

Xu Yuan Packaging Technology Co., Ltd. and  
subsidiaries  
Consolidated Financial Statements and  
Independent Auditors' Report  
2024 and 2023  
(Stock Code: 8421)

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Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Consolidated Financial Statements and Independent Auditors' Report, 2024 and 2023

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Xu Yuan Packaging Technology Co., Ltd.  
Declaration of Consolidated Financial Statements of Affiliates

The entities to be included in the consolidated financial statements of affiliated enterprises in 2024 (from January 1, 2024 to December 31, 2024) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the Parent Company and its subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of the Parent Company and its subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Declared by

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

Person in Charge: Huang, Nan-Yuan

March 12, 2025

Independent Auditors' Report

(114)Tsai-Sheng-Pao-Zi No.24003377

To: Xu Yuan Packaging Technology Co., Ltd.

**Audit opinion**

We have audited the accompanying consolidated financial statements of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries (“the Group”), which comprise of the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Xu Yuan Packaging Technology Co., Ltd. and subsidiaries as of December 31, 2024 and 2023, and the results of their operations and cash flows for the periods then ended, in accordance with the financial reporting standards for issuers of securities as well as the International Financial Reporting Standards, interpretations and amendments issued and approved by the Financial Supervisory Commission.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Company in the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 are as follows:

### **Correctness of the point of time to recognize the sales revenue**

#### Explanation of key audit issues:

For the accounting policy of revenue recognition, please refer to Note 4 (24) of the consolidated financial statements; for the description of the accounting account of sales revenue, please refer to Note 6 (17) of the consolidated financial statements.

The Group's operating revenue is mainly derived from the manufacturing and sales of printed labels, and its revenue recognition is subject to the transaction terms agreed with customers. Revenue has a significant impact on the consolidated financial statements as a whole, revenue recognition is based on the timing of the transfer of control over goods and the process of revenue recognition usually involves manual control, with the possibility that revenue may not have been recognized in an appropriate period; Therefore, we have listed the correctness of the cut-off time of sales revenue recognition as one of the most important audit matters.

#### Corresponding audit procedures:

We have rendered the corresponding audit procedures as below against the certain aspects specified above in the key audit matters:

1. Assessing the adequacy of the policy to recognize the sales revenues.
2. Assessing and testing the effectiveness of design and implementation for the internal control related to recognition of sales revenue.
3. Verifying the transactions with sales revenue during certain periods before and after the balance sheet date, by checking against the certificates for transferring the control right of goods, to verify the correctness of the point of time to recognize the sales revenue .

### **Other Matters - Previous period was audited by other CPAs**

The 2023 consolidated financial statements of the Group were audited by other CPAs, with an audit report of unqualified opinion issued on March 7, 2024.

### **Other matters - parent company only financial statements**

XU YUAN PACKAGING TECHNOLOGY CO., LTD. has prepared the parent company only financial statements for the years ended December 31, 2024 and 2023, for which we have issued an Independent Auditors' Report with unqualified opinion plus the paragraph of other matters, and the audit report with unqualified opinion issued by other CPAs.

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

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

In preparing the parent company only financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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

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

When conducting audits in accordance with the auditing principles, we exercised judgments and skepticism as deemed professionally appropriate. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Wei-Hao Wu

Certified Public Accountant

Ya-Hui Cheng

Financial Supervisory Commission

Authority Approval Document No.: Jin-Guan-Zheng-Shen-Zi No.  
1080323093

Former Securities and Futures Bureau, Financial Supervisory  
Commission

Authority Approval Document No.: Jin-Guan-Zheng-Lu-Zi No.  
0960072936

March 12, 2025

Xu Yuan Packaging Technology Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	Assets	Note	December 31, 2024		December 31, 2023		
			Amount	%	Amount	%	
<b>Current asset</b>							
1100	Cash and cash equivalents	6 (1)					
			\$	85,558	5	\$ 88,799	5
1136	Financial assets measured at amortized cost - current	6 (2) and 8		56,498	3	135,001	7
1150	Notes receivable, net	6 (3)		37,717	2	46,418	2
1170	Accounts receivable, net	6 (3)		238,054	12	249,051	13
1180	Accounts receivable - related parties, net	6 (3) and 7		34,212	2	5,022	-
1200	Other receivables			3,650	-	11,118	1
1210	Other receivables - related parties	7		-	-	8,871	-
1220	Current income tax assets	6 (23)		3,531	-	66	-
130X	Inventories	6 (4)		345,546	18	321,061	16
1410	Prepayment	7		52,919	3	44,732	2
1470	Other current assets			33,795	2	53,770	3
11XX	<b>Total current assets</b>			<u>891,480</u>	<u>47</u>	<u>963,909</u>	<u>49</u>
<b>Non-current assets</b>							
1550	Investment under equity method	6 (5)		29,076	2	25,618	1
1600	Property, plant and equipment	6 (6) and 8		866,458	45	876,600	45
1755	right-of-use asset	6 (7) and 7		17,732	1	27,928	1
1780	Intangible assets			3,165	-	13,714	1
1840	Deferred tax assets	6 (23)		7,696	-	7,696	-
1900	Other non-current assets	6 (8)		95,731	5	58,134	3
15XX	<b>Total non-current assets</b>			<u>1,019,858</u>	<u>53</u>	<u>1,009,690</u>	<u>51</u>
1XXX	<b>Total assets</b>			<u>\$ 1,911,338</u>	<u>100</u>	<u>\$ 1,973,599</u>	<u>100</u>

(continued at the next page)

Xu Yuan Packaging Technology Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Liabilities and equity	Note	December 31, 2024		December 31, 2023		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6 (9)	\$ 298,681	16	\$ 293,798	15
2130	Contract liabilities - current	6 (17) and 7	16,572	1	8,451	-
2150	Notes payable		63,997	3	64,481	3
2170	Accounts payable		122,830	7	103,412	5
2180	Accounts payable - related parties	7	105	-	597	-
2200	Other payables	6 (10)	54,984	3	62,982	3
2220	Other payables - related parties	7	5,808	-	9,811	1
2230	Current income tax liabilities	6 (23)	866	-	122	-
2280	Lease liabilities - current	7	8,045	-	8,683	1
2320	Long-term liabilities due within one year or one business cycle	6 (11)	56,828	3	440,442	22
21XX	<b>Total of current liabilities</b>		<u>628,716</u>	<u>33</u>	<u>992,779</u>	<u>50</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6 (11)	453,543	24	33,671	2
2580	Lease liabilities - non-current	7	9,947	1	15,045	1
2600	Other non-current liabilities		9,482	-	19,743	1
25XX	<b>Total non-current liabilities</b>		<u>472,972</u>	<u>25</u>	<u>68,459</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>1,101,688</u>	<u>58</u>	<u>1,061,238</u>	<u>54</u>
<b>Equity attributable to owners of parent company</b>						
Share capital						
3110	Common stock/share capital	6 (13)			548,171	28
	Additional paid-in capital	6 (14)	548,171	29	548,171	28
3200	Additional paid-in capital		89,343	5	89,341	5
	Retained earnings	6 (15)				
3310	Legal reserve		40,584	2	40,584	2
3320	Special reserves		64,746	3	64,746	3
3350	undistributed earnings		107,147	5	117,279	6
	Other equity	6 (16)				
3400	Other equity		( 64,637)	( 3)	( 64,510)	( 3)
3500	Treasury shares	6 (13)	( 9,450)	( 1)	( 9,450)	( 1)
31XX	<b>Total equity attributable to owners of parent company</b>		<u>775,904</u>	<u>40</u>	<u>786,161</u>	<u>40</u>
36XX	<b>Non-controlling interests</b>		<u>33,746</u>	<u>2</u>	<u>126,200</u>	<u>6</u>
3XXX	<b>Total equity</b>		<u>809,650</u>	<u>42</u>	<u>912,361</u>	<u>46</u>
	Significant Contingencies and Unrecognized Contractual Commitments	9				
	Material Events After the Reporting Period	11.				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,911,338</u>	<u>100</u>	<u>\$ 1,973,599</u>	<u>100</u>

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement. Please read together.

Chairman: Huang, Nan-Yuan

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

Xu Yuan Packaging Technology Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
From January 1 to December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars  
(except for earnings (losses) per share which are expressed in NTD )

Items	Note	2024		2023	
		Amount	%	Amount	%
4000 Operating revenue	6 (17) and 7	\$ 1,223,309	100	\$ 1,179,393	100
5000 Operating cost	6 (4) and (21) (22) and 7	( 985,599)	( 81)	( 979,362)	( 83)
5900 Gross profit		237,710	19	200,031	17
5910 Unrealized gain on sales		( 3,285)	-	( 1,062)	-
5920 Realized gain on sales		1,062	-	17	-
5950 Gross operating profit, net		235,487	19	198,986	17
Operating expenses	6 (21) (22) and 7				
6100 Sales and marketing expenses		( 73,165)	( 6)	( 70,485)	( 6)
6200 Administrative expenses		( 118,261)	( 10)	( 121,301)	( 10)
6300 R&D expenses		( 7,508)	-	( 8,420)	( 1)
6450 Expected credit impairment loss	12 (2)	( 2,115)	-	( 18)	-
6000 Total operating expenses		( 201,049)	( 16)	( 200,224)	( 17)
6900 Operating profit (loss)		34,438	3	( 1,238)	-
Non-operating income and expense					
7100 Income from interest	6 (18)	8,320	1	8,080	1
7020 Other gains and losses	6 (19)	( 17,295)	( 1)	11,888	1
7050 Financial cost	6 (20)	( 25,183)	( 2)	( 27,015)	( 2)
7060 Share of profit and loss of associates and joint ventures accounted for using the equity method	6 (5)	5,338	-	2,380	-
7000 Total non-operating income and expenses		( 28,820)	( 2)	( 4,667)	-
7900 <b>Net income (net loss) before tax</b>		5,618	1	( 5,905)	-
7950 Income tax expenses	6 (23)	( 8,544)	( 1)	( 6,395)	( 1)
8200 <b>Net loss for the period</b>		<u>(\$ 2,926)</u>	<u>-</u>	<u>(\$ 12,300)</u>	<u>( 1)</u>
<b>Other comprehensive income (net loss)</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>	6 (16)				
8361 Exchange difference on translation of financial statements of foreign operations		<u>(\$ 2,016)</u>	<u>-</u>	<u>\$ 2,451</u>	<u>-</u>
8300 <b>Other comprehensive income (net)</b>		<u>(\$ 2,016)</u>	<u>-</u>	<u>\$ 2,451</u>	<u>-</u>
8500 <b>Total comprehensive income for this period</b>		<u>(\$ 4,942)</u>	<u>-</u>	<u>(\$ 9,849)</u>	<u>( 1)</u>
Net profit (loss) attributable to:					
8610 Owners of the parent company		\$ 816	-	(\$ 24,624)	( 2)
8620 Non-controlling interests		( 3,742)	-	12,324	1
Total		<u>(\$ 2,926)</u>	<u>-</u>	<u>(\$ 12,300)</u>	<u>( 1)</u>
Total comprehensive income attributable to:					
8710 Owners of the parent company		\$ 485	-	(\$ 24,388)	( 2)
8720 Non-controlling interests		( 5,427)	-	14,539	1
Total		<u>(\$ 4,942)</u>	<u>-</u>	<u>(\$ 9,849)</u>	<u>( 1)</u>
Basic earnings (loss) per share	6 (24)				
9750 Net income (loss) for this period		<u>\$</u>	<u>0.02</u>	<u>(\$</u>	<u>0.45)</u>
Diluted earnings (loss) per share	6 (24)				
9850 Net income (loss) for this period		<u>\$</u>	<u>0.02</u>	<u>(\$</u>	<u>0.45)</u>

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement. Please read together.

Chairman: Huang, Nan-Yuan

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

Xu Yuan Packaging Technology Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
From January 1 to December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of parent company										
	Note	Common stock/share capital	Additional paid-in capital	Legal reserve	Special reserves	undistributed earnings	Exchange difference on translation of financial statements of foreign operations	Treasury shares	Total	Non- controlling interests	Total equity
<u>January 1 to December 31, 2023</u>											
Balance as of January 1, 2023		\$ 548,171	\$ 89,341	\$ 15,774	\$ 38,179	\$ 248,097	(\$ 64,746 )	\$ -	\$ 874,816	\$ 111,661	\$ 986,477
Net loss for the period		-	-	-	-	( 24,624 )	-	-	( 24,624 )	12,324	( 12,300 )
Current other comprehensive income	6 (16)	-	-	-	-	-	236	-	236	2,215	2,451
Total comprehensive income for this period		-	-	-	-	( 24,624 )	236	-	( 24,388 )	14,539	( 9,849 )
Allocation and distribution of profits	6 (15)										
Appropriation of legal reserve		-	-	24,810	-	( 24,810 )	-	-	-	-	-
Appropriation to special reserve		-	-	-	26,567	( 26,567 )	-	-	-	-	-
Cash dividend		-	-	-	-	( 54,817 )	-	-	( 54,817 )	-	( 54,817 )
Treasury Stocks Repurchase		-	-	-	-	-	( 9,450 )	( 9,450 )	-	-	( 9,450 )
Balance as of December 31, 2023		<u>\$ 548,171</u>	<u>\$ 89,341</u>	<u>\$ 40,584</u>	<u>\$ 64,746</u>	<u>\$ 117,279</u>	<u>(\$ 64,510 )</u>	<u>(\$ 9,450 )</u>	<u>\$ 786,161</u>	<u>\$ 126,200</u>	<u>\$ 912,361</u>
<u>January 1 to December 31, 2024 and 2023</u>											
Balance on January 1, 2024		<u>\$ 548,171</u>	<u>\$ 89,341</u>	<u>\$ 40,584</u>	<u>\$ 64,746</u>	<u>\$ 117,279</u>	<u>(\$ 64,510 )</u>	<u>(\$ 9,450 )</u>	<u>\$ 786,161</u>	<u>\$ 126,200</u>	<u>\$ 912,361</u>
Net profit for the period		-	-	-	-	816	-	-	816	( 3,742 )	( 2,926 )
Current other comprehensive income	6 (16)	-	-	-	-	-	( 331 )	-	( 331 )	( 1,685 )	( 2,016 )
Total comprehensive income for this period		-	-	-	-	816	( 331 )	-	485	( 5,427 )	( 4,942 )
Exercise of disgorgement		-	2	-	-	-	-	-	2	-	2
Difference between the equity price and book value of the subsidiary's equity actually acquired or disposed of	6 (25)	-	-	-	-	( 10,744 )	-	-	( 10,744 )	( 87,027 )	( 97,771 )
Changes in ownership equity in subsidiaries	6 (16)	-	-	-	-	( 204 )	204	-	-	-	-
Balance as of December 31, 2024		<u>\$ 548,171</u>	<u>\$ 89,343</u>	<u>\$ 40,584</u>	<u>\$ 64,746</u>	<u>\$ 107,147</u>	<u>(\$ 64,637 )</u>	<u>(\$ 9,450 )</u>	<u>\$ 775,904</u>	<u>\$ 33,746</u>	<u>\$ 809,650</u>

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement. Please read together.

Chairman: Huang, Nan-Yuan

Managerial Officer: Chuang, Ya-Ping

Accounting Officer: Yang, Su-Huan

Xu Yuan Packaging Technology Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
From January 1 to December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	<u>Note</u>	<u>January 1 to December 31, 2024 and 2023</u>	<u>January 1 to December 31, 2023</u>
<u>Cash flow from operating activities</u>			
Net income (net loss) before tax for the period		\$ 5,618	(\$ 5,905)
Adjusted items			
Income and expenses items			
Depreciation expense	6 (21)	115,401	115,153
Amortized expenses	6 (21)	998	985
Expected credit impairment loss	12 (2)	2,115	18
Interest expense	6 (20)	25,183	27,015
Income from interest	6 (18)	( 8,320 )	( 8,080 )
Share of profit and loss of associates accounted for using the equity method	6 (5)	( 5,338 )	( 2,380 )
Losses on disposal of property, plant and equipment	6 (19)	72	6,491
Impairment loss	6 (19)	10,922	-
Unrealized (realized) gain from sales between associates		2,223	1,045
Net gain (loss) on foreign currency exchange		-	( 2,002 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		8,701	1,255
Trade receivable		8,412	6,005
Accounts receivable - related parties		( 29,190 )	1,727
Other receivables		7,984	( 10,143 )
Other receivables - related parties		8,871	( 2,895 )
Inventories		( 24,485 )	2,155
Prepayment		( 8,187 )	355
Other current assets		19,975	( 4,820 )
Net changes in liabilities related to operating activities			
Contract liabilities		8,121	( 1,070 )
Notes payable		( 484 )	13,848
Accounts payable		19,418	( 15,410 )
Accounts payable - related parties		( 492 )	83
Other payables		( 8,826 )	( 31,823 )
Other payables - related parties		( 4,003 )	9,811
Other non-current liabilities		( 10,261 )	12,169
Cash inflow from operations		144,428	112,877
Interest paid		( 328 )	( 431 )
Income tax paid		( 10,878 )	( 5,862 )
Net cash inflow from operating activities		<u>133,222</u>	<u>106,584</u>

(continued at the next page)

Xu Yuan Packaging Technology Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
From January 1 to December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	<u>Note</u>	<u>January 1 to December 31, 2024 and 2023</u>	<u>January 1 to December 31, 2023</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets measured at amortized cost		(\$ 100,573 )	(\$ 173,898 )
Disposal of financial assets measured at amortized cost		184,278	39,923
Acquisition of property, plant and equipment	6 (26)	( 81,208 )	( 63,619 )
Proceeds from disposal of property, plant, and equipment		2,240	6,528
Decrease (increase) in refundable deposits		( 538 )	2,221
Acquisition of intangible assets		( 1,371 )	-
Increase in prepaid equipment purchase		( 55,375 )	( 19,159 )
Dividends received from investments accounted for using the equity method		1,408	9,239
Interest received		<u>8,320</u>	<u>5,037</u>
Net cash outflow from investing activities		<u>( 42,819 )</u>	<u>( 193,728 )</u>
<u>Cash flow from financing activities</u>			
Increase in short-term borrowings		650,625	234,736
Decrease in short-term borrowings		( 646,606 )	( 63,239 )
Proceeds from long-term debt		476,050	5,187
Repayments of long-term debt		( 443,161 )	( 94,704 )
Repayments of principal of lease	6 (27)	( 10,459 )	( 10,388 )
Distribution of cash dividends	6 (15)	-	( 54,817 )
Cost of treasury shares repurchase	6 (13)	-	( 9,450 )
Payment for acquisition of non-controlling equity		( 97,771 )	-
Interest paid		<u>( 25,024 )</u>	<u>( 25,606 )</u>
Net cash outflow from financing activities		<u>( 96,346 )</u>	<u>( 18,281 )</u>
Effects of exchange rate		<u>2,702</u>	<u>( 5,422 )</u>
Deduction of cash and cash equivalent for the period		( 3,241 )	( 110,847 )
Beginning balance of cash and cash equivalent		<u>88,799</u>	<u>199,646</u>
End balance of cash and cash equivalent		<u>\$ 85,558</u>	<u>\$ 88,799</u>

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement. Please read together.

Chairman: Huang, Nan-Yuan

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

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries  
Notes to the consolidated financial statements  
2024 and 2023

Unit: In Thousands of New Taiwan Dollars  
(unless otherwise specified)

I. Corporate Milestones

Xu Yuan Packaging Technology Co., Ltd. (the "Company") was approved for establishment on October 26, 2004. The Company and the subsidiaries (collectively "the Group") have the main business including manufacturing and retailing of heat shrinkable film, tube-sleeving plastic packaging materials, machinery and equipment manufacturing, mold manufacturing and retailing, other chemical product wholesale, product design, and international trade.

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

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 12, 2025.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of adopting the latest and amended standards and interpretations approved by Financial Supervisory Commission ("FSC")

The following table sets forth the standards and interpretations for the new releases, amendments, and revision of the IFRSs applicable in 2024 that were endorsed and issued by the FSC:

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 regarding "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 Financing Arrangements"	January 1, 2024

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

(II) Impact of not adopting FSC-endorsed new or amended IFRS

The following table sets forth the standards and interpretations for the new releases, amendments, and revision of the IFRSs applicable in 2025 that were endorsed by the FSC:

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by International Accounting Standards Board</u>
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

The Group has assessed that the standards and interpretations above have no significant impact on the financial

position and financial performance of the Group.

(III) Impacts of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table sets forth the standards and interpretations for the new releases, amendments, and revision of the IFRSs issued by IASB but not yet endorsed by the FSC:

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
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 IASB
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
IFRS 19 "Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS - Volume 11	January 1, 2026

Except for the description below, the Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1, updates the structure of the statement of comprehensive income, adds the disclosure of management performance measurement, and strengthens the principles of aggregation and sub-classification applied to the main financial statements and notes.

IV. Summary of Significant Accounting Policies

The main accounting policies adopted in the preparation of the consolidated financial statements are described as follows. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and Interpretations and Interpretations Announcements (IFRSs) endorsed and issued into effect by the FSC.

(II) Basis of preparation

1. The consolidated financial statements have been prepared at historical cost.

2. The preparation of financial statements in compliance with IFRSs requires the use of some critical accounting estimates. In the process of applying the Group's accounting policies, the management also needed to exercise its judgment. For items requiring meticulous judgment or involving complexity, or involving critical assumptions and estimates in the consolidated financial statements, please refer to Note 5 for details.

(III) Basis of consolidation

1. Principles for preparing consolidated financial statements

- (1) The Group includes all subsidiaries as entities in the preparation of the consolidated financial statements. 1. A subsidiary refers to an entity under the control of the Group (including structured entities). When the Group is exposed to variable returns from the participation in the entity or is entitled to said variable returns, and has the ability to affect such returns through its power over the entity, the Group controls the entity. Subsidiaries are included in the consolidated financial statements from the day when the Group obtains control over them, and the consolidation is terminated on the day when the control is lost.
- (2) Transactions, balances, and unrealized gains and losses between companies within the Group have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with the policies adopted by the Group.
- (3) The various components of profit or loss and other comprehensive income are attributable to the owners of the parent company and non-controlling interests; the total comprehensive income is also attributable to the owners of the parent company and non-controlling interests, even if the resulting loss of non-controlling interests occurs.
- (4) If the change in the ownership of a subsidiary does not result in the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, that is, as a transaction with owners. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.
- (5) When the Group loses control over a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and used as the fair value of the financial asset initially recognized or as the cost of the investment in an associate or joint venture initially recognized; the difference between the fair value and the carrying amount is recognized as the current profit or loss. For all amounts previously recognized in other comprehensive income related to the subsidiary, the accounting treatment is on the same basis as if the Group directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized as other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed of, so when the control over the subsidiary is lost, the gains or losses will be reclassified from equity in profit or loss.

2. Subsidiaries included in the consolidated financial statements

<u>Name of investment company</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percentage of shareholding</u>		<u>Explanation</u>
			<u>December 31, 2024</u>	<u>December 31, 2023</u>	
The Company	Hong Yuan Packaging Technology Co., Ltd. (Hong Yuan)	Manufacturing and wholesale of plastic products and related machinery and molds	100%	100%	
The Company	XU YUAN PACKAGING TECHNOLOGY CO., LTD.(XU YUAN)	General investment	100%	100%	
The Company	DASE-SEAL PACKAGING TECHNOLOGY CO., LTD.(DASE-SEAL)	Sales of sleeve (sticker) labeling machines and color shrink labels	-	100%	Note 4
The Company	XYP Japan Co., Ltd. (XYP JAPAN)	Sales of sleeve (sticker) labeling machines and color shrink labels	-	100%	Note 2

The Company	XU YUAN PACKAGING TECHNOLOGY INDIA PVT LTD.(XYP India)	Sales of sleeve (sticker) labeling machines and color shrink labels	100%	100%	
The Company	XYPD DO BRASIL EMBALAGENS LTDA.(XYPD)	Manufacturing and sale of color shrink labels	51%	51%	
The Company	PT XUYUAN PACKAGING TECHNOLOGY INDONESIA (PT. XUYUAN)	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	100%	62%	Note 3
The Company	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA (PT. CHENG HONG)	Manufacturing and sale of plastic granules and transparent film materials	10%	10%	
The Company	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA (PT. CHENG KUANG)	Manufacture and sale of complete sets of labeling machines and other equipment	95%	95%	
XU YUAN Company	Hongxu Packaging Machinery (Shanghai) Co., Ltd. (Shanghai Hongxu)	Manufacture of other plastic products	100%	100%	
Hong Yuan Company	HONG SHENG HOLDING LTD.(HONG SHENG)	General investment	-	100%	Note 1
Hong Yuan Company	PT. CHENG HONG PACKAGING TECHNOLOGY INDONESIA (PT. CHENG HONG)	Manufacturing and sale of plastic granules and transparent film materials	90%	90%	
Hong Yuan Company	PT. CHENG KUANG MACHINE PACKAGING TECHNOLOGY INDONESIA (PT. CHENG KUANG)	Manufacture and sale of complete sets of labeling machines and other equipment	5%	5%	
HONG SHENG Company	Hung Tai Trading Co., Ltd. (Hung Tai)	Sale of packaging machinery and plastic products	-	100%	Note 1

Note 1: The liquidation of HONG SHENG was completed in March 2024, and the remaining properties were distributed to Hong Yuan, so Hong Yuan acquired 100% of the equity of Hong Tai Trading Co., Ltd. In addition, Hong Tai was merged with Hong Yuan in June 2024, as the dissolved company.

Note 2: XYP Japan was liquidated and dissolved in June 2024.

Note 3: The Company acquired 38% equity of PT. XUYUAN from a related party in September 2024, and increased its shareholding from 62% to 100%. The equity registration was completed. Please refer to Note 6 for the transaction description of relevant non-controlling interests 6 (25) and 7.

Note 4: DASE-SEAL was dissolved in November 2024.

3. Subsidiaries not included in the consolidated financial statements: none
4. Adjustment and processing methods for subsidiaries' different accounting periods: None.: None.
5. Material restrictions: None.
6. Subsidiaries with non-controlling interests in the Group: None.

The Group's total non-controlling interests as of December 31, 2024 and 2023 were NT\$33,746 and NT\$126,200, respectively. The following is information on the non-controlling interests and subsidiaries attributable that are significant to the Group:

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interests</u>			
		<u>December 31, 2024</u>		<u>December 31, 2023</u>	
		<u>Amount</u>	<u>Percentage of shareholding</u>	<u>Amount</u>	<u>Percentage of shareholding</u>
		<u>\$</u>		<u>\$</u>	
XYPD Company	Brazil	<u>33,746</u>	49%	<u>39,188</u>	49%
		<u>\$</u>		<u>\$</u>	
PT. XUYUAN	Indonesia	<u>-</u>	-	<u>87,012</u>	38%

(1) Aggregated financial information of the subsidiary - XYPD:

Balance Sheet

	<u>XYPD Company</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current asset	\$ 174,124	\$ 180,709
Non-current assets	67,776	89,007
Current liabilities	( 166,236)	( 179,948)
Non-current liabilities	( 6,794)	( 9,788)
Total net assets	<u>\$ 68,870</u>	<u>\$ 79,980</u>

Statements of Comprehensive Income

	<u>XYPD Company</u>	
	<u>2024</u>	<u>2023</u>
Revenue	\$ 224,431	\$ 224,179
Net income before tax	\$ 7,652	\$ 35,125
Income tax expenses	( 6,568)	( 3,501)
Net profit for the period	\$ 1,084	\$ 31,624
Other comprehensive income (net)	( 12,196)	4,182
Total comprehensive income for the period	<u>(\$ 11,112)</u>	<u>\$ 35,806</u>
Total comprehensive income attributable to non-controlling interests	<u>(\$ 5,445)</u>	<u>\$ 17,545</u>

Statement of Cash flows

	<u>XYPD Company</u>			
	<u>2024</u>		<u>2023</u>	
Net cash inflow from operating activities	\$	26,183	\$	14,027
Net cash outflow from investing activities	(	12,553)	(	10,892)
Net cash outflow from financing activities	(	20,194)	(	6,640)
Effect of exchange rate changes on cash and cash equivalents	(	1,715)		-
Deduction of cash and cash equivalent for the period	(	8,279)	(	3,505)
Beginning balance of cash and cash equivalent		16,313		19,818
End balance of cash and cash equivalent	\$	8,034	\$	16,313

(2) Aggregated financial information of the subsidiary - PT. XUYUAN:

Balance Sheet

	<u>PT. XUYUAN</u>	
	<u>December 31, 2023</u>	
Current asset	\$	154,999
Non-current assets		177,466
Current liabilities	(	103,423)
Non-current liabilities	(	69)
Total net assets	\$	228,973

Statements of Comprehensive Income

<u>PT. XUYUAN</u> 2023	Revenue	\$	113,578	Net profit before tax	(\$	5,994)
	Income tax expenses	(	2,354)	Net loss of the period	(\$	8,348)
	Other comprehensive income(net)		435	Total comprehensive income for the period	(\$	7,913)
	Comprehensive income attributable to non-controlling interests	(\$	3,006)			

Statement of Cash Flows

	<u>PT. XUYUAN</u>	
	<u>2023</u>	
Net cash inflow from operating activities	\$	12,625
Net cash outflow from investing activities	(	3,866)
Net cash outflow from financing activities		-
Effect of exchange rate changes on cash and cash equivalents		-
Increase (decrease) in cash and cash equivalents for the period		8,759
Beginning balance of cash and cash equivalent		8,079
End balance of cash and cash equivalent	\$	16,838

(IV) Foreign currency translation

The items listed in the financial statements of each entity in the Group are measured by using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

1. Transactions and balances in foreign currencies

- (1) Each foreign currency transaction is translated into the functional currency at the spot exchange rate on the transaction date or the measurement date, and the exchange difference arising from the translation of the transaction is recognized in current profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities is adjusted according to the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment shall be recognized in current profit or loss.
- (3) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit and loss (FVTPL), and is adjusted based on the spot exchange rate at the balance sheet date. The translation difference arising from the adjustment is recognized in current profit and loss. For measurement at fair value through other comprehensive income, it is adjusted based on the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment is recognized in other comprehensive income. If it is not measured by fair value, it is measured at the historical exchange rate at the initial transaction date.
- (4) All exchange gains and losses are presented in the "Other gains and losses" of the income statement.

2. Translation of foreign operations

For all group entities and associates whose functional currency is different from the presentation currency, their operating results and financial position shall be converted into the presentation currency in the following ways:

- (1) The assets and liabilities presented in each balance sheet are translated at the closing exchange rate on the balance sheet date;
- (2) The incomes and expenses expressed in each comprehensive income statement are translated at the average exchange rate of the current period; and
- (3) All exchange differences arising from translation are recognized in other comprehensive income.

(V) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets;

- (1) Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle;
- (2) Assets that are held mainly for the purpose of trading;
- (3) Assets that are expected to be realized within 12 months after the end of the reporting period; or
- (4) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the reporting period, and those with restricted uses.

The Group classifies all assets that do not meet the conditions above as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities;

- (1) Liabilities that are expected to be repaid within the normal operating cycle;
- (2) Assets that are held mainly for the purpose of trading;

- (3) Liabilities that are held mainly for the purpose of trading;
- (4) The liability has no right to defer the liability settlement to at least 12 months after the reporting period on the end date of the reporting period.

The Group classifies all liabilities that do not meet the conditions above as non-current.

(VI) Cash equivalents

Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(VII) Financial assets measured at amortized cost

1. Those that meet all of the following criteria:
  - (1) Financial assets held under a business model for the purpose of collecting contractual cash flows.
  - (2) The cash flow generated from contract terms of financial assets on a specific date, entirely to pay for the interest on the principal and the amount of principal outstanding.
2. The Group adopts trade date accounting for financial assets at amortized cost in compliance with transaction practices.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses thereof are recognized in profit or loss.
4. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not material and is measured at investment amount.

(VIII) Accounts and notes receivable

1. It refers to accounts and notes that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract.
2. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Group measures them based on the original invoice amount.

(IX) Impairment of financial assets

The Group, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) based on the debt instrument investments at fair value through other comprehensive income and financial assets at amortized cost. For those with no significant increase in credit risk since initial recognition, the allowance for losses is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the allowance for losses is measured at the lifetime expected credit losses. For accounts receivable that do not contain significant financial components, the allowance for losses is measured at the lifetime expected credit losses.

(X) Derecognition of financial assets

When the Group's contractual right to receive cash flows from financial assets has expired, said financial assets will be derecognized.

(XI) Inventories

Inventory is valued at the lower of cost and net realizable value; costs are determined by the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses, but does not include borrowing costs. Net

realizable value is the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of sale.

(XII) Investment using the equity method - associates

1. Associates refer to all entities over which the Group has material influence, and generally holds 20% or more of their voting shares directly or indirectly. The Group adopts the equity method for the investment in associates and recognized at cost when acquire them.
2. The Group recognizes the share of profit or loss on associates after acquired in current profit or loss, and recognizes the share of other comprehensive income on associates after acquired as other comprehensive income. If the Group's share of losses on any associate equals or exceeds its equity in the same (including any other unsecured receivables), the Group does not recognize further losses unless the Group incurs legal obligations, presumed obligations, or payment that has been made on behalf of them.
3. When there is a change in the equity of non-profit and loss and other comprehensive income in an associate that does not affect the shareholding ratio in the same, the Group recognizes the change in equity under the share of the share in the associate entitled by the Company as "Capital reserve" pro rata to its shareholding ratio.
4. The unrealized gains and losses arising from the transactions between the Group and the associates have been written off pro rata to the equity in the associates; unless there is evidence showing that the assets transferred in the transaction have been impaired, the unrealized losses are also written off. The accounting policies of the associates have been adjusted as necessary and are consistent with the policies adopted by the Group.
5. When the Group dispose an associate, if the material influence over the same is lost, for all amounts previously recognized in other comprehensive income related to the associate, the accounting treatment is on the same basis as if the Group directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized as other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed of, so when the material influence over the associate is lost, the gains or losses will be reclassified from equity in profit or loss. If there is still significant influence on the affiliated enterprise, only the amount previously recognized in other comprehensive income shall be transferred out according to the above method.

(XIII) Property, plant and equipment

1. Property, plant, and equipment are accounted for on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset only when the future economic benefits related to an item are likely to flow into the Group and the cost of the item can be reliably measured. The carrying amount of the part replaced shall be derecognized. All other repairs and maintenance costs are recognized in current profit or loss when incurred.
3. The subsequent measurement of property, plant, and equipment is based on a cost model. Except for land that is not depreciated, other assets in this regard are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant, and equipment are significant, they shall be separately depreciated.
4. The Group reviews the residual value, useful life and depreciation method of each asset at the end of each financial year. If the residual value and the expected value of useful life are different from the

previous estimates, or the future economic benefits contained in the asset has a significant change in the expected consumption pattern, it will be treated in accordance with the provisions of IAS No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for changes in accounting estimates from the date of the change. The useful life of each asset is as follows:

Houses and buildings	2 - 30 years
Machinery and equipment	2 - 10 years
Office equipment	2 - 8 years
Transportation equipment	3 - 5 years
Lease improvements for	5 - 8 years
Other equipment	2 - 20 years

(XIV) Lessee's lease transactions – right-of-use assets/lease liabilities

1. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Group. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
2. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the commencement date of a lease at the discounted interest rate of the Group's incremental borrowings. The lease payments include fixed payments, less any rental incentives that can be collected. Subsequently, the interest approach is adopted to measure said payments at amortized cost, and interest expenses are recognized during the lease term. When changes in the lease term or lease payment due to non-contract modification, the lease liabilities will be reassessed and the right-of-use assets will be adjusted in the remeasurement.
3. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost includes the originally measured amount of the lease liabilities. Subsequently, the measurement is based on the cost model, and the depreciation expense is recognized when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

(XV) Intangible assets

1. Computer software  
Computer software is recognized at acquisition cost and amortized based on the estimated useful lives of 3-5 years using the straight-line method.
2. Goodwill  
Goodwill arises from business mergers by the acquisition method

(XVI) Impairment of non-financial assets

1. The Group, on the balance sheet date, estimates the recoverable amount of an asset with a sign of impairment and recognizes it in impairment loss when the recoverable amount is lower than its book value. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. Except for goodwill, when the recognition in asset impairment in previous years does not exist or decreases, the impairment loss shall be reversed, but the increase in the carrying amount of the asset due to the reversal of impairment loss shall not exceed the carrying amount of the asset less depreciation or after amortization, if it was not recognized in impairment loss.
2. For goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use,

the recoverable amount is regularly estimated. When the recoverable amount is lower than its book value, and impairment loss is recognized. Impairment loss for the impaired goodwill shall not be reversed in subsequent years.

3. Goodwill is allocated to CGUs for the purpose of impairment testing. Based on the identification by segments, goodwill is allocated to CGUs or of cash-generating groups that are expected to benefit from the business combination in which the goodwill arises.

(XVII) Borrowings

1. It refers to the long-term and short-term borrowings from banks, and other long- and short-term borrowings. The Group measures borrowings at fair value less transaction costs at the time of initial recognition. Any difference between the price less transaction costs and the redemption value is subsequently measured as per the amortization procedure during the borrowing period using the effective interest method.
2. When it is very likely to withdraw part or all of the facility, the expenses paid for the establishment of a borrowing facility, shall be recognized as the transaction cost of the borrowing, and shall be deferred and recognized as an adjustment to the effective interest rate when the loan is drawn down; when it is not likely to withdraw part or all of the facility, the expense are recognized as prepayment and amortize it over the period to which the facility is related.

(XVIII) Accounts and notes payable

1. It refers to the debts incurred due to the purchase of raw materials, commodities, or services on credit and the notes payable for operating and non-operating purposes.
2. The non-interest-bearing short-term accounts and notes payable is barely affected by discounting, so the Group measures them based on the original invoice amount.

(XIX) Derecognition of financial liabilities

The Group derecognizes their financial liabilities when the obligations specified in a contract are fulfilled, cancelled, or expired.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid, and are recognized as expenses when the relevant services are provided.

2. Pensions

Defined contribution plans

Regarding the defined contribution plan, the amount of the pension fund that shall be contributed is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

3. Severance benefits

The severance benefits are the benefits for employees who terminate their employment before the normal retirement date, or when the employees decide to accept the Company's benefit invitation in exchange for the termination of employment. The Group recognizes the severance benefits as expenses when the offer of benefits cannot be withdrawn, or the related reorganization costs are recognized, whichever earlier. Benefits that are not expected to be settled in full in 12 months after the balance sheet

date shall be discounted.

4. Employee compensation and directors' and supervisors' remuneration

Employee compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. In addition, if employee compensation is paid in stocks, the number of shares is calculated based the closing price on the day before the board of directors' resolution.

(XXI) Income Taxes

1. Income tax expenses include the current and deferred income taxes. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit and/or loss.
2. The Group calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where the taxable income is generated and the business is operated. The management regularly evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.
3. Deferred income tax is recognized, using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the initial recognition of assets or liabilities in a transaction (excluding business merger), and the deferred income tax is derived at the time of the transaction if it does not affect the accounting profit or taxable income (tax loss) and does not generate equivalent taxable and deductible temporary differences, it is not recognized. With temporary differences caused by the investment in a subsidiary, if the Group can control the timing of the reversal of the temporary differences, and it is probable that temporary differences will not be reversed in the foreseeable future, the liabilities will not be recognized. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income 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 utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. When there is a legally enforcement right to offset the amount of current income tax assets and liabilities recognized and there is an intention to settle on a net basis, or to realize assets and settle liabilities at the same time, the income tax assets and liabilities may be offset; when there is a legally enforcement right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxable entity to which the same taxation authority levies income tax, or different taxable entities but each intends to offset income tax assets and liabilities on a net basis or the assets are realized and the liabilities are paid off at the same time, the

income tax assets and liabilities may be offset.

(XXII) Share capital

1. Ordinary shares are classified as equity. The incremental cost directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net of tax, from the proceeds.
2. When the Company repurchases the outstanding shares, the consideration paid, including any incremental costs that are directly attributable, is recognized as a net deduction after tax in shareholders' equity. In subsequent re-issuance of the repurchased shares, the difference between the consideration received, less any incremental costs that are directly attributable and the effect of income tax, and the carrying amount is recognized as an adjustment to shareholders' equity.

(XXIII) Dividend distribution

Cash dividends distributed to the Company's shareholders are recognized in the financial statements as liabilities when a resolution adopted by the Company's shareholders' meeting or special resolution adopted by the Board. The share dividend distributed are recognized as share dividends to be distributed when a resolution adopted by the shareholders' meeting, and transferred to ordinary shares on the base date of new share issuance.

(XXIV) Revenue recognition

Revenue from sale of goods

The Group's main source of revenue is the sales of printing labels and sleeve (applying) labeling machines. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer, and the Group has no outstanding performance may affect the customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, or there is objective evidence to prove having satisfied all inspection criteria.

(XXV) Operating segment

The Group's information on operating segments is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. Through identification, the Group's major operating decision-maker is the chairman.

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

When the Group prepared these consolidated financial statements, the management has exercised its judgment to determine the accounting policies adopted, and made accounting estimates and assumptions based on reasonable expectations of future events as of the balance sheet date. Significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for applying the Group's accounting policies

None.

(II) Important accounting estimates and assumptions

Inventory valuation

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

On December 31, 2024, the carrying amount of the Group's inventories was NT\$345,546.

VI. Description of important accounting items

(I) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 1,321	\$ 986
Checking deposit and demand deposit	<u>84,237</u>	<u>87,813</u>
Total	<u>\$ 85,558</u>	<u>\$ 88,799</u>

1. The credit quality of the financial institutions with which the Group has business dealings is good, and the Group has business dealings with many financial institutions to diversify credit risks, and the probability of default is expected to be very low.
2. The Group reclassifies the time deposit with maturity of three months or more and the pledged time deposit as "financial assets at amortized cost." Please refer to Note 6(2).

(II) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Pledged deposits	\$ 56,498	\$ 115,201
Time deposits with maturities of three months or more	<u>-</u>	<u>19,800</u>
	<u>\$ 56,498</u>	<u>\$ 135,001</u>

1. The details of financial assets measured at amortized cost recognized in profit or loss are as follows:

	<u>2024</u>	<u>2023</u>
Income from interest	<u>\$ 5,152</u>	<u>\$ 3,405</u>

2. Without considering the collateral held or other credit enhancements, the most representative financial assets measured at amortized cost held by the Group, have the maximum amount exposed to the credit risk at NT\$56,498 and NT\$135,001 on December 31, 2024 and 2023, respectively.
3. For the financial assets measured at amortized cost provided as collaterals, please refer to Note 8.
4. Please refer to Note 12 (2) for the credit risk information of financial assets measured at amortized cost.

The counterparties of the certificates of time deposit where the Company invests, are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(III) Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ 37,717	\$ 46,418
Trade receivable	\$ 253,122	\$ 262,474
Less: loss allowance	( 15,068)	( 13,423)
	\$ 238,054	\$ 249,051
Accounts receivable - related parties	34,212	5,022
	<u>\$ 272,266</u>	<u>\$ 254,073</u>

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

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Trade receivable</u>	<u>Notes receivable</u>	<u>Trade receivable</u>	<u>Notes receivable</u>
Not past due	\$ 236,927	\$ 37,717	\$ 223,187	\$ 46,418
Within 60 days	18,850	-	17,530	-
61-180 days	11,659	-	5,481	-
181-360 days	560	-	949	-
More than 361 days	19,338	-	20,349	-
	<u>\$ 287,334</u>	<u>\$ 37,717</u>	<u>\$ 267,496</u>	<u>\$ 46,418</u>

The above is the aging analysis based on the number of overdue days.

- The balance of accounts receivable and notes receivable on December 31, 2024 and 2023 were all generated from contracts with customers. In addition, the balance of accounts receivable from contracts with customers on January 1, 2023 was NT\$320,884.
- The Group did not pledge notes and accounts receivable as collateral on December 31, 2024 and 2023.
- Without considering the collateral held or other credit enhancements, the most representative notes receivable of the Group, have the maximum amount exposed to the credit risk at NT\$37,717 and NT\$46,418 on December 31, 2024 and 2023, respectively. The most representative accounts receivable of the Group, have the maximum amount exposed to the credit risk at NT\$272,266 and NT\$254,073 on December 31, 2024 and 2023, respectively.
- Please refer to Note 12(2) for the credit risk information of accounts receivable and notes receivable in detail.

(IV) Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raw materials	\$ 178,332	\$ 146,293
Work-in-progress and semi-finished products	66,932	82,373

Finished goods	<u>100,282</u>	<u>92,395</u>
Total	<u>\$ 345,546</u>	<u>\$ 321,061</u>

Cost of inventories recognized as expense losses by the Group in the current period:

	<u>2024</u>	<u>2023</u>
Cost of sold inventories	\$ 978,162	\$ 979,362
Losses from value decline	1,628	-
Losses from scrapping	<u>5,809</u>	<u>-</u>
	<u>\$ 985,599</u>	<u>\$ 979,362</u>

(V) Investment under equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates		
SLEEVE SEAL, LLC	<u>\$ 29,076</u>	<u>\$ 25,618</u>

On December 31, 2024 and 2023, the book value of the individual insignificant associates of the Group were NT\$29,076 and NT\$25,618, respectively. Their shares of financial performance are summarized as follows:

	<u>2024</u>	<u>2023</u>
Net income of continuing operations in this period	\$ 5,338	\$ 2,380
Other comprehensive income (net amount after tax)	<u>-</u>	<u>(2,401)</u>
Total comprehensive income for this period	<u>\$ 5,338</u>	<u>(\$ 21)</u>

(VI) Property, plant and equipment

2024

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Lease improvement</u>	<u>Other equipment</u>	<u>Construction not completed</u>	<u>Total</u>
January 1									
Cost	\$ 228,563	\$ 379,297	\$ 624,314	\$ 8,075	\$ 5,077	\$ 43,792	\$ 309,270	\$ 41,213	\$1,639,601
accumulated depreciation	<u>- ( 143,032)</u>	<u>( 451,386)</u>	<u>( 451,386)</u>	<u>( 6,911)</u>	<u>( 4,397)</u>	<u>( 20,995)</u>	<u>( 136,280)</u>	<u>-</u>	<u>( 763,001)</u>
	<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>
January 1	\$ 228,563	\$ 236,265	\$ 172,928	\$ 1,164	\$ 680	\$ 22,797	\$ 172,990	\$ 41,213	\$ 876,600
Addition	-	6,707	2,497	-	-	2,360	27,097	43,087	81,748
Disposal	-	-	( 2,173)	-	( 114)	-	( 25)	-	( 2,312)
Reclassification (Note)	-	41,730	14,101	( 47)	47	590	3,208	( 41,313)	18,316
Depreciation expense	- ( 15,454)	( 46,088)	( 46,088)	( 414)	( 203)	( 6,208)	( 31,979)	-	( 100,346)
Net exchange differences	<u>1,644 ( 1,338)</u>	<u>( 790)</u>	<u>( 790)</u>	<u>-</u>	<u>( 69)</u>	<u>( 12)</u>	<u>( 6,792)</u>	<u>( 191)</u>	<u>( 7,548)</u>
December 31	<u>\$ 230,207</u>	<u>\$ 267,910</u>	<u>\$ 140,475</u>	<u>\$ 703</u>	<u>\$ 341</u>	<u>\$ 19,527</u>	<u>\$ 164,499</u>	<u>\$ 42,796</u>	<u>\$ 866,458</u>
December 31									
Cost	\$ 230,207	\$ 425,207	\$ 587,403	\$ 6,870	\$ 2,446	\$ 39,802	\$ 319,215	\$ 42,796	\$1,653,946
accumulated depreciation	<u>- ( 157,297)</u>	<u>( 446,928)</u>	<u>( 446,928)</u>	<u>( 6,167)</u>	<u>( 2,105)</u>	<u>( 20,275)</u>	<u>( 154,716)</u>	<u>-</u>	<u>( 787,488)</u>
	<u>\$ 230,207</u>	<u>\$ 267,910</u>	<u>\$ 140,475</u>	<u>\$ 703</u>	<u>\$ 341</u>	<u>\$ 19,527</u>	<u>\$ 164,499</u>	<u>\$ 42,796</u>	<u>\$ 866,458</u>

Note: Mainly transferred from other non-current assets - prepaid equipment purchase.

2023

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Lease improvement</u>	<u>Other equipment</u>	<u>Construction not completed</u>	<u>Total</u>
January 1									
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)	( 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>
January 1	\$ 227,621	\$ 244,807	\$ 217,291	\$ 1,612	\$ 251	\$ 357	\$ 114,795	\$ 65,833	\$ 872,567
Addition	-	1,668	5,959	78	744	14,216	40,954	-	63,619
Disposal	-	-	( 13,019)	-	-	-	-	-	( 13,019)
Reclassification (Note)	-	3,437	6,250	-	-	12,990	43,133	( 24,620)	41,190
Depreciation expense	- ( 14,397)	( 49,442)	( 532)	( 321)	( 4,763)	( 28,541)	-	( 97,996)	( 97,996)
Net exchange differences	<u>942</u>	<u>750</u>	<u>5,889</u>	<u>6</u>	<u>6</u>	<u>( 3)</u>	<u>2,649</u>	<u>-</u>	<u>10,239</u>
December 31	<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>
December 31									
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)	( 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>

Note: Mainly transferred from other non-current assets - prepaid equipment purchase.

1. The capitalized amounts of borrowing costs for property, plant and equipment in 2024 and 2023 were NT\$626 and NT\$3,329, respectively.
2. The major components of the Group's houses and buildings, including buildings, electromechanical power equipment, and construction, are depreciated over 15 to 30 years and 2 to 22 years, respectively.
3. For information on property, plant and equipment provided as collateral, please refer to the descriptions in Note 8.

(VII) Lease transaction - Lessee

1. The underlying assets leased by the Group include buildings, machinery and equipment, and official vehicles. The lease contract terms are usually between 1 and 5 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the leased assets should not be pledged as loan collateral.
2. The lease terms of the houses and buildings leased by the Group does not exceed 12 months, and the underlying asset of low value leased is photocopiers.
3. The information on the book value and the depreciation expenses recognized of the right-of-use assets is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Houses	\$ 13,512	\$ 21,670
Machinery and equipment	427	445
Transportation equipment (company vehicles)	<u>3,793</u>	<u>5,813</u>
	<u>\$ 17,732</u>	<u>\$ 27,928</u>

	<u>2024</u>	<u>2023</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Houses	\$ 11,063	\$ 13,068
Machinery and equipment	471	460
Transportation equipment (company vehicles)	<u>3,521</u>	<u>3,629</u>
	<u>\$ 15,055</u>	<u>\$ 17,157</u>

4. The additional right-of-use assets of the Group in 2024 and 2023 were NT\$5,110 and NT\$14,277, respectively.
5. The information on the items in profit or loss related to the lease contracts is as follows:

	<u>2024</u>	<u>2023</u>
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 328	\$ 431
Expenses on short-term lease contracts	2,049	7,552
Expenses of low-value asset lease	61	-

6. The Group's total cash outflow from lease for 2024 and 2023 was NT\$12,897 and NT\$18,371, respectively.

(VIII) Other non-current assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayment for equipment purchase	\$ 81,649	\$ 44,590
Refundable deposits	<u>14,082</u>	<u>13,544</u>
	<u>\$ 95,731</u>	<u>\$ 58,134</u>

(IX) Short-term borrowings

<u>Nature of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collaterals</u>
Secured borrowings	\$ 48,310	2.35%	Pledged deposits
Unsecured bank borrowings	<u>250,371</u>	2.55%~7.42%	None
	<u>\$ 298,681</u>		
<u>Nature of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collaterals</u>
Secured borrowings	\$ 73,000	2.00%~3.03%	Pledged deposits
Unsecured bank borrowings	<u>220,798</u>	2.00%~3.03%	None
	<u>\$ 293,798</u>		

(X) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonuses payable	\$ 25,176	\$ 25,962
Remuneration payable to employees and directors	3,944	8,889
Insurance premium payable	1,479	3,691
Equipment purchase payables	540	-
Others	<u>23,845</u>	<u>24,440</u>
	<u>\$ 54,984</u>	<u>\$ 62,982</u>

(XI) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Secured borrowings	From November 2024 to November 2029, the interest are paid monthly and the principal will be repaid by the agreed percentage.	2.46%	Note 1	\$ 363,600
Secured borrowings	December 2024 to October 2027 is the grace period for principal repayment, and interest is paid monthly. From November 2027 to November 2029, the principal and interest will be repaid monthly.	2.06%	Note 1	12,000
Secured borrowings	From December 2024 to November 2029, the interest is paid monthly, and the principal is repaid in a lump sum upon maturity.	2.56%	Note 1	20,000
Secured borrowings	From November 2024 to November 2029, interest is paid monthly, and principal is repaid in a lump sum upon maturity.	2.56%	Note 1	50,000
Secured borrowings	January 2025 to December 2025 is the grace period for principal repayment, and interest is paid monthly. From January 2026 to December 2029, the principal and interest will be repaid monthly.	8.25%	Property, plant and equipment	30,450
Credit borrowings	From September 2020 to September 2025, the principal and interest will be repaid monthly.	2.72%	None	1,785
Credit borrowings	From November 2020 to November 2025, the principal and interest will be repaid monthly.	2.72%	None	2,182
Credit borrowings	From December 2020 to December 2025, the principal and interest will be repaid monthly.	2.72%	None	2,340
Credit borrowings	From January 2021 to January 2026, the principal and interest will be repaid monthly.	2.72%	None	2,600
Credit borrowings	From February 2021 to February 2026, the principal and interest will be repaid monthly.	2.72%	None	2,660
Credit borrowings	From March 2021 to March 2026, the principal and interest will be repaid monthly.	2.72%	None	2,775
Credit borrowings	From January 2023 to January 2026, the principal and interest will be repaid monthly.	3.35%	None	1,806
Credit borrowings	From January 2022 to January 2025, the principal and interest will be repaid monthly.	1.89%	None	115
Credit borrowings	From February 2023 to February 2026, the principal and interest will be repaid monthly.	1.56%	None	228
Other long-term borrowings				
Credit borrowings	From December 2022 to December 2025, the principal and interest will be repaid quarterly.	8.50%	None	\$ 19,674
				512,215
Less: long-term liabilities due within one year or one business cycle				( 56,828)
Less: Syndicated loan fees and participation fees				( 1,844)
				<u>\$ 453,543</u>

<u>Nature of borrowings</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 2019 to December 2024, interest 2.69% will be paid monthly and settled in one lump sum upon maturity.		Note 2	\$ 404,000
Credit borrowings	From September 2019 to September 2025, the principal and interest were repaid monthly.	2.60%	None	4,363
Credit borrowings	From November 2020 to November 2025, the principal and interest are repaid monthly.	2.60%	None	4,562
Credit borrowings	From December 2020 to December 2025, the principal and interest are repaid monthly.	2.60%	None	4,680
Credit borrowings	From January 2021 to January 2026, the principal and interest shall be repaid monthly.	2.60%	None	5,000
Credit borrowings	From February 2021 to February 2026, the principal and interest shall be repaid monthly.	2.60%	None	4,940
Credit borrowings	From March 2021 to March 2026, the principal and interest shall be repaid monthly.	2.60%	None	4,995
Credit borrowings	From September 2019 to September 2024, the principal and interest are repaid monthly.	2.60%	None	794
Credit borrowings	From January 2022 to January 2025, the principal and interest shall be repaid monthly.	1.89%	None	1,753
Credit borrowings	From January 2023 to January 2026, the principal and interest shall be repaid monthly.	3.35%	None	3,473
Credit borrowings	From February 2023 to February 2026, the principal and interest shall be repaid monthly.	1.56%	None	516
Other long-term borrowings				
Credit borrowings	From December 2022 to December 2025, the principal and interest shall be repaid quarterly.	8.80%	None	\$ 36,232
				475,308
Less: long-term liabilities due within one year or one business cycle				( 440,442)
Less: Syndicated loan fees and participation fees				( 1,195)
				<u>\$ 33,671</u>

Note 1: In order to repay the existing bank borrowings and replenish the interim working capital, the Company pledged real estates (please refer to Note 8) to the bank as collateral.

The Company promised on December 31, 2024, to maintain the following financial ratios and requirements in the consolidated financial statements at the end of each year throughout the duration of the credit extension:

1. Current ratio: One hundred percent (100%) (inclusive) or more

[The "current ratio" refers to the ratio of the borrower's current assets divided by current

liabilities less mid- and long-term liabilities due within one year (current assets ÷ current liabilities less medium and long-term liabilities due within one year)].

2. Debt ratio: Two hundred and twenty percent (220%) (inclusive) or less

[The "debt ratio" refers to the ratio of the borrower's liabilities less cash and cash equivalents, divided by tangible net worth (debt less cash and cash equivalents / tangible net worth)].

3. Principal - interest coverage ratio: 1.1 times (inclusive) or more (2025 onward)

"The "principle - interest coverage ratio" refers to the multiple where the sum of the borrower's net profit before tax, interest expenses, depreciation, and amortization is divided by the long-term borrowings due within one year in the previous period plus the interest expense ((pre-tax net profit + interest expense + depreciation + amortization) ÷ long-term borrowings due within one year in the previous period plus interest expense)].

4. Tangible net worth: \$600,000 (inclusive) or more

["Tangible net worth is the net worth less intangible assets and deferred expenses (net worth - intangible assets - deferred expenses)".

If the said requirements are not complied with, the Group shall have a capital increase in cash or make improvements and adjustments by other means during the period of improvement before providing the next consolidated and non-consolidated financial statements. During the improvement period, it shall not be deemed that a breach of contract has occurred. However, during the period of improvement, the Group shall accrue interest on the balance of this credit facility and the additional credit facility drawn at the extra interest rate of 0.10% per annum.

If the borrower fails to complete the improvement during the above improvement period, the credit interest shall still be accrued and paid at the above-mentioned agreed annual interest (fee) rate from the next day upon the expiration of the improvement period to the day before the borrower actually completes the improvement, and it is deemed a breach of the contract.

The Group's financial ratios as of December 31, 2024 complied with the above requirements.

Note 2: In order to repay the existing bank borrowings and replenish the interim working capital, the Company pledged real estates (please refer to Note 8) to the bank as collateral.

The Company promised on December 31, 2023, to maintain the following financial ratios and requirements in the consolidated financial statements at the end of each year throughout the duration of the credit extension:

1. Current ratio: One hundred percent (100%) (inclusive) or more

[The "current ratio" refers to the ratio of the borrower's current assets divided by current liabilities less mid- and long-term liabilities due within one year (current assets ÷ current liabilities less medium and long-term liabilities due within one year)].

2. Debt ratio: Two hundred percent (200%) (inclusive) or less

[The "debt ratio" refers to the ratio of the borrower's liabilities less cash and cash equivalents, divided by tangible net worth (debt less cash and cash equivalents / tangible net worth)].

3. Interest coverage ratio: three times (inclusive) or more

"The "interest coverage ratio" refers to the multiple where the sum of the borrower's net profit before tax, interest expenses, depreciation, and amortization is divided by the interest expense ((pre-tax net profit + interest expense + depreciation + amortization) ÷ interest expense)].

4. Tangible net worth: \$600,000 (inclusive) or more

["Tangible net worth is the net worth less intangible assets and deferred expenses (net worth - intangible assets - deferred expenses)"].

If the above requirements are not met, the interest rate of the syndicated loan shall be increased by 0.10%, and the Group 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 requirements. 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.

All the Group's financial ratios as of December 31, 2023 complied with the above requirements.

(XII) Pensions

1. Since July 1, 2005, the Group has established the defined contribution pension regulations in accordance with the Labor Pension Act, which are applicable to employees with the ROC nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Group makes monthly contributions to employees' individual pension accounts equal to 6% of their monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.
2. In 2024 and 2023, the pension costs recognized by the Group in accordance with the above regulations were NT\$5,938 and NT\$6,351, respectively.

(XIII) Share capital

1. On December 31, 2024, the Company's authorized capital was NT\$650,000 divided into 65,000,000 shares (including 1,000,000 shares that can be subscribed with employee warrants). The paid-in capital was NT\$548,171 with a par value of NT\$10 per share. Payment for the issued shares of the Company has been received.

The number of outstanding ordinary shares at the beginning and the end of the period is reconciled as follows:

	<u>2024 (shares)</u>	<u>2023 (shares)</u>
January 1	54,249,140	54,817,140
Treasury shares purchase	<u>-</u>	<u>( 568,000)</u>
December 31	<u>54,249,140</u>	<u>54,249,140</u>

2. On January 12, 2023, the Board of Directors resolved to buy back 600,000 shares of the Company. The said bought back shares will be fully transferred to the employees. As of December 31, 2024, the Company had bought back 568,000 shares cumulatively for NT\$9,450.
3. Treasury shares

- (1) Reason for and number of shares redeemed by the Group:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
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<u>Name of company</u>		<u>Carrying amount</u>		<u>Carrying amount</u>	
<u>where shares are</u>		<u>(NT\$ thousand)</u>		<u>(NT\$ thousand)</u>	
<u>held</u>	<u>Reason for repurchase</u>	<u>Number of shares</u>	<u>(NT\$ thousand)</u>	<u>Number of shares</u>	<u>(NT\$ thousand)</u>
The Company	For transfer of shares to employees	568,000	\$ 9,450	568,000	\$ 9,450

- (2) The Securities and Exchange Act stipulates that the proportion of the outstanding shares redeemed by the Company shall not exceed 10% of the total number of the outstanding shares, and the total amount of the shares redeemed shall not exceed the retained earnings plus the premium from issuance of the shares and the realized capital surplus.
- (3) The treasury shares held by the Group shall not be pledged in accordance with the Securities and Exchange Act, nor shall they be entitled to shareholder rights until they are transferred.
- (4) Pursuant to the Securities and Exchange Act, the shares repurchased due to the transfer of shares to employees shall be transferred within five years from the date of repurchase. If the shares are not transferred within the time limit, they shall be deemed as unissued shares, and the change of registration shall be made to eliminate shares. For the repurchased shares to protect the Company's credit and shareholders' equity, a change registration shall be made to eliminate the shares within six months from the date of repurchase.

(XIV) Additional paid-in capital

In accordance with the Company Act, the premium from the issuance of shares in excess of the par value and the capital surplus from the receipt of gifts can be used to compensate deficit losses or to issue new shares or pay out cash in proportion to the shareholders' shares when there is no cumulative deficit. In addition, as per the relevant regulations of the Securities and Exchange Act, when the above capital surplus is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.

2024

	<u>Issuance premium</u>	<u>Trading treasury shares</u>	<u>Conversion premium of corporate bonds</u>	<u>Exercised employee warrants</u>	<u>Employee warrants</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 26,844	\$ 19	\$ 61,412	\$ 773	\$ 293	\$ -	\$ 89,341
Exercise of disgorgement	-	-	-	-	-	2	2
December 31	\$ 26,844	\$ 19	\$ 61,412	\$ 773	\$ 293	\$ 2	\$ 89,343

2023

	<u>Issuance premium</u>	<u>Trading treasury shares</u>	<u>Conversion premium of corporate bonds</u>	<u>Exercised employee warrants</u>	<u>Employee warrants</u>	<u>Others</u>	<u>Total</u>
December 31 (same as January 1)	\$ 26,844	\$ 19	\$ 61,412	\$ 773	\$ 293	\$ -	\$ 89,341

(XV) Retained earnings

1. If the Company has current profit after tax in the year's final accounts, the accumulated losses shall be covered first and then 10% shall be set aside as the legal reserve as required by law; where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The special reserve is then appropriated or reversed in accordance with laws or regulations of the competent authority. If there are earnings still to be distributed, such as undistributed earnings of the beginning of the year, the Board of Directors is to propose an earnings distribution proposal, for example, the issuance of new shares and submit it to the shareholders' meeting for resolution. Pursuant to Article 240 of the Company Act, the Company may authorize the Board of Directors to approve the following distribution by board resolution with the support of a majority of the attending directors at the board meeting with more than two-thirds of all the directors in attendance: The distribution of dividends and bonuses in whole or in part, or, the legal reserve and capital reserve in whole or in part according to Article 241 of the Company Act, which shall be distributed in the form of cash and the distribution is to be reported to the shareholders' meeting.
2. The Company will manage its future capital expenditures, business expansion and sound financial plan in line with the environment and growth stage it is at in the pursuit of sustainable development. The Company's dividend policy shall adopt a joint distribution method for the stock and cash dividends of the above-mentioned earnings distribution for shareholders dividends depending on the future capital expenditure budget and funding requirements of the Company. The cash dividends shall account for at least 10% of the entire dividends.
3. The legal reserve shall not be used except to offset the Company's losses and distribute new shares or cash in proportion to the original shareholding of shareholders. However, for the distribution of new shares or cash, it is limited to the portion of the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall, as per laws, set aside a special reserve for the debit balance of other equity items on the balance sheet date of the year before the distribution. When the debit balance of other equity items is subsequently reversed, the reversed amount may be included in the distributable earnings.
5. The 2024 and 2023 dividends distributed to owners were NT\$0 and NT\$54,817 (NT\$1 per share), respectively.

(XVI) Other items of equity

	<u>2024</u>	<u>2023</u>
	<u>Foreign currency translation</u>	<u>Foreign currency translation</u>
January 1	(\$ 64,510)	(\$ 64,746)
Valuation adjustment is transferred out of retained earnings	204	-
Difference of foreign currency translation	<u>( 331)</u>	<u>236</u>
December 31	<u>(\$ 64,637)</u>	<u>(\$ 64,510)</u>

(XVII) Operating revenue

1. Disaggregation of revenue from contracts with customers

The Group's revenue comes from the goods and services transferred at a certain point in time. The revenue can be disaggregated into the following main product lines and geographical regions:

<u>2024</u>	<u>Taiwan</u>	<u>Americas</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Point of time for revenue recognition					
Revenue recognized at a certain point of time	<u>\$ 674,419</u>	<u>\$ 393,088</u>	<u>\$ 149,713</u>	<u>\$ 6,089</u>	<u>\$ 1,223,309</u>
<u>2023</u>	<u>Taiwan</u>	<u>Americas</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Point of time for revenue recognition					
Revenue recognized at a certain point of time	<u>\$ 639,446</u>	<u>\$ 359,402</u>	<u>\$ 178,131</u>	<u>\$ 2,414</u>	<u>\$ 1,179,393</u>

2. Contract liabilities

The contract liabilities related to the customer contract revenue recognized by the Group are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities	<u>\$ 16,572</u>	<u>\$ 8,451</u>	<u>\$ 9,521</u>

Revenue recognized for current period from the contract liabilities at the beginning of the period

	<u>2024</u>	<u>2023</u>
Beginning balance of contract liabilities		
Revenue recognized for current period	<u>\$ 5,547</u>	<u>\$ 7,032</u>

(XVIII) Income from interest

<u>2024</u>	<u>2023</u>
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Interest on bank deposits	\$	8,286	\$	8,048
Others		<u>34</u>		<u>32</u>
	\$	<u>8,320</u>	\$	<u>8,080</u>

(XIX) Other gains and losses

		<u>2024</u>		<u>2023</u>
(Gain) loss on foreign currency exchange	(\$	1,201)	\$	18,967
Losses on disposal of property, plant and equipment	(	72)	(	6,491)
Impairment loss (Note)	(	10,922)		-
Other losses	(	<u>5,100</u> )	(	<u>588</u> )
	(\$	<u>17,295</u> )	\$	<u>11,888</u>

Note: Impairment losses for the current period are resulted from the dissolution of the subsidiary, DASE-SEAL, and the reduction of the operating scale of Shanghai Hongxu.

(XX) Financial cost

		<u>2024</u>		<u>2023</u>
Interest expense	\$	25,481	\$	29,913
lease liabilities		<u>328</u>		<u>431</u>
		25,809		30,344
Less: interest capitalization	(	<u>626</u> )	(	<u>3,329</u> )
	\$	<u>25,183</u>	\$	<u>27,015</u>

(XXI) Additional information on the nature of expenses

		<u>2024</u>		<u>2023</u>
Employee welfare expenses	\$	<u>202,737</u>	\$	<u>211,620</u>
Depreciation expense (right-of-use assets included)	\$	<u>115,401</u>	\$	<u>115,153</u>
Amortization expense of intangible assets	\$	<u>998</u>	\$	<u>985</u>

(XXII) Employee welfare expenses

		<u>2024</u>		<u>2023</u>
Salary expenses	\$	170,552	\$	179,263
Labor and health insurance		17,964		19,349
Pension expense		5,938		6,351
Other employee expenses		<u>8,283</u>		<u>6,657</u>

\$ 202,737                      \$ 211,620

1. As per the Articles of Incorporation, if there is a remaining profit after the cumulative deficit is compensated in the year, the Company shall distribute 4% of the balance as employee compensation and no more than 4% as directors' and supervisors' remuneration.
2. The estimated amount of employees' remuneration for 2024 is NT\$154; the amount of directors' remuneration is NT\$92, and the aforementioned amounts are accounted for as salary expenses. 2023 saw a net loss before tax, so employees' compensation and remuneration of directors and supervisors were not estimated or recognized.

5% and 3% of the profit are estimated for 2024 based on the profit as of the current period.

The 2023 employee remuneration and the directors' and supervisors' remuneration resolved by the board of directors are consistent with the amounts recognized in the 2023 financial statements.

The relevant information on the employee compensation and the directors' and supervisors' remuneration approved by the board of directors is available on the Market Observation Post System (MOPS).

(XXIII) Income Taxes

1. Income tax expenses

(1) Components of income tax expense:

	<u>2024</u>	<u>2023</u>
Current income tax:		
Income tax arising from the current income	\$ 6,521	\$ 5,902
Underestimation of income tax in previous years	<u>2,023</u>	<u>-</u>
Total current income tax	<u>8,544</u>	<u>5,902</u>
Deferred tax:		
The origin and reversal of the temporary difference	<u>-</u>	<u>493</u>
Income tax expenses	<u>\$ 8,544</u>	<u>\$ 6,395</u>

(2) The amount of income tax related to other comprehensive income: None.

(3) The amount of income tax directly debited or credited to equity: None.

2. The relations between income tax expenses (benefits) and accounting profits:

	<u>2024</u>	<u>2023</u>
Income tax of income before tax at the statutory tax rate (Note)	\$ 7,089	(\$ 1,180)
Income to be added to or expenses to be excluded by tax laws	283	880
Income exempted from tax under the tax law	1,033)	-

Temporary difference not recognized as (deferred income tax assets)	4,799	( 3,348)
Taxable losses not recognized in deferred tax assets	4,981	7,679
Underestimations of income tax in previous years	2,023	-
Effect of income tax from the inter-group differences in applicable tax rates	<u>-</u>	<u>2,364</u>
Income tax expenses	<u>\$ 8,544</u>	<u>\$ 6,395</u>

Note: The basis of the applicable tax rate is the tax rate applicable to the income in the relevant countries.

3. The amount of each deferred tax asset or liability arising from temporary differences, tax loss, investment credits is as follows:

<u>2024</u>			
January 1	Recognized in profit or loss	Recognized in other net comprehensive income	December 31
Deferred income tax assets:			
- Temporary difference:			
Losses from inventory value decline	\$ 4,759	\$ 325	\$ -
Others	<u>2,937</u>	<u>( 325)</u>	<u>-</u>
Total	<u>\$ 7,696</u>	<u>\$ -</u>	<u>\$ 7,696</u>

<u>2023</u>			
January 1	Recognized in profit or loss	Recognized in other net comprehensive income	December 31
Deferred income tax assets:			
- Temporary difference:			
Losses from inventory value decline	\$ 6,084	(\$ 1,325)	\$ -
Bad debt allowance for accounts receivable	688	52	-
Others	<u>1,417</u>	<u>780</u>	<u>-</u>
Total	<u>\$ 8,189</u>	<u>(\$ 493)</u>	<u>\$ 7,696</u>

4. The validity period of the tax losses that have not been used by the Company and the relevant amounts of unrecognized deferred tax assets are as follows:

December 31, 2024

Year of occurrence	Amount reported / amount assessed	Amount not yet credited	Amount of unrecognized deferred income tax assets	Last crediting year
2020	\$ 81,239	\$ 81,239	\$ 81,239	2020
2021	18,042	18,042	18,042	2021
2022	112,014	112,014	112,014	2022
2023	25,231	25,231	25,231	2023
2024	<u>24,903</u>	<u>24,903</u>	<u>24,903</u>	2024
	<u>\$ 261,429</u>	<u>\$ 261,429</u>	<u>\$ 261,429</u>	

December 31, 2023

Year of occurrence	Amount reported / amount assessed	Amount not yet credited	Amount of unrecognized deferred income tax assets	Last crediting year
2020	\$ 81,239	\$ 81,239	\$ 81,239	2020
2021	33,613	33,613	33,613	2021
2022	103,731	103,731	103,731	2022
2023	<u>38,851</u>	<u>38,851</u>	<u>38,851</u>	2023
	<u>\$ 257,434</u>	<u>\$ 257,434</u>	<u>\$ 257,434</u>	

5. The Company's profit-seeking enterprise income tax has been assessed by the tax authority up to 2022.

(XXIV) Earnings (losses) per share

	<u>2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (dollars)</u>
<u>Basic earnings per share</u>			
Net profit attributable to the ordinary share holders of the parent company	\$ 816	54,249	<u>\$ 0.02</u>
<u>Diluted earnings per share</u>			
Effect of dilutive potential ordinary shares			
Employee remuneration	<u>-</u>	<u>10</u>	
Net loss for the period attributable to the ordinary share holders of the parent company plus the effect of potential ordinary shares	<u>\$ 816</u>	<u>54,259</u>	<u>\$ 0.02</u>
	<u>2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Losses per share (dollars)</u>

		<u>shares)</u>	
<u>Basic losses per share</u>			
Net loss for the period attributable to the ordinary shareholders of the parent company	(\$ 24,624)	<u>54,315</u>	(\$ 0.45)
<u>Diluted losses per share</u>			
Net loss for the period attributable to the ordinary shareholder of the parent company plus the effect of potential ordinary shares	(\$ 24,624)	<u>54,315</u>	(\$ 0.45)

(XXV) Transactions with non-controlling interests

Acquisition of additional equity in a subsidiary (there was no such transaction in 2023)

The Group acquired an additional 38% equity of the subsidiary, PT. XUYUAN in September 2024 at a consideration of IDR 47,004,751 thousand. The book value of the non-controlling interests of PT. XUYUAN on the acquisition date was NT\$87,027. The transaction reduced the non-controlling interests by NT\$87,027, and the equity attributable to the owners of the parent company decreased by NT\$10,744. The effect of changes in PT. XUYUAN's equity in 2024 on the equity attributable to the owners of the parent company is as follows:

	<u>2024</u>
Book value of the purchased non-controlling interests	\$ 87,027
Profit or loss allocated to non-controlling equity	<u>( 97,771)</u>
Write-down of retained earnings	<u>(\$ 10,744)</u>

(XXVI) Supplementary information on cash flow

Investment activities with only partial cash payment:

	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment	\$ 81,748	\$ 63,619
Less: ending payables for equipment	<u>( 540)</u>	<u>-</u>
Cash paid in current period	<u>\$ 81,208</u>	<u>\$ 63,619</u>

(XXVII) Changes in liabilities from financing activities

	<u>2024</u>			Total liabilities from
	Short-term borrowings	Long-term borrowings	lease liabilities	financing activities
January 1	\$ 293,798	\$ 474,113	\$ 23,728	\$ 791,639
Changes in financing cash flow	4,019	32,888	( 10,459)	26,448
Interest expense	-	-	328	328

Interest paid	-	-	( 328)	( 328)
Effect of exchange rate fluctuations	864	3,370	( 387)	3,847
Other non-cash changes	<u>-</u>	<u>-</u>	<u>5,110</u>	<u>5,110</u>
December 31	<u>\$ 298,681</u>	<u>\$ 510,371</u>	<u>\$ 17,992</u>	<u>\$ 827,044</u>

2023

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 122,301	\$ 563,076	\$ 25,438	\$ 710,815
Changes in financing cash flow	171,497	( 89,517)	( 10,388)	71,592
Interest expense	-	-	431	431
Interest paid	-	-	( 431)	( 431)
Effect of exchange rate fluctuations	-	375	-	375
Other non-cash changes	<u>-</u>	<u>179</u>	<u>8,678</u>	<u>8,857</u>
December 31	<u>\$ 293,798</u>	<u>\$ 474,113</u>	<u>\$ 23,728</u>	<u>\$ 791,639</u>

VII. Related party transactions

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
SLEEVE SEAL, LLC (SSL)	Associate
Daseseal Packaging Technology Limitada (Daseseal)	Substantive related party
HRP SUL AMERICAIND.E COM .DE MA'QUIAS E EQUIP AMENTOS LTDA. (HRP)	Substantive related party
Dase-Sing Packaging Technology Co., LTD. (Dase-Sing)	Substantive related party
TURBO HOLDING LIMITED	Other related parties
Peng, Shu-Chin	Close relatives of key management
NI,TUNG-PAO	Close relatives of key management
Chuang, Ya-Ping	President of the Company
Chairman, President and Vice Presidents	Key management of the Company

(II) Significant transactions with related parties

1. Operating revenue

	<u>2024</u>	<u>2023</u>
Sales of goods		
Associate	\$ 43,211	\$ 32,142
Substantive related party	<u>215</u>	<u>183</u>
	\$ 43,426	\$ 32,325

Revenue from royalties:

SSL Corporation	<u>879</u>	<u>892</u>
Total	<u>\$ 44,305</u>	<u>\$ 33,217</u>

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

2. Purchase

	<u>2024</u>	<u>2023</u>
Purchase of goods:		
Substantive related party	<u>\$ 952</u>	<u>\$ 1,869</u>

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

3. Cost of sales

	<u>2024</u>	<u>2023</u>
Substantive related party	<u>\$ 1,213</u>	<u>\$ 2,191</u>

4. Operating expenses

	<u>2024</u>	<u>2023</u>
Dase seal Company	<u>\$ 13,967</u>	<u>\$ 13,133</u>

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

5. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable		
SSL Corporation	\$ 34,071	\$ 4,980
Substantive related party	<u>141</u>	<u>42</u>
Subtotal	<u>\$ 34,212</u>	<u>\$ 5,022</u>
Other receivables		
Associate		
SSL Corporation	<u>\$ -</u>	<u>\$ 8,871</u>

6. Accounts payable to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable		
Substantive related party	<u>\$ 105</u>	<u>\$ 597</u>

Other payables:

Dase seal Company	<u>\$ 5,808</u>	<u>\$ 9,811</u>
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No collateral was provided for the balance of outstanding accounts payable to related parties.

7. Prepayment for purchase

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Substantive related party	<u>\$ 91</u>	<u>\$ 47</u>

8. Contract liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
SSL Corporation	<u>\$ 5,217</u>	<u>\$ -</u>

9. Minor equity transactions (no such transaction in 2023)

			<u>2024</u>
	<u>Number of shares traded</u>	<u>Transaction subject</u>	<u>Proceeds of acquisition</u>
NI,TUNG-PAO	2,450,000	Equity of PT. XUYUAN	\$ 63,036
TURBO HOLDING LIMITED	850,000	"	21,870
Chuang, Ya-Ping	<u>500,000</u>	"	<u>12,865</u>
Total	<u>3,800,000</u>		<u>\$ 97,771</u>

10. Lease transaction - Lessee

(1) The Group leases buildings from related parties. The lease terms are from 2024 to 2026, and the rents are paid at the end of each year.

(2) Acquisition of right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	<u>\$ 607</u>	<u>\$ 558</u>

(3) Lease liabilities

A. End balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	<u>\$ 152</u>	<u>\$ 153</u>

B. Interest expense

	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 7</u>	<u>\$ 5</u>

(III) Remuneration of key management

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 19,270	\$ 19,128
Post-employment benefits	<u>566</u>	<u>469</u>
Total	<u>\$ 19,836</u>	<u>\$ 19,597</u>

VIII. Assets Pledged

The details of the guarantees provided with the Group's assets are as follows:

<u>Asset item</u>	<u>Book value</u>		<u>Purpose of guarantee</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Property, plant and equipment	\$ 247,953	\$ 222,322	Long-term borrowings
Pledged deposits (recognized as financial assets at amortized cost)	<u>56,498</u>	<u>115,201</u>	Short-term borrowings
	<u>\$ 304,451</u>	<u>\$ 337,523</u>	

IX. Significant Contingencies and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

1. Capital expenditures signed but not yet incurred

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	<u>\$ 39,736</u>	<u>\$ -</u>

2. Issued but unused letter of credit

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
New Taiwan Dollars (NT\$ thousand)	<u>\$ 5,816</u>	<u>\$ 10,287</u>

X. Losses from major disasters

None.

XI. Material Events After the Reporting Period

None.

XII. Others

(I) Capital management

The Group's capital management objectives are to ensure that the Group can continue as a going concern,

maintain the best capital structure to meet the needs for equipment, and provide dividends to shareholders. 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 debts. The Group monitors its capital as per the debt ratio, which is calculated with net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" reported in the consolidated balance sheet) less cash and cash equivalents. The calculation of total capital is "equity" reported in the consolidated balance sheet plus net debt.

As of December 31, 2024, the Group is committed to maintaining the debt to capital ratio at a reasonable risk level. As of December 31, 2024 and 2023, the Group's debt to capital ratio was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total borrowings	\$ 809,052	\$ 767,911
Less: cash and cash equivalents	<u>( 85,558)</u>	<u>( 88,799)</u>
Debt, net	723,494	679,112
Total equity	<u>809,650</u>	<u>912,361</u>
Total capital	<u>\$ 1,533,144</u>	<u>\$ 1,591,473</u>
Debt to capital ratio	<u>47%</u>	<u>43%</u>

(II) Financial Instruments

1. Type of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial asset</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 85,558	\$ 88,799
Financial assets measured at amortized cost	56,498	135,001
Notes receivable	37,717	46,418
Accounts receivable (related parties included)	272,266	254,073
Other receivables (related parties included)	3,650	19,989
Refundable deposits	<u>14,082</u>	<u>13,544</u>
	<u>\$ 469,771</u>	<u>\$ 557,824</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 298,681	\$ 293,798
Notes payable (including other non-current liabilities)	66,570	77,443
Accounts payable (related parties included)	122,935	104,009
Other payables (related parties included)	60,792	72,793
Long-term borrowings (including due within one year or within one business cycle)	<u>510,371</u>	<u>474,113</u>
	<u>\$ 1,059,349</u>	<u>\$ 1,022,156</u>
lease liabilities	<u>\$ 17,992</u>	<u>\$ 23,728</u>

2. Risk management policy

- (1) The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk and price risk), credit risk, and liquidity risk.
- (2) Risk management is carried out by the Group's finance department in accordance with the policy approved by the board of directors. The Group's finance department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Group's operating units. The board of directors has formulated principles for overall risk management in writing, and also provided written policies for specific areas and matters, such as interest rate risk, the use of credit risk, and the investment using remaining liquidity.

3. The nature and level of material financial risks

(1) Market risk

Exchange rate risk

A. The Group engages in business involving several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is Indonesian Rupiah). Therefore, it is subject to the impact of exchange rate fluctuations. Information on assets and liabilities denominated in foreign currencies with significant exchange rate fluctuations is as follows:

		<u>December 31, 2024</u>		Carrying amount
		Foreign currency (\$ thousand)	Exchange rate	(NT\$)
<b>(Foreign currency: Functional currency)</b>				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD: NTD	\$	10,110	32.79	\$ 331,507
JPY: NTD		2,939	0.210	617
RMB: NTD		3,609	4.480	16,168
<u>Non-monetary items</u>				
USD: NTD		887	32.79	29,076
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	\$	557	32.79	\$ 18,264
		<u>December 31, 2023</u>		Carrying amount
		Foreign currency (\$ thousand)	Exchange rate	(NT\$)
<b>(Foreign currency: Functional currency)</b>				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD: NTD	\$	9,220	30.71	\$ 283,146
JPY: NTD		43,562	0.217	9,453
RMB: NTD		4,552	4.327	19,697
<u>Non-monetary items</u>				
USD: NTD		834	30.71	25,618
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	\$	1,789	30.71	\$ 54,940

- B. The aggregated amount of all exchange gains (losses) (including realized and unrealized) recognized in 2024 and 2023 on monetary items of the Group due to exchange rate fluctuations with significant impact are NT\$1,201 and NT\$18,967, respectively.
- C. Analysis of the Company's risk in the foreign currency market affected by the significant exchange rate fluctuations is as follows:

		<u>2024</u>		
		<u>Sensitivity analysis</u>		
		<u>Magnitude of change</u>	<u>Impacted profit and loss</u>	<u>Impacted other comprehensive income</u>
<b>(Foreign currency: Functional currency)</b>				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD: NTD	5%	\$	16,575	\$ -
JPY: NTD	5%		31	-
RMB: NTD	5%		808	-
<u>Non-monetary items</u>				
USD: NTD	5%		-	1,454
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	5%		913	-

		<u>2023</u>		
		<u>Sensitivity analysis</u>		
		<u>Magnitude of change</u>	<u>Impacted profit and loss</u>	<u>Impacted other comprehensive income</u>
<b>(Foreign currency: Functional currency)</b>				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD: NTD	5%	\$	14,157	\$ -
JPY: NTD	5%		473	-
RMB: NTD	5%		985	-
<u>Non-monetary items</u>				
USD: NTD	5%		-	1,281
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	5%		2,747	-

#### Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and some long-term borrowings. Borrowings at floating interest rates expose the Group to cash flow interest rate risk, which is partially offset by the cash and cash equivalents held at floating interest rates. Borrowings at fixed interest rates expose the Group to fair value interest rate risk. In 2024 and 2023, the Group's borrowings with floating interest rates were denominated in NTD. When the market interest rate increases by 0.25%, the Company's cash outflow will be increased by NT\$ 2,023 and NT\$1,920 respectively.

#### (2) Credit risk

A. The Group's credit risk refers to the risk of financial loss for the Group due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations.

It is mainly due to the inability of the counterparties to repay the accounts receivable, and the contractual cash flows from the investments in debt instruments at amortized cost.

- B. The Group establishes credit risk management from the group perspective. For banks and financial institutions with business dealings, only those with an independent credit rating of at least "A" can be accepted as counterparties. According to the internal credit policy, management and credit risk analysis of each new customer must be conducted by each operating entity within the Group before determining terms and conditions for payment and delivery. The internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. The limits of individual risks are determined by the Board of Directors based on internal or external ratings, and the use of credit facility is regularly monitored.
- C. The Group adopts IFRS 9 to provide the premise assumption. When the contract payment is overdue for more than 120 days per the agreed payment terms, it is deemed that a default has occurred.
- D. The Group adopts IFRS 9 to provide the following premise assumption as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:
- When the contract payment base on the agreed payment terms is overdue for more than 30 days, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The Group groups the accounts receivable from customers based on the characteristics of the product types, and estimates the expected credit loss based on the loss rate method using the simplified method
- F. The Group includes the future forward-looking considerations to adjust the loss rate based on historical in a specific period and current information to estimate the provision for losses on notes and accounts receivable, as of December 31, 2024 and 2023, the matrix is as follows:

<u>December 31, 2024</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Total</u>
Expected loss ratio	0.00%	5.03%	
Total book value	\$ 25,350	\$ 299,701	\$ 325,051
Allowance for loss	-	15,068	15,068
<u>December 31, 2023</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Total</u>
Expected loss ratio	0.00%	4.51%	
Total book value	\$ 16,472	\$ 297,442	\$ 313,914
Allowance for loss	-	13,423	13,423

G. The statement of changes in the allowance for losses on accounts receivable of the Group by adopting the simplified method is as follows:

	<u>2024</u>	<u>2023</u>
	<u>Trade receivable</u>	<u>Trade receivable</u>
January 1	\$ 13,423	\$ 13,285
Provision of impairment loss	2,115	18
Payment written off due to being unrecoverable	( 156)	( 45)
Effects of exchange rate	<u>( 314)</u>	<u>165</u>
December 31	<u>\$ 15,068</u>	<u>\$ 13,423</u>

(3) Liquidity risk

A. The cash flow forecast is executed by each operating entity within the Group and compiled by the Group Finance Department. The Finance Department of the Group monitors the forecast of the Group's working capital requirements, to ensure that it has sufficient funds to meet operating needs.

B. The cash remained held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the needs of managing working capital. The Group's Finance Department, invests the remaining funds in interest-bearing demand deposits, and the instruments chosen have appropriate maturity or sufficient liquidity to provide sufficient levels in response to the above forecasts. As of December 31, 2024 and 2023, the Group held money market positions of NT\$82,048 and NT\$87,813, respectively, and is expected to generate cash flow immediately to manage liquidity risk.

C. Details of the Group's undrawn borrowings are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating interest rate		
Due within one year	<u>\$ 136,985</u>	<u>\$ 58,025</u>

D. The following table shows the Group's non-derivative financial liabilities, and derivative financial liabilities settled on a net or gross basis, which are grouped according to the relevant maturities. Non-derivative financial liabilities are based on the remaining period from the balance sheet date to the contract maturity date; analysis of derivative financial liabilities is based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

December 31, 2024	<u>Within 1 year</u>	<u>Within 1 to 2 years</u>	<u>Within 2 to 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 298,681	\$ -	\$ -	\$ -
Notes payable (including long-term notes payable)	63,997	2,573	-	-

Accounts payable (related parties included)	122,935	-	-	-	
Other payables (related parties included)	60,792	-	-	-	
lease liabilities	8,205	6,180	3,991	-	
Long-term borrowings (including due within one year)	70,079	144,160	331,859	-	
December 31, 2023		<u>Within 1 year</u>	<u>Within 1 to 2 years</u>	<u>Within 2 to 5 years</u>	<u>More than 5 years</u>
<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	104,009	-	-	-	-
Other payables	72,793	-	-	-	-
lease liabilities	8,683	15,045	-	-	-
Long-term borrowings (including due within one year)	440,442	33,671	-	-	-

### XIII. Disclosures in notes

#### (I) Information about significant transactions

1. Loaning of funds to others: Please refer to Table 1.
2. Endorsements/guarantees for others: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures): None.
4. Accumulated purchase or sale of the same securities reaching NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: refer to Table 3.
9. Engagement in derivative trading: No such situation.
10. Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Please refer to Table 4.

#### (II) Information on reinvested businesses

Name, locations, and other information of investees (excluding investees in mainland China): please refer to

Table 5.

(III) Investment in Mainland China

1. Basic information: Please refer to Table 6.

2. Significant transactions with investees in mainland China directly or indirectly through enterprises in a third place: please refer to Table 4.

(IV) Information of major shareholders

Information of major shareholders: please refer to Table 7.

XIV. Segment Information

(I) General information

The Group's management has identified the reportable segment based on the reporting information adopted by the operating decision maker, in making decisions.

(II) Information on profit or loss, assets, and liabilities of segments

Information on reportable segments provided to the chief operating decision-maker is as follows:

<u>2024</u>	<u>Taiwan</u>	<u>Americas</u>	<u>Asia</u>	<u>Others</u>	<u>Write-off</u>	<u>Total</u>
External income	\$ 674,419	\$ 393,088	\$ 149,713	\$ 6,089	\$ -	\$ 1,223,309
Segment revenue	\$ 1,237	\$ 2,071	\$ 56,744	\$ -	(\$ 60,052)	\$ -
Segment profit and loss	\$ 2,047	\$ 1,090	(\$ 7,304)	\$ -	\$ 1,241	(\$ 2,926)
Segment assets	\$ 1,847,435	\$ 242,476	\$ 469,839	\$ -	(\$ 648,412)	\$ 1,911,338
<u>2023</u>	<u>Taiwan</u>	<u>Americas</u>	<u>Asia</u>	<u>Others</u>	<u>Write-off</u>	<u>Total</u>
External income	\$ 639,446	\$ 359,402	\$ 178,131	\$ 2,414	\$ -	\$ 1,179,393
Segment revenue	\$ 35,522	\$ 1,114	\$ 4,848	\$ -	(\$ 41,484)	\$ -
Segment profit and loss	(\$ 24,539)	\$ 31,630	(\$ 8,742)	\$ -	(\$ 10,649)	(\$ 12,300)
Segment assets	\$ 1,828,978	\$ 270,250	\$ 452,269	\$ -	(\$ 577,898)	\$ 1,973,599

(III) Reconciliation information on profit or loss of segments

Sales between segments are conducted in accordance with the arm's length principle. The external revenues reported to the main operating decision-maker is measured in a consistent manner with the revenues in the income statement.

The reconciliation of the segment income and the income before tax from continuing operations for 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Reportable segment income and loss	(\$ 4,167)	(\$ 1,651)
Other reconciliation items	1,241	(10,649)
Income and loss before tax from continuing operations	(\$ 2,926)	(\$ 12,300)

(IV) Information by product:

The details of the Company's revenue balance from external customers for 2024 and 2023 are composed as follows:

	<u>2024</u>	<u>2023</u>
Label printing	\$ 1,109,154	\$ 1,085,502
Sleeve (sticker) labeling machine	94,175	74,342
Royalty	879	892
Others	<u>19,101</u>	<u>18,657</u>
Total	<u>\$ 1,223,309</u>	<u>\$ 1,179,393</u>

(V) Information by region

Information of the Group by region in 2024 and 2023 is as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 674,419	\$ 626,873	\$ 639,446	\$ 639,627
Americas	393,088	67,776	359,402	89,421
Asia	149,713	274,355	178,131	233,784
Others	<u>6,089</u>	<u>-</u>	<u>2,414</u>	<u>-</u>
Total	<u>\$ 1,223,309</u>	<u>\$ 969,004</u>	<u>\$ 1,179,393</u>	<u>\$ 962,832</u>

(VI) Information of major customers:

None.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Loaning of funds to others:

January 1 to December 31, 2024

Table 1

Unit: In Thousands of New Taiwan Dollars

(unless otherwise specified)

Serial No.	Company that lent funds	Recipient of loan	Items of the dealings	Whether it is a related party	Highest amount in the current period	Closing balance	Actual amount drawn	Interest rate range	Nature of loaning of funds	Amount of business dealings	Reasons for the need for short-term financing	Amount of allowance for losses	Collaterals		Limit of loaning of funds to individual borrowers	Total limit of loaning of funds (Note 2)	Remarks
													Name	Value			
0	Xu Yuan Packaging Technology Co., Ltd.	XYPD Company	Other receivables - related parties	Y	\$ 166,816	\$ 129,687	\$ 129,687	-	1	\$ 1,495	Business transactions	\$ -	-	\$ -	\$ 310,362	\$ 310,362	Note

Note: The Regulations Governing Loaning of Funds to Others of Xu Yuan Packaging Technology Co., Ltd. stipulate the following total amount of loaning of funds and the limits of individual borrowers:

- (1) The limit of loans to individual borrowers shall not exceed 40% of the net worth of the Company.
- (2) The limit of total loans to others shall not exceed 40% of the net worth of the Company.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Endorsements and guarantees for others

January 1 to December 31, 2024

Unit: In Thousands of New Taiwan Dollars

(unless otherwise specified)

Table 2

Serial No.	Name of company providing endorsement/guarantee	Endorsed/guaranteed parties		Limit of endorsements/guarantees to single enterprise	Maximum balance of endorsement/guarantee for the current period	Balance of endorsement/guarantee at end of period	Actual amount drawn	Endorsement/guarantee amount secured by property	Percentage of cumulative endorsement/guarantee amount to net worth in the most recent financial statements	Maximum amount of endorsements/guarantees (Note)	Endorsement/guarantee made by the parent company to a subsidiary	Endorsement/guarantee made by a subsidiary to the parent company	Endorsement/guarantee made to Mainland China	Remarks
		Company name	Relations											
0	Xu Yuan Packaging Technology Co., Ltd.	Hong Yuan Company	Subsidiary	\$ 775,904	\$ 15,000	\$ 15,000	\$ 1,806	\$ -	1.93%	\$ 775,904	Y	N	N	
0	Xu Yuan Packaging Technology Co., Ltd.	XYPD Company	Subsidiary	310,362	90,000	50,000	19,671	7,377	6.44%	387,952	Y	N	N	
0	Xu Yuan Packaging Technology Co., Ltd.	PT. CHENG HONG	Subsidiary	775,904	30,450	30,450	30,450	-	3.92%	775,904	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 amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2024

Table 3

Unit: In Thousands of New Taiwan Dollars

(unless otherwise specified)

The company that accounts for the accounts receivable	Name of counterparty	Relations	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amount of receivables from related parties recovered after the period	Amount of allowance for losses
					Amount	Treatment method		
Xu Yuan Packaging Technology Co., Ltd.	XYPD Company	Subsidiary	\$ 132,746	2.88	\$ 129,687	Continuing collection	\$ 2,122	\$ -

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries

January 1 to December 31, 2024

Table 4

Unit: In Thousands of New Taiwan Dollars

(unless otherwise specified)

Serial No. (Note 1)	Name of Transaction Party	Counterparty of transactions	Relationship with counterparties (Note 2)	Status of transaction		Trading conditions (Note 3)	Percentage in the consolidated total operating revenues or total assets (Note 4)
				Account titles	Amount		
0	Xu Yuan Packaging Technology Co., Ltd.	XYPD Company	1	Other receivables	131,433	-	6.88
0	"	PT. XUYUAN	1	Other receivables	68,808	-	3.60
0	"	Hong Yuan Company	1	Other receivables	30,254	-	1.58
1	PT. CHENG HONG	PT. XUYUAN	2	Net amount of sales	52,874	-	4.32
1	"	"	2	Accounts payable	13,775	-	0.72
1	"	"	2	Contract liabilities	13,783	-	0.72

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

(1) The parent company is coded "0".

(2) The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: There are the three types of relations with the counterparty, and it is sufficient to just indicate the type (if it is the same transaction between parent and subsidiary or between subsidiaries, there is no need to disclose it repeatedly. For example, if parent has disclosed a transaction with a subsidiary, the subsidiary does not need to disclose the same transaction again;

If a subsidiary has disclosed a transaction with another subsidiary, the other subsidiary does not need to disclose the same transaction again):

(1) Parent company to subsidiary.

(2) Subsidiary to subsidiary.

Note 3: The sales and purchases between the parent company and its subsidiaries are conducted in accordance with the general sales and purchase conditions. The payment period is O/A 30 to 120 days, and the collection period is O/A 30 days to 90 days. Currently, the amount is charged based on the subsidiary's funding position.

Note 4: As for the percentage of the transaction amount in the consolidated total revenue or total assets, if it is an asset-liability item, it is a percentage of the closing balance in the consolidated total assets; if it is a profit or loss item, it is a percentage of the cumulative amount in the interim period in the consolidated total revenue.

Note 5: Only for these whose amount over NT\$10 million disclosed, the related party as counterparty are disclosed separately.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries  
Name, locations, and other information of investees (excluding investees in mainland China)  
January 1 to December 31, 2024

Table 5

Unit: In Thousands of New Taiwan Dollars  
(unless otherwise specified)

Name of investment company	Name of investee	Location of the Company	Main business activities	Initial investment amount (Note 1)		Shareholding at the end of the period			Name of investee Profit and loss at the current period	Investment gains and losses recognized for current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
Xu Yuan Packaging Technology Co., Ltd.	Hong Yuan Company	Taiwan	Manufacturing and wholesale of plastic products and related machinery and molds	\$ 24,738	\$ 24,738	4,399,808	100.00	\$ 16,549	\$ 5,165	\$ 6,406	
"	XU YUAN Company	US	Overseas holding company	16,000	16,000	700,000	100.00	6,251	( 1,706)	( 1,706)	
"	DASE-SEAL Company	BVI	Sales of sleeve (sticker) labeling machines and color shrink labels	-	8,336	-	-	-	6	6	Note 6
"	SLEEVE SEAL, LLC	US	Manufacture and sale of sleeve (applicator) labeling machines and color shrink labels	6,455	6,455	210,000	35.00	29,076	15,251	5,338	
"	XYP JAPAN Company	Japan	Sales of sleeve (sticker) labeling machines and color shrink labels	-	25,097	-	-	-	6,874	6,874	Note 4
"	XYP India Company	India	Sales of sleeve (sticker) labeling machines and color shrink labels	4,255	4,255	21,805	100.00	1,782	( 145)	( 145)	
"	XYPD Company	Brazil	Manufacturing and sale of color shrink labels	63,522	63,522	4,607,952	51.00	35,629	1,084	555	
"	PT. XUYUAN	Indonesia	Manufacturing and sales of color shrink labels and plastic products; sales of sleeve (sticker) labeling machines	292,167	194,396	10,000,000	100.00	215,743	( 18,205)	( 13,931)	Note 5
"	PT. CHENG HONG	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	4,566	4,566	150	10.00	4,757	5,804	580	
"	PT. CHENG KUANG	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	26,026	26,026	8,550	95.00	23,429	72	68	
Hong Yuan Packaging Technology Co., Ltd.	HONG SHENG Company	Samoa	Overseas holding company	-	3,076	-	100.00	-	-	-	Note 2
"	PT. CHENG HONG	Indonesia	Manufacturing and sale of plastic granules and transparent film materials	41,094	41,094	1,350	90.00	46,775	5,804	5,224	
"	PT. CHENG KUANG	Indonesia	Manufacture and sale of complete sets of labeling machines and other equipment	1,370	1,370	450	5.00	1,233	72	4	
HONG SHENG Company	Hong Tai Company	Taiwan	Sale of packaging machinery and plastic products	-	3,000	-	-	-	49	49	Note 2, Note 3

Note 1: The initial investment amount is denominated in NTS\$ at the original exchange rate.

Note 2: The liquidation of HONG SHENG HOLDING LTD. was completed in March 2024, and the remaining properties were distributed to Hong Yuan Packaging Technology Co., Ltd. Therefore, Hong Yuan acquired 100% of the equity of Hong Tai Trading Co., Ltd.

Note 3: Hong Tai was merged with Hong Yuan in June 2024, as the dissolved company.

Note 4: XYP Japan was liquidated and dissolved in June 2024.

Note 5: Xu Yuan acquired 38% of the equity from the minor shareholders in September 2024, and thus acquired 100% of the equity of PT. XUYUAN.

Note 6: DASE-SEAL was dissolved in November 2024.

Xu Yuan Packaging Technology Co., Ltd. and subsidiaries

Information on investment in mainland China - basic information

January 1 to December 31, 2024

Unit: In Thousands of New Taiwan Dollars

(unless otherwise specified)

Table 6

Name of investee company in Mainland China	Main business activities	Paid-in capital	Method of investment (Note 1)	Beginning cumulative balance of investment capital invested from Taiwan	Investment capital contributed or recovered during the current period		End cumulative balance of investment capital invested from Taiwan	Profit/loss of the investee for the current period	The Company's direct or indirect shareholding percentage	Investment gains/losses recognized in the current period Note 2 (2)	Book value of investment at the end of period	Investment gains repatriated as of the current period	Remarks
					Outward remittance	Recovered							
Shanghai Hongxu Company	Assembly of packaging machinery and equipment and spare parts, grinding machines, and giant beds, sales of self-produced products, and provision of related technical consultation and technical services	\$ 22,155	Reinvestment in companies in Mainland China through reinvesting in an existing company (XU YUAN) in a third place	\$ 22,155	\$ -	\$ -	\$ 22,155	(\$ 1,706)	100.00	(\$ 1,706)	\$ 6,245	\$ -	Note 2 (2) (B), Note 4

Company name	Cumulative investment amount remitted from Taiwan to Mainland China at the end of the current year	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
XU YUAN PACKAGING TECHNOLOGY CO., LTD.	\$ 22,950	\$ 22,950	\$ 485,790

(USD 700 thousand)

(USD 700 thousand)

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China
- (2) Reinvestment in Mainland China through a company in a third place (please specify the investee in the third place)
- (3) Other methods

Note 2: In the column of investment gains/losses recognized in the current period:

- (1) If it is in the preparation process, so there is no investment gain or loss, please specify
- (2) The basis for recognition of investment gains and losses are divided into the following three types, please specify
  - A. Financial statements audited by an international accounting firm that has a cooperative relationship with a CPA firm of ROC
  - B. Financial statements audited by the parent company's CPAs in Taiwan
  - C. Self-settled financial statements.

Note 3: Relevant figures in this statement shall be presented in New Taiwan Dollars.

Note 4: Xu Yuan Company has invested in XU YUAN 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

Information of major shareholders

December 31, 2024

Table 7

Name of major shareholder	Share	
	Number of shares held	Share holding ratio
Hongyao Investment Co., Ltd.	9,081,949	16.56%
Xu Hung Investment Co., Ltd.	4,376,288	7.98%
Chuang, Ya-Ping	3,242,015	5.91%

Note 1: For the purpose of the statement, shareholders holding more than 5% of the Company's ordinary and special shares that have completed non-physical registration (including treasury shares) on the last business day of the quarter are calculated. The share capital recorded in the Company's financial statements and the actual number of shares that have completed the non-physical 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.