ 149,462
Financial assets at amortized cost	139,474	135,001	95,007
Notes receivable	46,100	46,418	40,054
Accounts receivable (including related parties)	284,274	254,073	248,524
Other receivables (including related parties)	10,058	19,989	6,745
Guarantee deposits paid	13,073	13,544	13,782
	<u>\$ 589,320</u>	<u>\$ 557,824</u>	<u>\$ 553,574</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 308,843	\$ 293,798	\$ 196,354
Notes payable (including other non-current liabilities)	64,908	77,443	70,127
Accounts payable (including related parties)	119,506	104,009	113,032
Other payable	57,549	72,793	43,650
Long-term borrowings (including current portion)	467,290	474,113	557,200
	<u>\$ 1,018,096</u>	<u>\$ 1,022,156</u>	<u>\$ 980,363</u>
Lease liabilities	<u>\$ 21,300</u>	<u>\$ 23,728</u>	<u>\$ 24,934</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

A. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: ODR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2024			
	Foreign currency		
	amount(In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 12,784	\$ 32.00	\$ 409,088
JPY:NTD	43,225	0.212	9,142
EUR:NTD	67	34.46	2,309
CNY:NTD	4,504	4.41	19,854
<u>Non-monetary items :</u>			
USD:NTD	798	32.00	25,549
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	444	32.00	14,208

				December 31, 2023		
				Foreign currency		
				amount(In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	9,220	\$	30.71	\$	283,146
JPY:NTD		43,562		0.217		9,453
EUR:NTD		66		33.98		2,243
CNY:NTD		4,552		4.33		19,697
<u>Non-monetary items :</u>						
USD:NTD		834		30.71		25,618
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD		1,789		30.71		54,940
				March 31, 2023		
				Foreign currency		
				amount(In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	14,436	\$	30.45	\$	439,576
JPY:NTD		44,328		0.229		10,142
EUR:NTD		66		33.15		2,188
CNY:NTD		4,539		4.43		20,112
<u>Non-monetary items :</u>						
USD:NTD		1,186		30.45		36,125
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD		1,878		30.45		57,185

- B. The exchange gains (losses), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2024 and 2023, amounted to \$5,979 and \$2,428, respectively.

C. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the three-month period ended March 31, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 20,454	\$ -
JPY:NTD	5%	457	-
EUR:NTD	5%	115	-
CNY:NTD	5%	993	-
<u>Non-monetary items :</u>			
USD:NTD	5%	-	1,277
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	710	-
For the three-month period ended March 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 21,979	\$ -
JPY:NTD	5%	507	-
EUR:NTD	5%	109	-
CNY:NTD	5%	1,006	-
<u>Non-monetary items :</u>			
USD:NTD	5%	-	1,806
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	2,859	-

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and some long-term borrowings. Borrowings issued at floating interest rates expose the Group to cash flow interest rate risk, partially offset by cash and cash equivalents held at floating rates. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. For the

years 2023 and 2022 from January 1 to March 31, borrowings calculated at floating rates were priced in NTD, with each market rate rising by 0.25%. The company increased its cash outflow by \$485 and \$471 respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 120 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group used the forecast ability of semiconductor industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. As at March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix as follows:

March 31, 2024	Group 1	Group 2	Total
Expected loss rate	0.00%	4.07%	
value	\$ 11,917	\$ 331,955	\$ 343,872
allowance	-	13,498	13,498
December 31, 2023	Group 1	Group 2	Total
Expected loss rate	0.00%	4.51%	
value	\$ 16,472	\$ 297,442	\$ 313,914
allowance	-	13,423	13,423

March 31, 2023	Group 1	Group 2	Total
Expected loss rate	0.00%	4.63%	
value	\$ 15,196	\$ 286,657	\$ 301,853
allowance	-	13,275	13,275

vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	Accounts receivable	
	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
	At January 1	\$ 13,423
Provision for impairment loss	-	(45)
Effect of foreign exchange	75	35
At December 31	<u>\$ 13,498</u>	<u>\$ 13,275</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at March 31, 2024, December 31 2023 and March 31, 2023 the Group held money market position of \$91,952, \$87,813 and \$148,839, respectively, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	March 31, 2024	December 31, 2023	March 31, 2023
Floating rate:			
Expiring within one year	<u>\$ 47,617</u>	<u>\$ 58,025</u>	<u>\$ 114,533</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flow.

March 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Short-term borrowings	\$ 308,843	\$ -	\$ -	\$ -
Notes payable (including long-term notes payable)	54,500	10,391	17	-
Accounts payable (including related parties) other payable (including related parties)	119,506	-	-	-
Lease liabilities	57,549	-	-	-
Long-term borrowings (including current portion)	8,163	13,641	-	-
	441,037	28,040	-	-
December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Short-term borrowings	\$ 293,798	\$ -	\$ -	\$ -
Notes payable (including long-term notes payable)	64,481	10,389	2,573	-
Accounts payable (including related parties) other payable (including related parties)	104,009	-	-	-
Lease liabilities	72,793	-	-	-
Long-term borrowings (including current portion)	8,683	15,045	-	-
	440,442	33,671	-	-
March 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Short-term borrowings	\$ 196,354	\$ -	\$ -	\$ -
Notes payable (including long-term notes payable)	70,127	-	-	-
Accounts payable (including related parties) other payable (including related parties)	113,032	-	-	-
Lease liabilities	43,650	-	-	-
Long-term borrowings (including current portion)	7,902	17,752	-	-
	95,926	461,274	-	-

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations, and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

For the three-month period ended March 31, 2024	Taiwan	America	Asia	Others	Number of write-	
					offs	Total
Revenue from external customers	\$ 164,532	\$ 97,599	\$ 34,011	\$ 1,828	\$ -	\$ 297,970
Segment revenue	\$ 1,214	\$ 740	\$ 16,118	\$ -	(\$ 18,072)	\$ -
Segment income (loss)	\$ 330	\$ 10,907	(\$ 473)	\$ -	(\$ 1,242)	\$ 12,006
Segment assets	\$ 1,871,126	\$ 288,335	\$ 464,542	\$ -	(\$ 617,546)	\$ 2,006,457
For the three-month period ended March 31, 2023	Taiwan	America	Asia	Others	Number of write-	
					offs	Total
Revenue from external customers	\$ 136,618	\$ 89,923	\$ 54,993	\$ 718	\$ -	\$ 282,252
Segment revenue	\$ -	\$ 203	\$ 15,123	\$ -	(\$ 15,326)	\$ -
Segment income (loss)	(\$ 16,020)	\$ 10,514	\$ 1,481	\$ -	(\$ 7,455)	(\$ 11,480)
Segment assets	\$ 1,879,896	\$ 279,539	\$ 473,200	\$ -	(\$ 626,606)	\$ 2,006,029

(5) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations For the three-month period ended March 31, 2024 and 2023 is provided as follows:

	For the three-month period ended March 31, 2024		For the three-month period ended March 31, 2023	
Reportable segments income/(loss)	\$	10,764	(\$	4,025)
Other		1,242	(7,455)
Income/(loss) before tax from continuing operations	\$	12,006	(\$	11,480)

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Loans to others

For the three-month period ended March 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three month period ended March 31, 2024	Balance at March 31, 2024	Actual amount drawn down	Interest rate(%)	Nature of loan	Amount of transactions with the borrower	Reason for short term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Xu Yuan Packaging Technology Co., Ltd.	XYPD DO BRASIL EMBALAGENS LTDA.	Other receivables-related parties	Y	\$ 166,816	\$ 129,503	\$ 129,503	-	1	\$ 167	Operations	\$ -	-	\$ -	\$ 321,182	\$ 321,182	Note

Note : Xu Yuan Packaging Technology Co., Ltd's Procedures for Provision of Loans are as follows: :

- (1) Limit on loans granted by a subsidiary to a single party is 40% of the net assets value of the Company.
- (2) ceiling on total loans granted by a subsidiary is 40% of the net assets value of the Company.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
For the three-month period ended March 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Party being endorsed/guaranteed		Relationship with the endorser/guarantor	Limited on	Maximum outstanding endorsement/amount as at March 31, 2024	Outstanding endorsement/guarantee amount at March 31, 2024	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote					
	Endorser/guarantor	Company name		endorsements/guarantees provided for a single party															
0	Xu Yuan Packaging Technology Co., Ltd.	HONG YUAN PACKAGING TECHNOLOGY CO., LTD.	Subsidiaries	\$	802,956	\$	15,000	\$	3,586	\$	-	1.87%	\$	802,956	Y	N	N		
0	Xu Yuan Packaging Technology Co., Ltd.	XYPD DO BRASIL EMBALAGENS LTDA.	Subsidiaries		321,182		90,000		50,000		33,600	7,200	6.23%		401,478	Y	N	N	

Note : 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.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 March 31, 2024

Table3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Xu Yuan Packaging Technology Co., Ltd.	XYPD DO BRASIL EMBALAGENS LTDA.	Subsidiaries	\$ 131,485	0.57	\$ 129,503	Continuing to demand payment	\$ 892	\$ -

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2024

Table4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction	
						Transaction terms(Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Xu Yuan Packaging Technology Co., Ltd.	XYPD DO BRASIL EMBALAGENS LTDA.	1	Other receivables	131,485	-	0.07
0	"	PT. XUYUAN PACKAGING TECHNOLOGY INDONESIA	1	Accounts receivable	24,685	-	0.01
0	"	PT. XUYUAN PACKAGING TECHNOLOGY INDONESIA	1	Other receivables	34,758	-	0.02
0	"	HONG YUAN PACKAGING TECHNOLOGY CO., LTD.	1	Other receivables	30,256	-	0.02
1	HONG YUAN PACKAGING	HONG TAI GLOBAL TRADING CO., LTD.	2	Accounts payable	13,144	-	0.01

註1：母公司及Subsidiaries相互間之業務往來資訊應分別於編號欄註明，編號之填寫方法如下：

(1) 母公司填0。

(2) Subsidiaries依公司別由阿拉伯數字1開始依序編號。

註2：與交易人之關係有以下三種，標示種類即可(若係母Subsidiaries間或各Subsidiaries間之同一筆交易，則無須重複揭露。如：母公司對Subsidiaries之交易，若母公司已揭露，則Subsidiaries部分無須重複揭露；Subsidiaries對Subsidiaries之交易，若其一Subsidiaries已揭露，則另一Subsidiaries無須重複揭露)：

(1) 母公司對Subsidiaries。

(2) Subsidiaries對Subsidiaries。

註3：母Subsidiaries間銷貨及進貨係按一般銷售及採購條件辦理。付款期間為月結30至120天，收款期間為月結30天至90天。目前暫依Subsidiaries資金狀況收取。

註4：交易往來金額佔合併總營收或總資產比率之計算，若屬資產負債項目者，以期未餘額佔合併總資產之方式計算；若屬損益項目者，以期中累積金額佔合併總營收之方式計算。

註5：僅揭露金額達一千萬元以上者，另相對之關係人不另行揭露。

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Information on investees

For the three-month period ended March 31, 2024

Table5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount(Note 1)		Shares held as at March 31, 2024				Net profit (loss) of the investee for the three-month period ended March 31, 2024	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares (thousand unit)	Ownership (%)	Book value				
Xu Yuan Packaging Technology Co., Ltd.	HONG YUAN PACKAGING TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and wholesale of plastic products and related machinery and molds	\$ 24,738	\$ 24,738	4,406	100.00	\$ 13,343	\$ 2,101	\$ 3,343		
"	XU YUAN PACKAGING TECHNOLOGY CO., LTD.	U.S.A	General investment business	16,000	16,000	700	100.00	7,400	(608)	(608)		
"	DASE-SEAL PACKAGING TECHNOLOGY CO., LTD.	BVI	Sales of sleeve (sticker) labeling machines and color shrink labels	8,336	8,336	320	100.00	466	6	6		
"	SLEEVE SEAL, LLC	U.S.A	Sales of sleeve (sticker) labeling machines and color shrink labels	6,455	6,455	1	35.00	25,549	(11,527)	(4,035)		
"	XYP JAPAN Company	Japen	Sales of sleeve (sticker) labeling machines and color shrink labels	25,097	25,097	8	100.00	(5,631)	-	-		
"	XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.	India	Sales of sleeve (sticker) labeling machines and color shrink labels	4,255	4,255	22	100.00	1,928	-	-		
"	XYPD DO BRASIL EMBALAGENS LTDA.	Brazil	Manufacturing and sale of color shrink labels	63,522	63,522	4,608	51.00	47,501	10,901	5,559		
"	PT. XUYUAN PACKAGING TECHNOLOGY INDONESIA	Indonesia	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	194,396	194,396	6,200	62.00	143,376	(2,325)	(1,442)		
"	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	4,566	4,566	1	10.00	4,841	2,417	242		
"	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	26,026	26,026	9	95.00	23,288	43	41		
HONG YUAN PACKAGING TECHNOLOGY CO., LTD.	HONG SHENG HOLDING LTD.	Samoa	General investment business	-	3,076	100	100.00	-	-	-	Note 2	
"	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	41,094	41,094	1	90.00	43,569	2,417	2,175		
"	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	1,370	1,370	1	5.00	1,226	43	2		
"	HONG TAI GLOBAL TRADING CO., LTD.	Taiwan	Sale of packaging machinery and plastic products	3,000	3,000	300	100.00	7,774	-	-	Note 2	

Note 1 : The original investment amount is the NTD value evaluated based on the original exchange rate.

Note 2 : HONG SHENG HOLDING LTD. was liquidated in March 2024, and the remaining assets were distributed to HONG YUAN PACKAGING TECHNOLOGY CO., LTD. As a result, HONG YUAN PACKAGING TECHNOLOGY CO., LTD. acquired 100% equity of HONG TAI GLOBAL TRADING CO., LTD

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries
Information on investments in Mainland China
For the three-month period ended March 31, 2024

Table6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2024	Net income of investee for the three-month period ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three month period ended March 31, 2024 (Note2(2))	Book value of investment in Mainland China as at March 31, 2024	Accumulated amount of investment remitted back to Taiwan as at March 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hongxu Packaging Machinery (Shanghai) Co.,Ltd.	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	\$22,400 (USD700)	Reinvest in a mainland Chinese company through the existing company (XU YUAN) in the third region.	\$22,400 (USD700)	\$ -	\$ -	\$22,400 (USD700)	(\$ 608)	100.00	(\$ 608)	\$ 7,394	\$ -	Note 2(2)(C) 、 Note 4
Company name	Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2024	approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
XU YUAN PACKAGING TECHNOLOGY CO., LTD.	\$22,400 (USD700)	\$22,400 (USD700)	\$ 561,882										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: The investment income (loss) recognized in current period:

- (1) No investment income (loss) has been recognized due to the investment is still in the development stage.
- (2) The investment income (loss) was determined based on the following basis:
 - A. The financial report was reviewed and certified by an international accounting firm in cooperation with an accounting firm in the ROC
 - B. The financial statements were reviewed by the parent company's auditors.
 - C. Self-contained financial statements

Note 3: The figures presented in this table are in New Taiwan Dollars.

Note 4 : 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.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Major shareholders information

March 31, 2024

Table 7

Major Shareholders	Shareholding	
	Number of Shares Held	Shareholding Ratio
Xu Yao Investment Co., Ltd.	9,081,949	16.57%
Xu Hung Investment Co., Ltd.	4,376,288	7.98%
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.