

Mao Bao Inc.
Parent-only Financial Reports and Independent
Auditor's Report
2023 and 2022
(Stock Code: 1732)

Company Address: No. 19, Shihchien Rd., Shen-Li Village,
Hukou Township, Hsinchu County

Telephone: (02) 8976-2277

Mao Bao Inc.

Parent-only Financial Reports and Independent Auditor's Report for the Fiscal Year
2023 and 2022

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Independent Auditor's Report

2024 Financial Review Report No.23004644

To Mao Bao Inc.

Independent auditor's opinion

We have audited the accompanying financial statements of Mao Bao Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for January 1 through December 31, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for January 1 through December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

The auditor conducted the audit in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards in the R.O.C. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 the audit evidence we have obtained is sufficient and appropriate to provide a

basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 financial statements of the Company for 2023 are as follows:

Estimation of the refund liabilities

Description of the Matter

For the accounting policy of recognizing revenues, please refer to Note 4(23) of the financial statements; for the estimation of refund liabilities, please refer to Note 5(2); for the description of the refund liability account, please refer to Note 6(11). The refund liabilities recognized by the Company as of December 31, 2023 was NT\$15,892 thousand.

The Company recognized the refund liabilities based on the quantity discount given to customers based on the sales contract, the sales discounts, and price discounts, and the estimation basis is the refunded amount actually incurred in the past, while evaluating if any special factor exists to adjust the original estimates. Since the estimation of refund liabilities involving more subjective judgement, and the uncertainty of accounting estimation is involved as the management estimates the future possible liabilities based on the contracts, commercial customs, and historic experience, we therefore list the evaluation of the refund liabilities is the most material matter for auditing the Company.

Corresponding Audit Procedures

We have executed the major audit procedures for the estimated refund liabilities as the follows:

1. Understand and test the effectiveness of the internal control over the refund liabilities.
2. Evaluate the reasonableness of the policy for refund liability estimation, including estimation made by referencing contracts or business customs, and the actual cases in the past, while sampling to verify the reasonableness of the amount provided in the past.
3. Sample to verify the actual charge off of refund liabilities until the original certificates, investigate and understand the reasons and natures of material differences, and verify the reasonableness of the estimated amount.

Evaluation of the inventory valuation

Description of the Matter

For the accounting policy of inventory evaluation, please refer to Note 4(11) of the financial statements; for the uncertainty of accounting estimate and assumption, please refer to Note 5(2); for the description of accounting items for loss allowance of inventories, please refer to Note 6(5). As of December 31, 2023, the balance of inventories and allowance of inventory evaluation loss were NT\$77,342 thousand and NT\$1,335 thousand, respectively.

The Company mainly operates the manufacturing and sales various cleaning products. Due to the fierce competition in the industrial market, the market prices tend to fluctuate; thus the risks of inventory falling price and idle loss may be generated, and the management evaluate the inventories with the method of lower between the costs and net realized value. As the subjective judgements are involved in the aforesaid process, we believe the accounting estimation has material effect on the evaluation of the value in use

for inventories, and thus list such as one of the key matters for the audit.

Corresponding Audit Procedures

We have executed the major audit procedures for the inventory valuation

1. Based on the understanding to the operation of the Company and nature of the industry, the reasonableness of the policy adopted for the allowance of inventory evaluation loss.
2. Sample to test the appropriateness of the inventory age statement system used by the management, to verify the correctness of the statement information.
3. Obtain the statement for the costs and net realizable values of inventories, and randomly check the supporting documents, with recalculation for the correctness, to evaluate the basis and reasonableness of the net realizable values.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 financial statements, 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtaining sufficient and appropriate audit evidence regarding the financial information on the forming entity within the Company, to express the opinion of the financial statements. We are responsible for instructing, supervising, and executing the audit on the parent company, as well as forming the auditor's opinion of the financial statements.

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 furnish the statement specifying that the personnel of firm we belong to subject to the regulation of independence comply with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China related to independence to the governance unit, while communicating any relationship that may be deemed affect the independence of the CPAs, as well as other matters (including safeguard measures)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditor's 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

Ruan-Lu, Man-Yu

CPA [Click here to enter text.](#)

Feng, Ming-Chuan

Former Financial Supervisory Commission, Executive Yuan
Approved Certification Document Number: FSC Audit Examination Letter No.
0990058257

Former Financial Supervisory Commission, Executive Yuan
Approved Certification Document Number: FSC Six-Digit No. 0960038033

March 12, 2024

Mao Bao Inc.
Stand-alone Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 115,756	18	\$ 101,015	16
1136	Financial assets measured at amortized cost - current	6(2)	77,891	12	89,999	14
1150	Notes receivable, net	6(4)	3,777	1	6,414	1
1170	Accounts receivable, net	6(4)	76,000	12	78,116	12
1180	Accounts receivable - related parties, net	7	4,718	1	7,779	1
1210	Other receivables - related parties	7	27,664	4	21,503	3
1220	Income tax assets of the period		1,723	-	3,662	1
130X	Inventories	6(5)	76,007	12	88,410	14
1479	Other current assets - others		2,101	-	2,605	-
11XX	Total current assets		<u>385,637</u>	<u>60</u>	<u>399,503</u>	<u>62</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(3)	134	-	134	-
1550	Investment adopting the equity method	6(6)	57,553	9	62,725	10
1600	Property, plant and equipment	6(7) and 8	166,170	26	148,738	23
1755	Right-of-use assets	6(8)	13,004	2	14,702	2
1780	Intangible assets	6(9)	1,117	-	90	-
1840	Deferred tax assets	6(22)	7,971	1	9,298	1
1975	Net defined benefit assets - non- current	6(12)	3,244	1	1,676	-
1990	Other non-current assets - others		8,224	1	11,569	2
15XX	Other non-current assets		<u>257,417</u>	<u>40</u>	<u>248,932</u>	<u>38</u>
1XXX	Total assets		<u>\$ 643,054</u>	<u>100</u>	<u>\$ 648,435</u>	<u>100</u>

(Continued in next page)

Mao Bao Inc.
Stand-alone Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current liabilities					
2130 Contract liabilities - current	6(16)	\$ 324	-	\$ 291	-
2170 Accounts payable		64,508	10	67,909	11
2180 Accounts payable - related parties	7	346	-	1,067	-
2200 Other payables	6(10)	51,343	8	48,885	8
2280 Lease liabilities - current		1,381	-	1,569	-
2399 Other current liabilities - others	6(11)	19,334	3	15,522	2
21XX Total current liabilities		<u>137,236</u>	<u>21</u>	<u>135,243</u>	<u>21</u>
Non-current liabilities					
2570 Deferred tax liabilities	6(22)	17,137	3	17,750	3
2580 Lease liabilities - non-current		11,796	2	13,175	2
25XX Total non-current liabilities		<u>28,933</u>	<u>5</u>	<u>30,925</u>	<u>5</u>
2XXX Total Liabilities		<u>166,169</u>	<u>26</u>	<u>166,168</u>	<u>26</u>
Equity					
Share capital					
3110 Common share capital	6(13)	424,439	66	424,439	65
Capital reserve					
3200 Capital reserve	6(14)	2,704	-	2,704	-
Retained earnings					
3310 Statutory reserves	6(15)	37,636	6	36,900	6
3320 Special reserve		5,530	1	11,862	2
3350 Undistributed earnings		12,615	2	11,892	2
Other equities					
3400 Other equities		(6,039)	(1)	(5,530)	(1)
3XXX Total equity		<u>476,885</u>	<u>74</u>	<u>482,267</u>	<u>74</u>
Significant Events After Balance Sheet Date					
3X2X Total liabilities and equities		<u>\$ 643,054</u>	<u>100</u>	<u>\$ 648,435</u>	<u>100</u>

The accompanying notes are an integral part of the parent-only financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Stand-alone Comprehensive Income Statement
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand
(except for earnings (losses) per share which are expressed in NTD)

Item	Note	Year 2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(16) and 7	\$ 517,896	100	\$ 542,587	100
5000 Operating costs	6(5)(12)(21) and 7	(323,379)	(62)	(344,352)	(63)
5900 Gross Profit		194,517	38	198,235	37
5910 Unrealized gain of sales		(2,412)	(1)	(1,494)	-
5920 Realized gain of sales		1,494	-	2,138	-
5950 Gross operating profit, net		193,599	37	198,879	37
Operating expenses	6(12)(21) and 7				
6100 Selling expenses		(155,992)	(30)	(157,130)	(29)
6200 Administrative expenses		(36,492)	(7)	(37,781)	(7)
6300 Research and development expenses		(5,029)	(1)	(6,107)	(1)
6450 Expected credit impairment gains	12(2)	29	-	76	-
6000 Total operating expenses		(197,484)	(38)	(200,942)	(37)
6900 Operating loss		(3,885)	(1)	(2,063)	-
Non-operating Income and Expenses					
7100 Interest revenue	6(17) and 7	3,204	1	1,100	-
7010 Other income	6(18)	1,121	-	583	-
7020 Other gains or losses	6(19)	(759)	-	12,338	2
7050 Financial costs	6(20)	(274)	-	(198)	-
7070 Share of the incomes of the subsidiaries, affiliates and joint ventures recognized with the equity method	6(6)	(3,618)	(1)	(3,322)	-
7000 Total non-operating incomes and expenses		(326)	-	10,501	2
7900 Net income before tax (net loss)		(4,211)	(1)	8,438	2
7950 Income tax expenses	6(22)	(1,846)	-	(3,271)	(1)
8200 Net income (loss) in the current period		<u>(\$ 6,057)</u>	<u>(1)</u>	<u>\$ 5,167</u>	<u>1</u>
Other comprehensive income					
Items not reclassified subsequently to profit or loss					
8311 Remeasurement of defined benefit programs	6(12)	\$ 1,480	-	\$ 2,739	-
8349 Income taxes related to the items not reclassified	6(22)	(296)	-	(548)	-
8310 Total of items not reclassified		1,184	-	2,191	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating the financial statements of foreign operations		(636)	-	4,898	1
8399 Income tax relating to items that may be reclassified	6(22)	127	-	(980)	-
8360 Total of items that may be reclassified subsequently to profit or loss		(509)	-	3,918	1
8300 Other comprehensive income of the year (net)		<u>\$ 675</u>	<u>-</u>	<u>\$ 6,109</u>	<u>1</u>
8500 Total comprehensive income (loss) for the period		<u>(\$ 5,382)</u>	<u>(1)</u>	<u>\$ 11,276</u>	<u>2</u>
Basic earnings (losses) per share	6(23)				
9750 Basic earnings (losses) per share		<u>(\$ 0.14)</u>	<u>0.14</u>	<u>\$ 0.12</u>	<u>0.12</u>
Diluted earnings (losses) per share	6(23)				
9850 Diluted earnings (losses) per share		<u>(\$ 0.14)</u>	<u>0.14</u>	<u>\$ 0.12</u>	<u>0.12</u>

The accompanying notes are an integral part of the parent-only financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Stand-alone Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Capital reserve			Retained earnings			Other equities		Total equity
		Common share capital	Capital reserve - issuance premium	Capital reserve - gains from disposed assets	Capital reserve - gifted assets	Statutory reserves	Special reserve	Undistributed earnings	Exchange differences on translating the financial statements of foreign operations	
<u>2022</u>										
Balance as of January 1, 2022							\$			\$
		\$								\$
		4				\$	\$	2		4
		2	\$			3	1	2	\$	8
		4,	2,	\$		5,	0,	,	9,	5,
		4	0	6	\$	1	8	1	3	8
		3	2	6	1	4	6	4	4	4
		9	7	3	4	6	5	0	4	\$ 104
Current net profit		-	-	-	-	-	5,167	-	-	5,167
Other comprehensive income for the period		-	-	-	-	-	2,191	3,918	-	6,109
Total comprehensive income (loss) for the period		-	-	-	-	-	7,358	3,918	-	11,276
2021 Earnings Provision and Distribution:	6(15)									
Provided for statutory reserves		-	-	-	-	1,754	-	1,754	-	-
Provided for special reserves		-	-	-	-	-	997	997	-	-
Cash dividends		-	-	-	-	-	14,855	-	-	14,855
Balance as of December 31, 2022		-	-	-	-	-	5	-	-	14,855
		\$					\$			\$
		4				\$	\$			4
		2	\$			3	1	1	\$	8
		4,	2,	\$		6,	1,	1	5,	2,
		4	0	6	\$	9	8	,	4	2
		3	2	6	1	0	6	8	2	6
		9	7	3	4	0	2	9	6	\$ 104

The accompanying notes are an integral part of the parent-only financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Stand-alone Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Note	Capital reserve			Retained earnings			Other equities		Total equity	
	Common share capital	Capital reserve - issuance premium	Capital reserve - gains from disposed assets	Capital reserve - gifted assets	Statutory reserves	Special reserve	Undistributed earnings	Exchange differences on translating the financial statements of foreign operations		Unrealized valuation gains (losses) on financial assets as at fair value through other comprehensive income
							2			
<u>2023</u>							\$			
Balance as of January 1, 2023							\$			\$
	4				\$	\$	1			4
	2	\$			3	1	1	\$		8
	4,	2,	\$		6,	1,	,	5,		2,
	4	0	6	\$	9	8	8	4		2
	3	2	6	1	0	6	9	2		6
	9	7	3	4	0	2	2	6	\$ 104	7
Current net loss	-	-	-	-	-	-	6,057	-	-	6,057
Other comprehensive income for the period	-	-	-	-	-	-	1,184	509	-	675
Total comprehensive income (loss) for the period	-	-	-	-	-	-	4,873	509	-	5,382
2022 Earnings Provision and Distribution:	6(15)									
Provided for statutory reserves	-	-	-	-	736	-	736	-	-	-
Reversal of special reserve	-	-	-	-	-	6,332	6,332	-	-	-
Balance as of December 31, 2023							\$			\$
	4				\$		1			4
	2	\$			3		2			7
	4,	2,	\$		7,	5,	,	5,		6,
	4	0	6	\$	6	5	6	9		8
	3	2	6	1	3	3	1	3		8
	9	7	3	4	6	0	5	5	\$ 104	5

The accompanying notes are an integral part of the parent-only financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Stand-alone Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Note	Common share capital	Capital reserve			Retained earnings			Other equities		Total equity
		Capital reserve - issuance premium	Capital reserve - gains from disposed assets	Capital reserve - gifted assets	Statutory reserves	Special reserve	Undistribute d earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized valuation gains (losses) on financial assets as at fair value through other comprehensive income	

The accompanying notes are an integral part of the parent-only financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen,
Hsuan-Ru

Mao Bao Inc.
Standalone Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flows from operating activities</u>			
Current Net income before tax (net loss)		4,211	8,438
Adjusted items			
Income/expenses items			
Depreciation expense	6(21)	9,756	10,191
Amortization expenses	6(21)	529	662
Expected credit impairment gain	12(2)	29	76
Interest expenses	6(20)	274	198
Interest revenue	6(17)	3,204	1,100
Share of the incomes of the subsidiaries, affiliates and joint ventures recognized with the equity method	6(6)	3,618	3,322
Loss from disposal of and scrapping property, plant and equipment	6(19)	31	26
Realized (unrealized) gain of sales		918	644
Gains on lease modification	6(19)	-	337
Changes in assets/liabilities related the operating activities			
Net changes in assets related the operating activities			
Notes receivable		2,663	1,472
Accounts receivable		2,119	15,138
Accounts receivable - related parties		3,061	14,683
Other receivables - related parties		6,161	7,659
Inventories		12,403	5,024
Other current assets - others		740	286
Net changes in liabilities related the operating activities			
Contract liabilities		33	843
Accounts payable		3,401	9,188
Accounts payable - related parties		721	1,067
Other payables		2,458	946
Other current assets - others		3,812	5,407
Net defined benefit assets and liabilities - non-current net changes		88	435
Cash inflow provided by operating activities		24,600	30,356
Interest received		2,967	710
Interest paid		274	198
Income tax refunded (paid)		639	4,737
Net cash inflow from operating activities		27,932	26,131
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized costs		3,500	34,639
Disposal of financial assets measured at amortized cost		15,608	-
Acquisition of property, plant and equipment	6(7)	25,635	6,330
Disposal of property, plant and equipment		114	138
Acquisition of intangible assets	6(9)	1,556	421
Decrease (increase) in refundable deposits		9	67
Other non-current assets - decrease (increase) of others		3,354	7,340
Net cash outflow from investment activities		11,624	48,525
<u>Cash flows from financing activities</u>			
Repayment of lease liabilities		1,567	1,594
Distribution of cash dividends	6(15)	-	14,855
Net cash outflow from financing activities		1,567	16,449
Current Net Increase (Decrease) in Cash and Cash Equivalents		14,741	38,843
Beginning balance cash and cash equivalents for the period		101,015	139,858
End balance cash and cash equivalents for the period		115,756	101,015

The accompanying notes are an integral part of the parent-only financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Notes to Parent-only Financial Statements
2023 and 2022

Unit: NT\$ thousand
(Unless specified otherwise)

I. Company History

Mao Bao Inc. (hereinafter referred to as “the Company”) was incorporated in December 1978; originally named Mao Bao Organic Chemical Engineering Limited, it was renamed as Mao Bao Inc. in 1987. The major businesses are the processing, manufacturing, transactions, and the other import/export trading of various cleaning products. The Company’s shares started trading at TPEX since October 27, 1999, and officially trading at TWSE since September 17, 2001.

II. Approval Date and Procedures of The Financial Statements

The parent-only financial report was approved by the Board on March 12, 2024 for releasing.

III. New Standards, Amendments and Interpretations Adopted

(I) Effect from the adopted latest released and amended IFRS endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The following table lists the standards and interpretations of the new release, amendment and revision of the IFRS applicable in 2023 approved and issued by the FSC:

<u>New, revised or amended IFRSs and IFRICs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	January 1, 2023
Amendments to IAS No. 12 "International Tax Reform - Pillar 2 Template"	May 23, 2023

After assessment, the standards and interpretations above do not affect the Company’s financial status and position materially.

(II) Effect from the latest released and amended IFRS endorsed and issued into effect by the FSC not yet adopted

<u>New, revised or amended IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Sale and Leaseback Transactions”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1: “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

After assessment, the standards and interpretations above do not affect the Company’s financial status and position materially.

(III) Effect from the IFRSs already announced by IASB but not yet endorsed and issued into effect by the FSC

The following table summarizes the new, revised or amended IFRSs announced by IASB but not included in the IFRSs endorsed by the SFC and their interpretations:

<u>New, revised or amended IFRSs and IFRIC</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 – comparison information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Convertibility"	January 1, 2025

After assessment, the standards and interpretations above do not affect the Company’s financial status and position materially.

IV. Summary of Significant Accounting Policies

The major accounting policies adopted for preparing the parent-only financial report are described as below. Unless explained otherwise, these policies have been applied consistently during all reporting periods.

(I) Compliance Statement

The parent-company-only financial reports are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(II) Basis of preparation

1. Other than the following important items, the parent-only financial report was prepared based on the historic costs:
 - (1) Financial assets measured at FVOCI measured at fair value
 - (2) Defined assets or liabilities recognized at the retirement fund asset deducting the net current value of defined benefit obligation
2. The preparation of financial statements in accordance with International Financial Reporting Standards (IFRSs) approved by the Financial Supervisory Commission and effective requires the use of certain significant accounting estimates. In the application of the Company's accounting policies, management also needs to exercise judgment, particularly in areas involving high degrees of judgment or complexity, or significant assumptions and estimates in the individual financial statements. Please refer to Note 5 for further details.

(III) Foreign currency translation

The items listed in the financial report of the Company are measured at the currencies of the major economic environment where the entity operates (i.e., functional currencies). The parent only financial report is presented with the Company’s functional currency “New Taiwan Dollar.”

1. Foreign currency transaction and balance
 - (1) Foreign currency transactions are translated to the functional currency at the spot exchange rate of the transaction date or measurement date; the translation differences generated from translating such transactions are recognized as the current profit or loss.

- (2) The balance of monetary assets and liabilities in foreign currency are adjusted with the spot exchange rate valuation of the balance sheet date; the differences generated from translating such adjustments are recognized as the current profit or loss.
- (3) For the balance of non-monetary assets and liabilities in foreign currency, these are measured at FVTPL are adjusted with the spot exchange rate valuation of the balance sheet date, and the differences generated from translating such adjustments are recognized as the current profit or loss; for these not measured at fair value are measured at the historic exchange rate at the initial transaction date.
- (4) All exchange gains and losses are recognized in the "Other gains or losses" in the statement of income.

2. Translation of the foreign operations

- (1) For all the affiliates and the joint agreement with different functional currencies and presentation currencies, their operating results and the financial positions are translated into the presentation currencies via the following manners:
 - A. The assets and liabilities presented in each balance sheet are translated at the closing exchange rate of the balance sheet date;
 - B. The incomes and expenses presented in each statement of comprehensive income are translated at the average exchange rate of current period; and
 - C. All exchange differences generated from the translation are recognized as other comprehensive income.
- (2) Where the foreign operation partially disposed or sold is a subsidiary, the accumulated exchange difference recognized as other comprehensive income are attributed to the non-controlling equity of the concerned foreign operation pro rata. Provided, when the Company loss the control over the subsidiary that is a foreign operation even with partial equity of the previous subsidiary is retained, it is treated as the disposal of all equity of the foreign operations.

(IV) The standards to classify of assets and liabilities as current or non-current

1. Any asset meeting one of the following condition is classified as the current asset:
 - (1) (Expected to be realized in the entity's normal operating cycle or intended to be sold or consumed.
 - (2) Held primarily for the purpose of trading
 - (3) Expected to be realized within 12 months from the balance sheet date
 - (4) Cash and cash equivalents, excluding these restricted for exchange or settle liabilities within 12 months from the balance sheet date.

The Company classify all the assets failing to meet the aforesaid conditions as non-current.

2. Any liability meeting one of the following conditions is classified as the current liability:
 - (1) Expected to be settled within the entity's normal operating cycle.
 - (2) Held primarily for the purpose of trading
 - (3) Due to be settled within 12 months from the balance sheet date.
 - (4) For which the entity cannot not unconditionally defer settlement beyond 12 months. The terms of liabilities that, at the election of the counterparty, may be settled by the issue of equity instruments, does not impact classification.

The Company classify all the liabilities failing to meet the aforesaid conditions as non-current.

(V) Cash equivalents

Cash equivalents refers to the short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short-term bills meeting the aforesaid definition, and for satisfying the short-term cash operational commitments are classified as cash equivalents.

(VI) Financial assets at fair value through other comprehensive profit or loss

1. An irrevocable election at initial recognition to present changes in fair value of the investment in the equity instrument not held for trading in other comprehensive income; or the debt instruments meeting the following conditions at the same time:
 - (1) The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows and to sell the assets.
 - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts the trading date accounting for the financial assets measure at FVOCI meeting trading customs.
3. The Company measures such at their fair values plus trading costs at the initial recognition, and at fair value subsequently:

Where the change in fair value of an equity instrument is recognized at other comprehensive income, the accumulated gains or losses recognized at other comprehensive income must not be subsequently reclassified to profit at its derecognition but transferred to the retained earnings. When the right of receiving the dividend income is established and the economic effect related to the dividends is likely to inflow, and the amount of dividends may be reliably measured, the Company recognizes the dividend income at the profit and loss.

(VII) Financial assets measured at amortized cost

1. Refers to these meeting the following conditions at the same time:
 - (1) The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows.
 - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts the trading date accounting for the financial assets measure at amortized costs meeting trading customs.
3. The Company measures such at their fair values plus trading costs at the initial recognition, and recognizes the interest incomes and the impairment loss during the outstanding period with the effective interest method for amortization. When derecognizing, the gain or loss is recognized at the profit and loss.
4. The Company holds the time deposits not consistent to the cash equivalents; because they are held during a short period of time, and the effect of discount is immaterial, they are measured at the investment amount.

(VIII) Accounts and notes receivable

1. Refers to the entity has an unconditional contractual right to consideration for goods or services that have been transferred.
2. For the short-term accounts and notes receivable with no interests attached, the effect of discount

is immaterial, so they are measured at the original invoice amounts.

(IX) Financial asset impairment

At each balance sheet date, for the financial assets measured at amortized cost and the accounts receivable including material financial components, after considering all reasonable information with supporting evidence (including the forward-looking one), if the credit risk has not significantly increased since the initial recognition, the loss allowance is measured at the 12-month ECL amount; if the credit risk has significantly increased since the initial recognition, the loss allowance is measured at the ECL amount of the duration; for the accounts receivable not including material financial components, the loss allowance is measured at the ECL amount of the duration.

(X) Derecognition of financial assets

When the contractual right of the Company to receive the cash flow from a financial asset becomes invalid, the financial asset is derecognized.

(XI) Inventories

Inventories are stated at the lower of cost or net realizable value; the costs are determined with the weighted average method. Costs of finished goods and work in progress include materials, direct labor, other direct costs and the manufacturing expenses related to the production (shared by the normal capacity), but excluding the borrowing costs. When comparing the cost and net realizable value for the lower, the item-by-item method is adopted; the cost or net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(XII) Investment/subsidiary adopting the equity method

1. Subsidiaries refers to entities controlled by the Company (including the structural entities). When the Company is exposed to the variable return participated by the entity, or entitled to the variable return, and the Company is able to influence such return through the power over the entity, the Company controls that entity.
2. The unrealized profit and loss generated from the transactions between the Company and subsidiaries are written off. The accounting policies of subsidiaries have been adjusted as necessary to be consistent to these adopted by the Company.
3. The Company recognizes the share of the profit and loss after the acquisition of a subsidiary as the profit and loss of the current period, and the share of the other comprehensive income after the acquisition of a subsidiary as the other comprehensive income in the current period. If the share of loss in a subsidiary recognized by the Company exceeds the equity in the subsidiary, the Company continue to recognizes the loss at the shareholding percentage.
4. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit and loss and other comprehensive income in the parent-only financial reports shall be identical to the profit and loss and other comprehensive income attributed to the owners of parent company in the consolidated financial reports. The equity of owners in the parent-only financial reports shall be identical to the equity attributed to the owners of parent company in the consolidated financial reports.

(XIII) Property, plant and equipment

1. Property, plant and equipment are accounted based on the cost of acquisition.
2. The subsequent costs are only deemed in the carrying amount of an asset or recognized as one single asset when the future economic effect related to the item is very likely to flow into the Company, and the costs of that item may be measured reliably. The carrying amount of those parts that are

replaced is derecognized. All other maintenance fees are recognized at the income of the current period when occurring.

3. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost model, and others are depreciated with the straight-line method over its useful life, except that land is not depreciable. Where each component of the property, plant and equipment is material, the depreciation shall be provided individually.
4. The Company review the residual value, useful live, and depreciation of each asset at the end of each fiscal year. If the expected values of the residual value and useful live are different from the previous estimates, or the expected consumption format of the future economic effects included in the asset has changed materially, the IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” shall be applied to treat such as the changes in accounting estimates since the occurrence date of change. Useful life of each asset are as below:

Houses and buildings	5 - 60 years
Machine and equipment	2 - 10 years
Other equipment	1 - 13 years

Lease transactions by lessees - right-of-use asset/ lease liabilities

1. The lease assets are recognized as the right-of-use assets and lease liabilities since the day availing to the Company for using. Where a lease contract is a short-term lease or lease of a low value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. For lease liabilities, the unpaid lease payment are recognized since the starting day of leases at the current values discounted at the Company’s incremental lending interest rate. The lease payments include the fixed payment deducting any lease incentives receivable, and are measured at the amortized cost with the interest method, to provide the interest expenses during the lease terms. Where the non-contractual modification results in the change in the lease term or lease payment, the lease liability is re-valued, and adjust the remeasurement to the right-of-use asset.
3. Right-of-use assets are recognized at costs since the commencement date of the lease. The costs include:
 - (1) Original measured amount of the lease liability.
 - (2) The estimated costs to dismantle and remove the underlying asset, and recover its location, or recover the underlying asset to the status required in the lease terms and conditions.

The subsequent measurement adopts the cost model, and the depreciate expense is provided at the earlier between the maturity of the useful life of the right-of-use asset or the expiry of the lease term. When a lease liability is re-valued, the right-of-use asset will adjust any remeasurement of the lease responsibility.

4. For the lease modification reduces the lease scope, the lessee will reduce the carrying amount of the right-of-use asset to reflect all of partial termination of the lease, and recognize the difference between which and the remeasured amount of the lease liability in the profit and loss.

(XIV) Intangible assets

The computer software is recognized at the acquisition cost, and amortized with the straight-line method for the useful life of 2 to 5 years.

(XV) Non financial asset impairment

The Company estimates the recoverable amounts of these assets with impaired signals, and recognizes the impairment loss when the recoverable amounts are lower than the carrying values. The recoverable amount is the higher between the fair value less costs to dispose and the value in use. Where the situation of asset impairment recognized in previous years does not exist or reduces, the impairment loss is reversed; provided, the carrying amount of the asset increased with the reversed impairment loss shall not exceed the carrying amount of the asset deducting the depreciation or amortization if the impairment loss was not recognized.

(XVI) Accounts payable

1. Liabilities incurred for purchase of materials or supplies, goods, or services on credit.
2. For the short-term accounts receivable with no interests attached, the effect of discount is immaterial, so they are measured at the original invoice amounts.

(XVII) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the obligations listed in the contract are performed, cancelled, or expired.

(XVIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to pay, and recognized as expenses when the related services are provided.

2. Pension

- (1) Defined contribution plans

For the defined contribution plan, the amount of retirement fund to be contributed recognized as the pension cost of the period on the accrual basis. The prepaid contributions are recognized as assets within the extent of refundable cash or reduced future payment.

- (2) Defined benefit plans

- A. The net obligation under the defined benefit plan is calculated at the discounted future benefit amount earned by employees for the current period or in the past, and the current value of the defined benefit plans at the balance sheet date deducts the fair value of the plan assets. The net obligation under the defined benefit plan is calculated by actuaries every year with the projected unit credit method, and the discount rate references the market yields of the quality corporate bonds with the same currency and term of the defined benefit plan at the balance sheet date; in a country where the quality corporate bonds have not active market, the market yields of the government bonds (at the balance sheet date) shall be applied.
 - B. The remeasurement generated from defined benefit plans is recognized at other comprehensive income of the term when it incurs and presented in the retained earnings.
 - C. The expenses related to the early service costs are recognized as profit and loss instantly.
3. Remunerations to employees, directors, and supervisors

Remunerations to employees, directors, and supervisors are recognized as expenses and liabilities when legal or constructive obligations are created and amounts may be reasonable estimated. For any difference between the actual distributed amount and estimated amount, it is treated as the change in accounting estimates.

(XIX) Income tax

1. Income tax expenses include the current and deferred income taxes. The income taxes related to the items accounted to other comprehensive incomes or directly to equity are accounted to other comprehensive incomes or directly to equity, respectively; otherwise income taxes are recognized in profit and loss.
2. The Company calculates the income tax of the period based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet in the country where it operates and the taxable income is generated. The management regularly assets the filing of income taxes pursuant to the period specified in the applicable income tax related regulations, and estimate the income tax liabilities based on the taxes expected to be paid to the tax authorities where applicable. For the income taxes levied on the undistributed earning pursuant to the Income Tax Act, are recognized as the income tax expenses of the undistributed earnings in the next year of the year when the earnings generated, based on the actual distributed earnings upon the approval of earning distribution by the shareholders' meeting.
3. The deferred income tax adopts the balance sheet method, recognizes the temporary difference generated between the tax base of the assets and liabilities and their carrying amounts in the balance sheet. Where a deferred income tax is generated from the initial recognition of an asset or liability in a transaction (business combination excluded), and does not affect any accounting profit or taxable income at the time of transaction, no recognition shall be made. Where an investee subsidiary generates a temporary difference, the Company may control the timing to reverse the temporary difference, and the temporary difference is very unlikely to be reversed in the foreseeable future are not recognized. The deferred income tax adopts the tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet, which is expected to apply upon the realization of the related deferred income tax asset, or the income tax liability is settled.
4. Temporary differences are recognized within the extent where the they may be used to deduct the future taxable incomes, and the unrecognized and recognized deferred income tax assets are re-assessed at each balance sheet date.
5. Where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the current income tax assets and liabilities may be offset; where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and the deferred tax assets and liabilities generated from the taxpayer entity whose income taxes are levied by the same tax collection authority, or generated from different taxpayer entities but each entity, with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the deferred income tax assets and liabilities may be offset.
6. The later part of unused income tax deduction arising from the purchase of equipment or technology, research and development expenditures, and equity investment is recognized within the scope of future taxable income that is likely to be used for unused income tax deduction. Deferred tax assets.

(XX) Share capital

Common shares are classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction of the price in equity after deducting income tax.

(XXI) Dividend distribution

The dividends distributed to the Company's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends; the cash dividends distributions

are recognized as liabilities.

The Company's Board of Directors, in the presence of two-thirds of the total number of directors, and with a resolution of a majority of the attending directors, shall distribute the dividends to shareholders in the form of cash and report to the shareholders' meeting. The preceding paragraph shall not apply .

(XXII) Revenue recognition

Product sales

1. The Company manufactures and sells cleaning products. Revenues from sales are recognized when the controls of products are transferred to a customers, i.e. when the products are delivered to the customer, the customer has the discretion over the sales channel and price of the products, and the Company has no unperformed contractual obligations that may affect the customer's acceptance of the products. The delivery of good only occurs when products are transported to the designated location, and the risks of obsolescence and loss are transferred to the customer, while the customer accepts the product pursuant to the sales contract, or any objective evidence showing all the acceptance standards are met.
2. The sales revenues are recognized as the net amount of the contractual price excluding the estimated quantity discount/sales discount/ price deduction. The quantity discount/sales discount/ price deduction given to customers are usually calculated based on the expected sales amount. The Company estimates such with the most possible amount based on the historic experience. The recognized amount of revenue is limited to the material reversals very unlikely incurring in the futures, and updated and estimated at each balance sheet date. As of the balance sheet date, the estimated quantity discount/sales discount/ price deduction payable to customers related the sales are recognized as the refund liabilities. The payment terms of the revenues from sales are generally due 30 to 90 days from the shipping date. Since the time to transfer the committed products or services to the customer, until the time when the payment is made by the customer is within one year, the Company does not adjust the transaction prices to reflect the monetary time value.
3. Accounts receivable are recognized at the time when the products delivered to customers, because since that point of time, the Company has no conditional rights over the contractual considerations, and only to receive the proceeds after the time goes by.

(XXIII) Government grants

A government grant is recognized only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. In case where the nature of the government grants is to compensate the expenses incurred by the Company, the government grants are recognized as the current profit and loss on the systematic basis during the period when the related expenses incur.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

When preparing the parent-only financial reports, the management has applied the judgement to decide the accounting policies adopted, and made the accounting estimates and assumptions based the situations and the reasonable expectation to the future event at the balance sheet date. The key accounting estimates and assumptions made may be different from the actual results, and the continuous evaluation and adjustment will be made by considering the historic experience and other factors. Such estimates and assumptions have the risk to result in material adjustments to be made for the carrying amounts of assets and liabilities in the next fiscal years. Please refer to the following description of the uncertainties regarding key accounting judgements, estimates and assumptions:

(I) Key judgements adopted for accounting policies

None.

(II) Key estimates and assumptions

1. Estimation of the refund liabilities

The related returns and refund liabilities related to the revenues from sales are the likely returned products, discounts and reduction estimated based on the contracts, commercial customs, and historic experience, and listed as the deductions of the revenues from sales in the period when the products are sold. The Company regularly review the reasonableness of the estimated refund liabilities.

On December 31, 2023, the refund liability recognized by the Company was \$15,892 (under other current assets - others).

2. Inventory valuation

Since the inventories must be priced at the lower between the costs and net realizable values, the Company must adopt judgements and estimates to decide the net realizable values of inventories at the balance sheet dates. The industrial market competes fiercely and thus the market prices tend to fluctuate, the Company estimates the net realizable value of inventory for normal loss, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The inventory valuation is mainly estimated based on the product demands in the certain future period, and thus subject to the material changes.

On December 31, 2023, the carrying amount of the inventories was NT\$76,007.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and penny cash	\$ 165	\$ 135
Checking and demand deposit	55,869	41,067
Cash equivalents - short-term bills	<u>59,722</u>	<u>59,813</u>
	<u>\$ 115,756</u>	<u>\$ 101,015</u>

1. The financial institutions dealing with the Company have good credit quality, and the Company have business with many financial institutions to diversify the credit risk, and the probability of default is expected extremely low.
2. The Company has not offered cash and cash equivalents to pledge.

(II) Financial assets measured at amortized cost - current

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current item:		
Time deposits with an initial maturity of within three months	<u>\$ 77,891</u>	<u>\$ 89,999</u>

1. Financial assets measured at the amortized costs recognized under the profit and loss are detailed as below:

	<u>2023</u>	<u>2022</u>
Revenues of interests from financial assets at amortized costs	<u>\$ 2,410</u>	<u>\$ 648</u>

- The Company provides financial assets measured at amortized cost as collateral, please refer to Note 8 for details.
- The banks and financial institutions dealing with the Company have good credit quality, rated at least “A” from independent rating agencies, and the probability of default is expected extremely low.

(III) Financial assets at fair value through other comprehensive profit or loss - non-current

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Shares not listed in TWSE, TPex, or emerging stock market	\$ 238	\$ 238
Valuation adjustment	(104)	(104)
Total	<u>\$ 134</u>	<u>\$ 134</u>

- The Company elects to classify the equity investment for receiving dividend stably as the financial assets measured at FVOCI. The fair values of such investments at December 31, 2023 and 2022 both were NT\$134
- Without considering the collaterals held or other credit enhancement, at December 31, 2023 and 2022, the maximum amount exposed to the credit risk of the financial assets at fair value through other comprehensive income representing the Company most were both NT\$134, respectively.
- Please refer to Note 12(2) for the information on the credit risk of financial assets measured at FVOCI.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 3,816	\$ 6,479
Less: loss allowance	(39)	(65)
	<u>\$ 3,777</u>	<u>\$ 6,414</u>
Accounts receivable	\$ 76,045	\$ 78,164
Less: loss allowance	(45)	(48)
	<u>\$ 76,000</u>	<u>\$ 78,116</u>

- Aging analysis of accounts and notes receivable are as below:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
0 - 4 months	\$ 76,045	\$ 3,816	\$ 78,164	\$ 6,479
4 - 6 months	-	-	-	-
6- 9 months	-	-	-	-
9 - 12 months	-	-	-	-
More than one year	-	-	-	-
	<u>\$ 76,045</u>	<u>\$ 3,816</u>	<u>\$ 78,164</u>	<u>\$ 6,479</u>

The above is the aging analysis based on the account date. The average payment term for the general transaction is 30 to 90 days of monthly settlement.

2. On December 31, 2023 and 2022, the balance of accounts and notes receivable were both generated from customers' contracts. Additionally, the balance of accounts receivable from customers' contracts on January 1, 2022 was NT\$ 98,309.
3. Without considering the collaterals held or other credit enhancement, at December 31, 2023 and 2022, the maximum amount exposed to the credit risk of the notes receivable representing the Company most were NT\$3,777 and NT\$6,414, respectively. The maximum amount exposed to the credit risk of the accounts receivable representing the Company most at December 31, 2023 and 2022, were NT\$76,000 and NT\$78,116, respectively.
4. The Company holds the NCDs and lands as the collaterals for accounts receivable.
5. Please refer to Note 12(2) for the information on credit risk of the related notes and accounts receivable.

(V) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Loss allowance</u>	<u>Carrying value</u>
Raw materials	\$ 11,614	(\$ 7)	\$ 11,607
Parts	13,887	(123)	13,764
Work in progress	2,768	(78)	2,690
Finished products	47,670	(1,069)	46,601
Goods	<u>1,403</u>	<u>(58)</u>	<u>1,345</u>
	<u>\$ 77,342</u>	<u>(\$ 1,335)</u>	<u>\$ 76,007</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Loss allowance</u>	<u>Carrying value</u>
Raw materials	\$ 17,235	(\$ 296)	\$ 16,939
Parts	16,234	(615)	15,619
Work in progress	1,806	-	1,806
Finished products	52,583	(972)	51,611
Goods	<u>2,481</u>	<u>(46)</u>	<u>2,435</u>
	<u>\$ 90,339</u>	<u>(\$ 1,929)</u>	<u>\$ 88,410</u>

The inventory expenses recognized by the Company as expenses:

	<u>2023</u>	<u>2022</u>
Costs of sold inventories	\$ 322,960	\$ 345,389
Revenues from selling scrapes and wasted materials (779)	(846)
Gain on reversal of inventories (Note)	(594)	(1,340)
Inventory of losses (gains)	309	(759)
Scrape loss	<u>1,483</u>	<u>1,908</u>
	<u>\$ 323,379</u>	<u>\$ 344,352</u>

Note: mainly because the returned profit due to sales of inventories.

(VI) Investment adopting the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pacific Worldwide Holdings Ltd.	<u>\$ 57,553</u>	<u>\$ 62,725</u>

- For the information on subsidiaries, please refer to Note 4(3) of the 2023 Consolidated financial statements.
- The Company increased the investment in Pacific Worldwide Holdings Ltd. for US\$70 thousand (or NT\$2,105 thousand) in 2020. As of December 31, 2023, the accumulated invested capital was US\$5,000 thousand.
- The amount of gain and loss from investments recognized with the equity method in 2023 and 2022 were loss of NT\$3,618 and gain of NT\$3,322.

(VII) Property, plant and equipment

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machine and equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2023					
Cost	\$ 98,180	\$ 111,711	\$ 61,581	\$ 23,544	\$ 295,016
Accumulated depreciation	<u>-(76,703)</u>	<u>(51,521)</u>	<u>(18,054)</u>	<u>(146,278)</u>	
	<u>\$ 98,180</u>	<u>\$ 35,008</u>	<u>\$ 10,060</u>	<u>\$ 5,490</u>	<u>\$ 148,738</u>
<u>2023</u>					
January 1	\$ 98,180	\$ 35,008	\$ 10,060	\$ 5,490	\$ 148,738
Addition	-	13,333	5,231	7,071	25,635
Disposal	-	-	(118)	(27)	(145)
Depreciation expense	<u>-(3,501)</u>	<u>(2,557)</u>	<u>(2,000)</u>	<u>(8,058)</u>	
December 31	<u>\$ 98,180</u>	<u>\$ 44,840</u>	<u>\$ 12,616</u>	<u>\$ 10,534</u>	<u>\$ 166,170</u>
December 31, 2023					
Cost	\$ 98,180	\$ 125,044	\$ 66,429	\$ 28,674	\$ 318,327
Accumulated depreciation	<u>-(80,204)</u>	<u>(53,813)</u>	<u>(18,140)</u>	<u>(152,157)</u>	
	<u>\$ 98,180</u>	<u>\$ 44,840</u>	<u>\$ 12,616</u>	<u>\$ 10,534</u>	<u>\$ 166,170</u>
	<u>Land</u>	<u>Houses and buildings</u>	<u>Machine and equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2022					
Cost	\$ 98,180	\$ 110,577	\$ 58,065	\$ 23,413	\$ 290,235
Accumulated depreciation	<u>-(73,577)</u>	<u>(48,468)</u>	<u>(17,093)</u>	<u>(139,138)</u>	
	<u>\$ 98,180</u>	<u>\$ 37,000</u>	<u>\$ 9,597</u>	<u>\$ 6,320</u>	<u>\$ 151,097</u>
<u>2022</u>					
January 1	\$ 98,180	\$ 37,000	\$ 9,597	\$ 6,320	\$ 151,097
Addition	-	1,134	3,620	1,576	6,330
Disposal	-	-	(17)	(147)	(164)
Depreciation expense	<u>-(3,126)</u>	<u>(3,140)</u>	<u>(2,259)</u>	<u>(8,525)</u>	
December 31	<u>\$ 98,180</u>	<u>\$ 35,008</u>	<u>\$ 10,060</u>	<u>\$ 5,490</u>	<u>\$ 148,738</u>
December 31, 2022					
Cost	\$ 98,180	\$ 111,711	\$ 61,581	\$ 23,544	\$ 295,016
Accumulated depreciation	<u>-(76,703)</u>	<u>(51,521)</u>	<u>(18,054)</u>	<u>(146,278)</u>	
	<u>\$ 98,180</u>	<u>\$ 35,008</u>	<u>\$ 10,060</u>	<u>\$ 5,490</u>	<u>\$ 148,738</u>

The information on property, plant and equipment provided as collateral, please refer to the description of Note 8.

(VIII) Lease transaction - lessee

1. The underlying assets leased by the Company are buildings, and the lease terms are between four to five years. Lease contracts are negotiated individually, and contains different terms and conditions; other than that the leased assets must not be provided as collateral of borrowings, no other restriction is applied.
2. The information on the carrying values and recognized depreciation expenses of right-of-use assets are as below.

	<u>December 31, 2023</u>	<u>2023</u>
	<u>Carrying amount</u>	<u>Depreciation expense</u>
Houses and buildings	\$ <u>13,004</u>	\$ <u>1,698</u>
	<u>December 31, 2022</u>	<u>2022</u>
	<u>Carrying amount</u>	<u>Depreciation expense</u>
Houses and buildings	\$ <u>14,702</u>	\$ <u>1,666</u>

The changes in the right-of-use assets of the Company in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Houses and buildings</u>	<u>Houses and buildings</u>
January 1	\$ 14,702	\$ 8,724
Addition	-	14,862
Lease modification	-	(7,218)
Depreciation expense	(1,698)	(1,666)
December 31	<u>\$ 13,004</u>	<u>\$ 14,702</u>

3. The increase in right-of-use assets of the Company in 2022 was NT\$14,862.

4. The information of profit and loss items related to lease contracts are as below:

	<u>2023</u>	<u>2022</u>
<u>Items affecting the profit and loss of the current period</u>		
Interest expenses of the lease liabilities	\$ 271	\$ 198
Expenses under the short-term lease contracts	703	657
Gains on lease modification	-	337

5. The total of cash outflow from leases in 2023 and 2022 were NT\$2,541 and NT\$2,449, respectively.

(IX) Intangible assets

	<u>Computer software</u>		<u>Computer software</u>
January 1, 2023		January 1, 2022	
Cost	\$ 12,098	Cost	\$ 11,677
Accumulated amortization	<u>(12,008)</u>	Accumulated amortization	<u>(11,346)</u>
	<u>\$ 90</u>		<u>\$ 331</u>
<u>2023</u>		<u>2022</u>	
January 1	\$ 90	January 1	\$ 331
Addition - sourced from individual acquisition	1,556	Addition - sourced from individual acquisition	421
Amortization expenses	<u>(529)</u>	Amortization expenses	<u>(662)</u>
December 31	<u>\$ 1,117</u>	December 31	<u>\$ 90</u>
December 31, 2023		December 31, 2022	
Cost	\$ 13,654	Cost	\$ 12,098
Accumulated amortization	<u>(12,537)</u>	Accumulated amortization	<u>(12,008)</u>
	<u>\$ 1,117</u>		<u>\$ 90</u>

(X) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 16,040	\$ 15,420
Promotional expenses payable	7,858	6,687
Advertisement expenses payable	5,717	5,519
Freight payable	6,540	7,031
Remunerations to employees, directors, and supervisors payable	-	600
Other payables	<u>15,188</u>	<u>13,628</u>
	<u>\$ 51,343</u>	<u>\$ 48,885</u>

(XI) Other current assets - others

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refund liabilities	\$ 15,892	\$ 15,129
Other current liabilities	<u>3,442</u>	<u>393</u>
	<u>\$ 19,334</u>	<u>\$ 15,522</u>

(XII) Pension

- (1) Pursuant to the provisions of the "Labor Standard Act," the Company has established the retirement procedures as the defined benefits, applicable to the service years of all permanent employees before July 1, 2005 when the "Labor Pension Act" was enacted, and the subsequent service years of these employees elected to apply the Labor Standard Act after the enactment of the "Labor Pension Act." For these employees meeting for the retirement conditions, the payment of their pensions are based on their service years and the average salary of the six months prior to their

retirement. Two bases are given for each full year of service rendered for the first 15 years (inclusive), and for the rest of the years over 15 years, one base is given for each full year of service rendered. However, the total number of bases shall be no more than 45. The Company contributed 2% of the total salary to the pension fund every month, and deposits the fund in a dedicated account with the Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor pension reserve account said in the preceding paragraph; where the balance is insufficient to pay the amount of pension calculated as aforesaid to the workers expected qualified for retirement, the Company will contribute the difference in a lump sum before the end of the next March.

(2) The amounts recognized in the balance sheet are as below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current value of the defined benefit obligation	\$ 25,674	\$ 27,520
Fair value of the plan assets	<u>(28,918)</u>	<u>(29,196)</u>
Net defined benefit liabilities (assets)	<u>(\$ 3,244)</u>	<u>(\$ 1,676)</u>

(3) Changes in the net defined benefit liabilities (assets) are as below:

	<u>Current value of the defined benefit obligation</u>	<u>Fair value of the plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
2023			
Balance at January 1	\$ 27,520	(\$ 29,196)	(\$ 1,676)
Current service cost	343	-	343
Interest expenses (income)	<u>339</u>	<u>(363)</u>	<u>(24)</u>
	<u>28,202</u>	<u>(29,559)</u>	<u>(1,357)</u>
Remeasurement			
Return of plan assets (not including the amount included in the interest income or expenses)	-	(263)	(263)
Effects of the change in demographic statistic estimate	-	-	-
Effects of the change in financial estimate	177	-	177
Experience adjustment	<u>(1,394)</u>	<u>-</u>	<u>(1,394)</u>
	<u>(1,217)</u>	<u>(263)</u>	<u>(1,480)</u>
Pension fund contribution	-	(407)	(407)
Pension payment	<u>(1,311)</u>	<u>1,311</u>	<u>-</u>
Balance at December 31	<u>\$ 25,674</u>	<u>(\$ 28,918)</u>	<u>(\$ 3,244)</u>

2022	Current value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liabilities (assets)
Balance at January 1	\$ 29,989	(\$ 28,491)	\$ 1,498
Interest expenses (income)	<u>191</u>	<u>(183)</u>	<u>8</u>
	<u>30,180</u>	<u>(28,674)</u>	<u>1,506</u>
Remeasurement			
Return of plan assets (not including the amount included in the interest income or expenses)	-	(2,304)	(2,304)
Effects of the change in demographic statistic estimate	-	-	-
Effects of the change in financial estimate	(1,273)	-	(1,273)
Experience adjustment	<u>838</u>	<u>-</u>	<u>838</u>
	<u>(435)</u>	<u>(2,304)</u>	<u>(2,739)</u>
Pension fund contribution	-	(443)	(443)
Pension payment	<u>(2,225)</u>	<u>2,225</u>	<u>-</u>
Balance at December 31	<u>\$ 27,520</u>	<u>(\$ 29,196)</u>	<u>(\$ 1,676)</u>

(4) Total amount recognized in the (income) expenses in the statement of comprehensive income:

	<u>2023</u>	<u>2022</u>
Current service cost	\$ 343	\$ -
Interest expenses	339	191
Interest revenue	<u>(363)</u>	<u>(183)</u>
Pension (income) expense of pension for the current period	<u>\$ 319</u>	<u>\$ 8</u>

The details of various costs, expenses and incomes of the aforesaid (income) expense recognized in the statement of comprehensive income are as below:

	<u>2023</u>	<u>2022</u>
Sales cost	\$ 118	\$ 3
Selling expenses	121	3
Administrative expenses	69	2
R&D expenditure	<u>11</u>	<u>-</u>
	<u>\$ 319</u>	<u>\$ 8</u>

(5) The fund assets of the Company's defined benefit retirement plans are the items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, or investment in domestic or foreign real estate and its securitization products) commissioned to Bank of Taiwan as a mandate to operate within the proportion and amount specified in the annual investment utilization plan of the Fund; the related utilization is overseen by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the lowest return on the Fund will not be lower than the interest of the local bank's two-year Time Deposit rate; for any deficit, the National Treasury will compensate upon the approval of the competent authority. Since the Company is not entitled to participate in the operations and management of the Fund, it is unable to disclose the categories of the fair value of plan assets pursuant to Section 142, IAS 19. Please refer to the Annual Labor Pension Fund Utilization Report announced by the government for the fair values composing the total assets of

the Fund at December 31, 2023 and 2022.

(6) The actuarial assumption regarding the pension is summarized as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.15%</u>	<u>1.25%</u>
Increasing rate of the future wage	<u>2.00%</u>	<u>2.00%</u>

The assumptions of the future mortality rates of 2023 and 2022 were based on the statistics of the 5th and the 6th Experience Life Table of Life Insurance Industry in Taiwan and the experiences.

The analysis of present value of defined benefit obligation impacted due to changes of the major actuarial assumptions adopted is as below:

	<u>Discount rate</u>		<u>Increasing rate of the future wage</u>	
	<u>Increase by 0.10%</u>	<u>Decrease by 0.10%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2023				
Effect on the current value of the defined benefit obligation	(\$ <u>177</u>)	<u>\$ 179</u>	<u>\$ 447</u>	(\$ <u>437</u>)
December 31, 2022				
Effect on the current value of the defined benefit obligation	(\$ <u>204</u>)	<u>\$ 206</u>	<u>\$ 515</u>	(\$ <u>503</u>)

The aforesaid sensitivity analysis is the analysis of changes in one single assumption with no other assumptions changed. In practice, changes of many assumptions may be correlated. The sensitivity analysis adopts the same method calculating the net pension liability for the balance sheet.

The method and assumptions to prepare the sensitivity analysis for the current period are identical to the previous period.

(7) The Group is expected to pay \$469 as the contribution to the retirement plan in 2024.

(8) As of December 31, 2023, the weighted average duration of the retirement plan is six years.

The maturity analysis of the pension payment is as below:

Less than one year	\$	3,104
1 - 2 years		1,610
2 - 5 years		4,463
More than 5 years		<u>18,564</u>
	<u>\$</u>	<u>27,741</u>

2. (1) Since July 1, 2005, the Company established the defined contribution retirement procedures pursuant to the "Labor Pension Act," applicable to Taiwanese employees. For the labor pension defined by the "Labor Pension Act" elected by employees, the Company contribute 6% of the wage to the personal accounts of employees at the Labor Insurance Bureau every month; the payment of employees' pensions is made monthly or in a lump sum based on the amount in the personal pension accounts of employees and the accumulated incomes.

(2) In 2023 and 2022, the Company recognized NT\$4,118 and NT\$4,063 as the pension costs pursuant to the aforesaid retirement procedures.

(XIII) Share capital

As of December 31, 2023, the Company's authorized capital was NT\$650,000 and the paid-in capital was NT\$424,439, with the face value of NT\$10 per share. The Company has fully received payment of all issued shares.

(XIV) Capital reserve

Pursuant to the Company Act, capital reserve of the income derived from the issuance of new shares at a premium and the income from endowments received by the company, other than compensating the deficit, when the Company has no accumulated loss, may be distributed as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Additionally, pursuant to the Securities and Exchange Act, when the said capital reserve is capitalized, the combined amount of any portions capitalized in any year may not exceed 10 percent of paid-in capital. A company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XV) Retained earnings

1. Pursuant to the Company's Articles of Incorporation, for any surplus made, after paying tax and making up for accumulated losses in previous years, 10% shall be set aside as legal reserve; if any balance is left, the Board of Directors prepares the proposal of distribution to be submitted to the shareholders' meeting for resolution.
2. The net income of the Company after the annual settlement, other than withholding the income tax, shall make up for accumulated losses in previous years, and set aside 10% as legal reserve; the special reserves shall be provided or reversed where necessary. If any balance is left, with the undistributed earnings accumulated from previous years, the Board of Directors prepares the proposal of distribution to be submitted to the shareholders' meeting for resolution.
3. Pursuant to the Company's Articles of Incorporation, the Company's dividend policy is to plan and measure the capital needed for the coming years based on the future capital budgets, and after reserving the capital needed, the remaining earnings may be distributed in the manner of cash dividends. The percentage of the cash dividend payment shall not be less than 10% of the total dividends; the remaining earnings are paid in share dividends. Where the cash dividends to be distributed are less than NT\$0.1 per share, the distribution may be exempted.
4. The legal reserve and the capital reserve shall not be used except for making good the deficit (or loss) of the company or distributing new shares or cash to its original shareholders in proportion; provided the distribution of new shares or cash may not exceed 25% of the part of the reserve over the paid-in capital.
5. When distributing the earnings, the distribution may only be made from the special surplus reserve provided from the debit balance of the other equity item at the balance sheet date of the current year; later the reversal amount may be accounted to the distributable earnings when reversing the debit balance of the other equity item.

When initially applying the IFRSs, for the special surplus reserves provided pursuant to Letter Jin-Guan-Zheng-Fa-Zhi No. 1090150022 dated on March 31, 2021, the Company reverse such based on the shares of the originally provided special surplus reserves when using, disposing or reclassifying the related asset later.

6. On June 16, 2022, the earning distribution for 2021 proposed by the Board was as below:

	<u>2021</u>
<u>Amount</u>	<u>Dividend per share (NT\$)</u>

Statutory reserves	\$	1,754		
Special reserve		997		
Cash dividends		<u>14,855</u>	\$	0.35
	\$	<u>17,606</u>		

- On June 20, 2023, the 2022 earning distribution proposal was approved upon the resolution adopted by the board of shareholders; except to provide the legal reserve for NT\$736 and reverse the special reserve for NT\$6,332, all remaining earnings are to be retained without distribution under the considerations of the Company's operation.
- The Company, on March 12, 2024, resolved by the Board of Directors to approve the appropriation of losses for the year 2023.

(XVI) Operating Revenue

	<u>2023</u>	<u>2022</u>
Revenues from customers' contracts	<u>\$ 517,896</u>	<u>\$ 542,587</u>

The Company's revenues all sourced from the provision of products transferred at some time point.

1. Contract liabilities:

The contract liabilities from the customers' contract revenues recognized for the current period are as below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities - advances on sales	<u>\$ 324</u>	<u>\$ 291</u>	<u>\$ 1,134</u>

2. Beginning contract liabilities Revenues recognized for the current period

	<u>2023</u>	<u>2022</u>
Beginning balance of contract liabilities Revenues recognized for the current period		
Advances of sales	<u>\$ 258</u>	<u>\$ 1,071</u>

(XVII) Interest revenue

	<u>2023</u>	<u>2022</u>
Interest from bank deposit	\$ 530	\$ 281
Revenues of interests from financial assets at amortized costs	2,410	648
Other interest incomes	264	171
	<u>\$ 3,204</u>	<u>\$ 1,100</u>

(XVIII) Other income

	<u>2023</u>	<u>2022</u>
Compensation revenues	\$ 64	\$ 30
Subsidy revenues	577	-
Other income	480	553
	<u>\$ 1,121</u>	<u>\$ 583</u>

(XIX) Other gains or losses

	<u>2023</u>	<u>2022</u>
Loss from disposal of property, plant and equipment (\$	31)	(\$ 26)
Gains on lease modification	-	337
Net foreign exchange (loss) gain	(728)	12,027
	<u>(\$ 759)</u>	<u>\$ 12,338</u>

(XX) Financial costs

	<u>2023</u>	<u>2022</u>
Interest of letter of credit	\$ 3	\$ -
Interests of the lease liabilities	271	198
	<u>\$ 274</u>	<u>\$ 198</u>

(XXI) Expenses of employee benefits, expenses of depreciation and amortization

By Function By nature	2023		
	Belonging to operating costs	Belonging to operating expenses	Total
Personnel expenses			
Wage expenses	\$ 30,987	\$ 58,027	\$ 89,014
Labor and health insurance expenses	3,756	5,973	9,729
Pension expenses	1,443	2,994	4,437
Other personnel expenses	968	1,810	2,778
Depreciation expense	6,759	2,997	9,756
Amortization expenses	-	529	529

By nature Personnel expenses	2022			
	By Function	Belonging to operating costs	Belonging to operating expenses	Total
Wage expenses		\$ 30,432	\$ 57,394	\$ 87,826
Labor and health insurance expenses		3,497	5,841	9,338
Pension expenses		1,278	2,793	4,071
Other personnel expenses		1,363	1,805	3,168
Depreciation expense		6,948	3,243	10,191
Amortization expenses		-	662	1

1. On October 17, 2019, the Company's special shareholders' meeting resolved to approve the amendment to the Articles of Incorporation. Pursuant to the Articles of Incorporation, after the accumulated losses are deducted from the profit of the year, shall there be any remaining, the Company shall provide 5-8% as the employee remuneration, and no more than 2% as the director and supervisor remuneration. The employee remuneration may be distributed in cash or shares; the receivers may include the employees of controlling or subordinate companies meeting certain conditions that established by the Board under the authorization.
2. For the year ended 31 December 2022, the estimated provision for employee remuneration amounted to \$480, while the estimated provision for director and supervisor remuneration amounted to \$120. These provisions were recorded under the salary expense account. As the Company incurred a pre-tax loss for the year ending 31 December 2023, no provisions for employee remuneration and director/supervisor remuneration were required.

The difference between the employee remuneration of \$480 and remunerations to employees, directors, and supervisors of \$120 recognized in the financial statements for the year ended 31 December 2022, and the amounts determined by the Board of Directors for the same year, which are \$105 and \$(120), respectively, have been adjusted in the income statement for the year ended 31 December 2023. The employee remuneration and remunerations to employees, directors, and supervisors for the year ended 31 December 2022 have been actually distributed.

The information on the employee remunerations and director and supervisor remunerations approved by the Board is available on the MOPS.

(XXII)Income tax

1. Income tax expenses
 - (1) Compositions of the income tax expenses:

	<u>2023</u>	<u>2022</u>
Income tax of the current period:		
Income tax generated from the income of the current period:	\$ 12	\$ 8
Under underestimates of the income tax in previous years	<u>1,289</u>	<u>1,755</u>
Total income tax of the current period	<u>1,301</u>	<u>1,763</u>
Deferred income tax:		
Origin and reversal of the temporary difference	<u>\$ 545</u>	<u>\$ 1,508</u>
Total deferred income tax	<u>545</u>	<u>1,508</u>
Income tax expenses	<u>\$ 1,846</u>	<u>\$ 3,271</u>

(2) Amount of income tax related to other comprehensive income

	<u>2023</u>	<u>2022</u>
Difference from translation of the foreign operations	(\$ 127)	\$ 980
Remeasurement of defined benefit obligations	<u>296</u>	<u>548</u>
	<u>\$ 169</u>	<u>\$ 1,528</u>

2. Relationship between the income tax expenses and accounting profits

	<u>2023</u>	<u>2022</u>
Income tax on net profit (loss) before tax calculated at statutory tax rate	(\$ 842)	\$ 1,688
Effects of income tax from the excluded items pursuant to the tax laws	677	530
Change in the realizability for the deferred income tax assets	710	(710)
Not to be credited for the withheld tax of offshore income	12	8
Under underestimates of the income tax in previous years	<u>1,289</u>	<u>1,755</u>
Income tax expenses	<u>\$ 1,846</u>	<u>\$ 3,271</u>

3. The amount deferred income tax assets and liabilities generated from the temporary difference and tax loss are as below:

	<u>2023</u>			
	January 1	Recognized under profit and loss	Recognized under other comprehensive incomes	December 31
Deferred income tax assets:				
- Temporary difference:				
Exchange difference of the foreign operations	\$ 4,447	\$ -	\$ 127	\$ 4,574
Employee benefit actuarial income and loss	2,555	-	(296)	2,259
Others	1,067	59	-	1,126
Tax loss	519	(507)	-	12
Investment credit	<u>710</u>	<u>(710)</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,298</u>	<u>(\$ 1,158)</u>	<u>(\$ 169)</u>	<u>\$ 7,971</u>
- Deferred tax liabilities:				
Reserve for added value of land	\$ 16,036	\$ -	\$ -	\$ 16,036
Unrealized exchange gains	<u>1,714</u>	<u>(613)</u>	<u>-</u>	<u>1,101</u>
	<u>\$ 17,750</u>	<u>(\$ 613)</u>	<u>\$ -</u>	<u>\$ 17,137</u>

	<u>2022</u>			
	January 1	Recognized under profit and loss	Recognized under other comprehensive incomes	December 31
Deferred income tax assets:				
- Temporary difference:				
Exchange difference of the foreign operations	\$ 5,427	\$ -	(\$ 980)	\$ 4,447
Employee benefit actuarial income and loss	3,103	-	(548)	2,555
Others	2,090	(1,023)	-	1,067
Tax loss	-	519	-	519
Investment credit	<u>-</u>	<u>710</u>	<u>-</u>	<u>710</u>
	<u>\$ 10,620</u>	<u>\$ 206</u>	<u>(\$ 1,528)</u>	<u>\$ 9,298</u>
- Deferred tax liabilities:				
Reserve for added value of land	\$ 16,036	\$ -	\$ -	\$ 16,036
Unrealized exchange gains	<u>-</u>	<u>1,714</u>	<u>-</u>	<u>1,714</u>

\$ 16,036 \$ 1,714 \$ - \$ 17,750

4. The investment credit details to which the Company is entitled, and the amounts not recognized as the deferred income tax assets are as below:

December 31, 2023: None

December 31, 2022

Credit item	Balance not yet credited	Amount of deferred income tax assets	Final credit year
Research and development expenditure	<u>1,420</u>	<u>\$ 710</u>	2023

5. The tax loss not yet used by the Company and the amounts not recognized as the deferred income tax assets are as below:

December 31, 2023

Year of occurrence	Reported amount/ assessed amount	Amount not credited	Amount not recognized as the deferred income tax assets	Final deduction year
2022	<u>\$ 2,189</u>	<u>\$ 60</u>	<u>\$ -</u>	2032

December 31, 2022

Year of occurrence	Reported amount/ assessed amount	Amount not credited	Amount not recognized as the deferred income tax assets	Final deduction year
2022	<u>\$ 2,595</u>	<u>\$ 2,595</u>	<u>\$ -</u>	2032

6. The profit-seeking enterprise income tax have been approved by the tax collection authority up to 2021.

(XXIII) Earnings (losses) per share

	Amount	<u>2023</u> Number of weighted average outstanding shares	Loss per share
	(NT\$ thousand)	(Thousand shares)	(NT\$)
<u>Basic loss per share (i.e. diluted loss per share)</u>			
Current net loss	<u>(\$ 6,057)</u>	<u>42,444</u>	<u>(\$ 0.14)</u>

	<u>2022</u>		
	Amount	Number of weighted average outstanding shares	Earnings per share
	<u>(NT\$ thousand)</u>	<u>(Thousand shares)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Current net profit	<u>\$ 5,167</u>	<u>42,444</u>	<u>\$ 0.12</u>
<u>Diluted earnings per share</u>			
Current net profit	5,167	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	<u>-</u>	<u>15</u>	
Net profit of the current period belonging to the holders of common shares plus effects of potential common shares	<u>\$ 5,167</u>	<u>42,459</u>	<u>\$ 0.12</u>

VII. Related Party Transaction

(I) Parent company and the ultimate controller

Before the Board of Directors election at the shareholders' meeting on June 20, 2023, the Company was controlled by Pacific Worldwide Investment Co., Ltd. (registered and established in the Republic of China, hereinafter referred to as "Pacific Worldwide Investment"), which held 16% of the Company's shares. Additionally, directors of Pacific Worldwide also held shares of the Company, thus it was determined that Pacific Worldwide Investment had substantial control. After the shareholders' meeting on June 20, 2023, the number of board seats of the Company increased from seven to nine. Pacific Worldwide Investment Co., Ltd. (which holds 16% of the Company's shares) and its natural person directors, along with Ling-Yu Investment Co., Ltd. (which holds 15% of the Company's shares), collectively secured five board seats in the Company. Additionally, the natural person directors of Pacific Worldwide Investment also hold shares of the Company, hence it was determined that Pacific Worldwide Investment Co., Ltd. still maintains substantial control.

(II) Names and relationships of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Pacific Worldwide Holdings Ltd.	Subsidiary
Mao Bao (Shanghai) Trading	Subsidiary
Mao Bao Vietnam Inc.	Subsidiary

(III) Material transactions with the related parties

1. Processing by providing materials

In 2023 and 2022, the Company sold raw materials and semi finished products to the subsidiary, Mao Bao Vietnam Inc. for NT\$1,418 and NT\$971, respectively, to commission the subsidiary to process and produce products and buy the products back for assembling the products produced by the Company. The revenues from the sales of such raw materials and semi finished products were not included in the Company's operating revenues. The net amount of the processing expenses for the processing by providing materials in 2023 and 2022 were NT\$3,674 and NT\$5,116, and the

payment term of the transaction is 30 days. As of December 31, 2023 and 2022, the unpaid payments were NT\$346 and NT\$1,067.

2. Sales

	<u>2023</u>	<u>2022</u>
Product sales		
- Subsidiary	\$ <u>24,050</u>	\$ <u>17,685</u>

The transaction price of product sales are generated from the negotiation of both parties, and the payment term is monthly settlement for 180 days.

3. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables of related party		
- Mao Bao (Shanghai) Trading	\$ 4,718	\$ 7,652
- Subsidiary	<u>-</u>	<u>127</u>
	<u>\$ 4,718</u>	<u>\$ 7,779</u>

4. Loaning of funds to a related party

Lending to a related party

A. Ending Balance (including principal and interest)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mao Bao Vietnam Inc.	\$ <u>27,664</u>	\$ <u>21,503</u>

B. Interest revenue

	<u>2023</u>	<u>2022</u>
Mao Bao Vietnam Inc.	\$ <u>264</u>	\$ <u>171</u>

The lending conditions to subsidiaries are repayment in a lump sum or by installment based on the profit. For 2023 and 2022, the interests were accrued at the annual interest rate of 1%.

(IV) Information on the compensations of the major management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 4,795	\$ 5,152
Benefit after retirement	<u>79</u>	<u>79</u>
Total	<u>\$ 4,874</u>	<u>\$ 5,231</u>

VIII. Pledged Assets

The details of the Company's assets provided as collaterals are as follows:

<u>Asset item</u>	<u>Carrying value</u>		<u>Purpose of guarantee</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Land	\$ 98,180	\$ 98,180	Limit of bank borrowings
Houses and buildings	44,840	35,008	"
Fixed-term Deposits (Financial Assets Measured at Amortized Cost - Current)	3,500	-	Performance Guarantee for Grant Funds
	<u>\$ 146,520</u>	<u>\$ 133,188</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Events After Balance Sheet Date

The Company, on March 12, 2024, resolved by the Board of Directors to approve the appropriation of losses for the year 2023. Please refer to Note 6(15) for details.

XII. Others

(I) Capital management

The target of the Company's capital management is to protect the Company for the continuous operations, maintain the best capital structure to lower the capital costs, and provide returns to shareholders. To maintain or adjust the capital structure, the Company may adjust the dividend amount paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive profit or loss	<u>\$ 134</u>	<u>\$ 134</u>
Financial assets measured at amortized cost	<u>\$ 306,610</u>	<u>\$ 306,188</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost	<u>\$ 116,197</u>	<u>\$ 117,861</u>
Lease liabilities	<u>\$ 13,177</u>	<u>\$ 14,744</u>

Note: Financial assets measured at amortized cost include cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable (related parties included), other receivables (related parties included) and refundable deposit; financial liabilities measured at amortized cost include the accounts payable and other payables.

2. Risk management policy

(1) The daily operation of the Company is affected by various financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk.

(2) The risk management are executed by the Finance Department pursuant to the policies approved by the Board. The Finance Department works with the operating units closely, to be in charge of the identification, evaluation, and avoidance of financial risks. The Board has the written principles for the overall risk management in place, as well as provides written principles for certain extent and matters, such as exchange rate risk, interest rate risk, credit risk, utilization of derivatives and non-derivative financial instruments, and investments of remaining liquidity.

3. Natures and degrees of material financial risks

(1) Market risk

Exchange rate risk

- A. The Company operates cross-countries, so it is exposed to the exchange rate risk generated from transactions denominated in the currencies other than the Company's functional currencies, mainly USD and CNY. The related exchange rate risk comes from the future commercial transactions, recognized assets and liabilities, and the net investment in foreign operations.
- B. The management has established policies to regulate the exchange rate risk relative to the functional currencies.
- C. The business engaged in by the Company involves several non-functional currencies (the Company's function currency is TWD), so the Company is subject to exchange rate fluctuation. The information on assets and liabilities of foreign currencies with great influence from exchange rate fluctuation is as below:

	<u>December 31, 2023</u>		
	<u>Foreign currencies (thousand)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: TWD	\$ 3,099	30.71	\$ 95,155
CNY: TWD	6,949	4.33	30,068
<u>Non-monetary items</u>			
USD: TWD	1,874	30.71	57,553
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: TWD	96	30.71	2,948

	<u>December 31, 2022</u>		
	<u>Foreign currencies (thousand)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: TWD	\$ 3,796	30.71	\$ 116,575
CNY: TWD	5,126	4.41	22,595
<u>Non-monetary items</u>			
USD: TWD	2,042	30.71	62,725
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: TWD	136	30.71	4,177

D. The Company's monetary items were significantly impacted by exchange rate fluctuations. The aggregate amount of all exchange gains and losses (realized and unrealized) recognized for the year 2023 and 2022 were a loss of \$728 and a gain of \$12,027, respectively.

E. The market risk significantly affected by exchange rate fluctuations of the Company are analyzed as below.

	<u>2023</u>		
	<u>Sensitivity analysis</u>		
	<u>Extent of change</u>	<u>Affecting profit and loss</u>	<u>Affecting other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: TWD	1%	\$ 952	\$ -
CNY: TWD	1%	301	-
<u>Non-monetary items</u>			
USD: TWD	1%	-	576
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: TWD	1%	29	-

2022

Sensitivity analysis

	Extent of change	Affecting profit and loss	Affecting other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: TWD	1%	\$ 1,166	\$ -
CNY: TWD	1%	226	-
<u>Non-monetary items</u>			
USD: TWD	1%	-	627
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: TWD	1%	42	-

Price risk

- A. The Company's equity instruments exposed to the price risk are the financial assets at fair value through other comprehensive profit or loss. To manage the price risk of the investments in the equity instruments, the Company will diversify the portfolio within the limit set by the Company.
- B. The Company mainly invests in the equity instruments issued by the domestic companies; prices of such equity instruments are subject to the uncertainty of the future prices for the underlying investments. If the price of such equity instrument increases or decreases by 10%, and all other factors remaining the same, the gain or loss of the investment in equity measured at FVOCI classified under other comprehensive income in 2023 and 2022 were both increased or decreased by NT\$13

(2) Credit risk

- A. The Company's credit risk are the risk of financial loss sustained by the Company due to the failure of performing contractual obligations by customers or counterparties of financial instruments, and mainly are the accounts payable unable to be repaid by transaction counterparties as required by payment terms, and the contractual cash flow measured at amortized costs.
- B. The Company establishes the management for credit risk from the perspective of the Company. Pursuant to the credit granting policy defined internally, before any operating entity within the Company establishes the payment and delivery terms and conditions with a new customer, such customer shall be managed and the credit risk must be analyzed. The internal risk control is to evaluate the credit quality of a customer by considering its financial position, past experience and other factors. The individual risk limit is set by the Board based on the internal or external rating, and the utilization of credit limit is regularly monitored.
- C. The Company refers to the actual payments with the transaction counterparties in the past as the basis to determine if the credit risk of a financial asset has significantly increased since the initial recognition.

When the contractual payment is overdue from the agreed payment term for more than 120 days, it is deemed that the credit risk of a financial asset has significantly increased since the initial recognition.

- D. The Company refers to the past experience and the actual payments with the transaction counterparties, to decide that a contractual payment overdue for more than 365 days from the agreed payment terms are deemed default.

- E. The Company applies the simplified approach for the customers' accounts receivable by customer types, to prepare the matrix as the basis for estimating the ECL.
- F. The indicators adopted by the Company to determine the credit impairment for debt instruments are as follows:
- (A) The issuers have significant financial difficulties, and the probability of entering bankruptcy or other financial restructure increases significantly;
- (B) The issuers' financial difficulties result in the disappearance of the active market for the financial asset;
- (C) The issuers delay or fail to repay the interests or principals;
- (D) Adverse changes of national or regional economic conditions resulting in default of the issuers.
- G. The Company includes the forward-looking consideration in the economy observation report of Taiwan Institute of Economic Research, to adjust the loss rate established based on the certain historic period and current information, to estimate the loss allowance of the notes and accounts receivable. The matrix prepared at December 31, 2023 and 2022 are as follows:

	<u>Evaluating the</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	100%	0.03%	0.03%~0.06%	0.03%~1.00%	
Total carrying value	\$ -	\$ 4,718	\$ 76,045	\$ 3,816	\$ 84,579
Loss allowance	\$ -	\$ -	\$ 45	\$ 39	\$ 84

	<u>Evaluating the</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	100%	0.03%	0.03%~0.06%	0.03%~1.00%	
Total carrying value	\$ -	\$ 7,779	\$ 78,164	\$ 6,479	\$ 92,422
Loss allowance	\$ -	\$ -	\$ 48	\$ 65	\$ 113

- H. The statement of changes in the loss allowance of the notes and accounts receivable with simplified approach is as below:

	<u>2023</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
January 1	\$ 65	\$ 48
Reversal of impairment loss	(26)	(3)
December 31	<u>\$ 39</u>	<u>\$ 45</u>

	<u>2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
January 1	\$ 50	\$ 139
Provision of loss allowance	15	-
Reversal of impairment loss	-	(91)
December 31	<u>\$ 65</u>	<u>\$ 48</u>

- I. For the investment in debt instrument at amortized costs accounted (time deposits with an initial

maturity of within three months), the rating of credit risk is measured at the 12-month ECL.

(3) Liquidity risk

- A. The forecast of cash flow is conducted by the Company, and aggregated by the Finance Department. The Finance Department monitors the forecast of required liquidity of the Company, to ensure sufficient funds to support the operating demands, and always maintaining the sufficient un-drawn borrowing commitment limit so that the Company will not breach the related borrowing limits or terms.
- B. Where the remaining cash held by the Company exceeds the required working capital for the purpose of management, the Finance Department will invest the remaining funds in the time deposits with interests, money market deposit, and marketable securities. The instruments selected have proper maturity or sufficient liquidity to support the aforesaid forecasts with enough level for deployment. As of December 31, 2023 and 2022, the money market position held by the Company were NT\$115,591 and NT\$100,880, and it is expected to generate cash flow instantly to manage the liquidity risk.
- C. The undrawn borrowing limit of the Company, NT\$110,000 are all expired within a year.
- D. The following table are the Company's non-derivative liabilities and grouped by the related expiry dates; the non-derivative liabilities are analyzed by the remaining period between the balance sheet date to the contract expiry dates. The contractual cash flows disclosed in the following table are the undiscounted amounts.

Non-derivative liabilities:

Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Within a year	\$ 1,620	\$ 1,837
More than one year	12,555	14,175

Other than the aforesaid, the Company's non-derivative liabilities are expired within the next year.

(III) Information on fair value

1. The definition of each level for the valuation technique adopted to measure the fair values of the financial and non-financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Active markets are ones where asset and liability transactions take place with sufficient frequency and volume for pricing information to be provided on the ongoing basis.

Level 2: The direct or indirect observable inputs of assets or liabilities, but the quotations included in Level 1 are excluded.

Level 3: the unobservable inputs of assets or liabilities. The Company's investments in equity instruments without an active market are classified as such.

2. The carrying amount of the Company's cash and cash equivalents, financial assets at amortized costs accounted (time deposits with an initial maturity of within three months, notes receivable, accounts receivable (related parties included), other receivables (related parties included),

refundable deposit, accounts payable (related parties included) and other payable are the reasonable approximate value of the fair value financial assets not measured at fair value.

- For the financial assets measured at fair values, the Company classified them by the natures, characteristics, and risks of assets and liabilities, and the level of fair value. The related information is as below:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Repetitive fair value</u>				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 134</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Repetitive fair value</u>				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 134</u>

- During 2023 and 2022, there was no transfer between Level 1 and Level 2.
- The following table demonstrate the changes in Level 3 during 2023 and 2022.

	<u>2023</u>	<u>2022</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 134	\$ 134
Profit or loss recognized under other comprehensive incomes accounted for unrealized valuation gain or loss from investments in equity instruments measured at FVOCI	-	-
December 31	<u>\$ 134</u>	<u>\$ 134</u>

6. During 2023 and 2022, there was no transfer from and to Level 3.
7. The evaluation process for the fair value categorized at Level 3 is that the Financial Department takes the charge of individually verifying the fair value of financial instruments, to have the evaluation results closer to the market conditions via the information from independent sources, and confirm that the information source is independent, reliable, and consistent to other resources, and representing the executable prices, while calibrating the evaluation model regularly, conducting retrospective test, updating the inputs required for the evaluation model, and other necessary adjustment to the fair values, to ensure the evaluation results are reasonable.
8. For the quantified information of material unobservable inputs used in the valuation model adopted for the measurement items of Level 3 fair value, and the sensitivity of changes in the material unobservable inputs, the descriptions are as below:

	December 31, 2023 Fair value	Valuation techniques	Material unobservable inputs	Range (weighted average)	Relationship between inputs and fair values
Non-derivative equity instruments:					
Non TWSE or TPEX listed shares	\$ 134	Comparable TWSE or TPEX listed company method	Multiplies of P/B ratio Market illiquidity discount	2.05 30%	The higher the multiplies are, the higher the fair value The higher the market illiquidity discount is, the lower the fair value is

	December 31, 2022	Valuation techniques	Material unobservable inputs	Range (weighted average)	Relationship between inputs and fair values
	Fair value				
Non-derivative equity instruments:					
Non TWSE or TPEX listed shares	\$ 134	Comparable TWSE or TPEX listed company method	Multiplies of P/E ratio Market illiquidity discount	1.99 30%	The higher the multiplies are, the higher the fair value The higher the market illiquidity discount is, the lower the fair value is

9. The Company prudentially evaluate and select the evaluation models and evaluation parameters; provided that the evaluation results may be different if the different evaluation models and evaluation parameters are adopted. For the financial assets and liabilities classified as Level 3, if the valuation parameters change, the impacts on the profit and loss or other comprehensive income of the current period are as below:

		<u>December 31, 2023</u>				
		Recognized under profit and loss		Recognized under other comprehensive incomes		
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Equity instruments of financial assets	Market illiquidity discount	±1%	\$ -	\$ -	\$ 1	(\$ 1)
		<u>December 31, 2022</u>				
		Recognized under profit and loss		Recognized under other comprehensive incomes		
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Equity instruments of financial assets	Market illiquidity discount	±1%	\$ -	\$ -	\$ 1	(\$ 1)

XIII. Other Disclosures

(I) Information on material transactions

1. Loaning of funds to others: please refer to Table 1
2. Endorsement and guarantee provided: none.
3. Securities held at the end of the period (excluding the investee subsidiaries, affiliates, and joint control): please refer to Table 2.
4. Accumulated amount of trading the same securities for NT\$300 million or 20% of the paid-in capital or more: none.
5. Amount of acquired real properties for NT\$300 million or 20% of the paid-in capital or more: none.

6. Amount of disposed real properties for NT\$300 million or 20% of the paid-in capital or more: none.
7. Amount of transactions with related parties for NT\$100 million or 20% of the paid-in capital or more: none.
8. The receivables from related parties for NT\$100 million or 20% of the paid-in capital or more: none.
9. Engagement in derivative trading: none.
10. Business relationships and material transactions between the parent company and subsidiaries, or among subsidiaries, and the amount thereof: please refer to Table 3.

(II) Information on investee enterprises

Relevant information such as names and locations of investee enterprises (investee enterprises in China are excluded): please refer to Table 4.

(III) Information on investment in China

1. Basic information: please refer to Table 5.
2. The material transactions between the direct or indirect enterprises via a third place with the investee companies in China: please refer to Table 6.

(IV) Information on major shareholders

Information on major shareholders: please refer to Table 7.

XIV. Information on Departments

Not applicable.

Mao Bao Inc.

Loaning of funds to others

January 1, 2023 to December 31, 2023

Table 1

Unit: NTS thousand

(Unless specified otherwise)

No. (Note 1)	Company providing loan	Counterparty of loan	Transaction item (Note 2)	Related party or not	Highest amount of the period (Note 3)	End balance (Note 8)	Amount actually drafted	Range of interest rate	Nature of loaned fund (Note 4)	Transaction amount (Note 5)	Reason of short-term financing needed (Note 6)	Amount of loss allowance provided	Collateral Name Value	Loan limit to single counterparty (Note 7)	Total limit of loaned fund (Note 7)	Remarks
0	Mao Bao Inc.	Mao Bao Vietnam Inc.	Other payables	Yes	\$ 64,970	\$64,970	\$ 27,634	1%	Short-term financing	-	Business turnover	-	None	\$ 119,221	\$ 190,754	Note 9
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Other payables	Yes	64,970	64,970	\$ 42,987	1%	Short-term financing	-	Business turnover	-	None	56,967	59,965	Note 10

Note 1: Instruction of number column is as below:

(1) Issuer = 0

(2) Investees are numbered from 1 by company sequentially.

Note 2: Items such as accounts receivable from affiliated enterprises, accounts receivable from related parties, shareholder exchanges, advance payments, temporary payments, among other items, must be entered in this column if their nature is loaning of funds.

Note 3: The highest balance of funds loaned to others in the current year.

Note 4: For the nature of loaned fund, the business transaction or these in need for short-term financing shall be entered.

Note 5: If the nature of loaned fund is a business transaction, the amount of business transaction shall be entered. The amount of business transaction refers to the amount of business transaction between the Company loaned funds and the counterparty in the most recent year.

Note 6: If the nature of loaned fund is in need for short-term financing, the reason of the need for loan and the purpose of the loan shall be specified, such as: repayment of loans, purchase of equipment, business turnover, among other things.

Note 7: The operational procedures for loaning of fund to others, the limit for individual counterparty and the limit for total loaned fund specified in the procedures shall be entered, and explain the calculation method of limit to individual counterparty and the total limit of loaned funds in the remarks column.

According to the Company's Operational Procedures for Loaning of Fund to Others, to the foreign companies in which the Company directly and indirectly holds 100% of shares with voting rights, the funds to be loaned shall not exceed 40% of the Company's net worth in the latest financial statement.

To a single foreign company in which the Company directly and indirectly holds 100% of shares with voting rights, the authorized limit shall not exceed 25% of the Company's net worth in the latest financial statement.

Pursuant to Pacific Worldwide Holdings Ltd.'s Operational Procedures for Loaning of Fund to Others, as the Company loans the fund due to business transaction, the total amount of loaned fund shall not exceed 80% of the Company's net worth in the latest financial statement.

However, For subsidiaries in which the Company directly or indirectly holds 100% of shares with voting right, the amount of loaned fund is not subject to the limit of 80%. For individual counterparty, the limit of loaned fund is 95%, and the limit for the total amount of loaned fund is 100%.

Note 8: If the funds to be loaned are submitted to be resolved by the board meetings one by one as specified in Article 14, paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, while the fund is not yet disbursed, the amounts resolved by the board meetings shall be listed in the announced balance, to disclose the risks assumed.

However, if the funds are repaid later, the balance after repayment shall be disclosed to reflect the risk adjustment. If a public company authorizes the chairman to disburse the loans in installment or to make a revolving credit line within a certain limit and within a year pursuant to Article 14, paragraph 2 of the Regulation,

The limit of the loaned funds approved by the board of directors shall still be adopted for the announced and reported balance. Although the funds will be repaid later, it is still possible to reapprove the loan, so the loaned fund amount approved by the board of directors shall still be adopted for the announced and reported balance.

Note 9: The Company, upon the resolution of the board of directors on September 21, 2010, loaned a fund within USD 2,000 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of December 31, 2023, the drafted amount is USD 900 thousand.

Note 10: The Company's subsidiary, Pacific Worldwide Holdings Ltd., resolved by the Board of Directors on December 22, 2010, to provide funding to its subsidiary Mao Bao Vietnam Inc. within a limit of USD 2,000 thousand with an annual interest rate of 1%. As of December 31, 2023, an amount of USD 1,400 thousand has been disbursed.

Mao Bao Inc.

Securities held at the end of the period (excluding the investee subsidiaries, affiliates, and joint control)

January 1, 2023 to December 31, 2023

Table 2

Unit: NT\$ thousand

(Unless specified otherwise)

Company held	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account listed	Number of shares	End of period		Fair value	Remarks (Note 4)
					Carrying amount (Note 3)	Shareholding ratio		
Mao Bao Inc.	Shares of HSIN TUNG YANG Co., LTD.	-	Financial assets at fair value through other comprehensive profit or loss - non-current	22,000	\$ 134	-	\$ 134	-

Note 1: The securities specified in the table refer to the shares, bonds, beneficiary certifications specified in IFRS 9 "Financial Instrument," and securities derived from the aforesaid items.

Note 2: If the securities issuer is not a related party, this column is exempted.

Note 3: If it is measured by fair value, in the carrying amount column, please enter the carrying balance after the adjustment of the fair value valuation and deducting accumulated losses; if it is not measured by fair value, please enter the balance of original acquisition cost or amortized cost deducting the accumulated losses in the column of carrying amount.

Note 4: If the listed securities are subject to restricted use due to provision of guarantees, pledged loans, or other agreements, the number of shares provided for guarantees or pledges, the amount of guarantees or pledges, and restricted use shall be indicated in the remarks column.

Mao Bao Inc.

Business relationships and material transactions between the parent company and subsidiaries, or among subsidiaries, and the amount thereof

January 1, 2023 to December 31, 2023

Table 3

Unit: NTS thousand

(Unless specified otherwise)

No. (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Account	Amount	Transaction conditions	Ratio to consolidated total revenue or total assets (Note 3)
0	The Company	Mao Bao Vietnam Inc.	1	Other receivables (Note 6)	27,664	-	4%
0	The Company	- Mao Bao (Shanghai) Trading Ltd.	1	Accounts receivable	4,718	1	1%
0	The Company	- Mao Bao (Shanghai) Trading Ltd.	1	Revenue from sales	24,050	1	4%
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	3	Other receivables (Note 6)	43,000	-	7%

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

- (1) 0 - parent company
- (2) The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: The transaction relationships are as follows. Please indicate the type (No repetitive disclosure is required for the same transaction between the parent and the subsidiary, or between two subsidiaries. E.g. for the transaction between the parent and the subsidiary, if the parent already discloses the transaction, the subsidiary needs not to do so repetitively; for the transaction between two subsidiaries, if one subsidiary already discloses the transaction, the other subsidiary needs not to do so repetitively):

- (1) Parent to subsidiary
- (2) Subsidiary to parent
- (3) Subsidiary to subsidiary

Note 3: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset or liability item, it is calculated by the end balance to consolidated total assets; if it is a profit and loss item, the calculation is the interim accumulated amount to the consolidated revenue.

Note 4: The material transactions in this table may be determined by the Company based on the principle of materiality.

Note 5: The transaction conditions are listed below.

1. The transaction price of the sale from the parent company to a subsidiary is calculated based on the price negotiated by both parties, and the payment term is 180 days with monthly settlement.
2. The transaction price of the sale from a subsidiary to a subsidiary is calculated based on the price negotiated by both parties, and the payment term is to settle and pay in the same month.
3. The parent company calculates the processing fee to the subsidiary based on the price agreed by both parties, and the payment term is to settle and pay in the same month.

Note 6: Including principal and interest of loans granted.

Mao Bao Inc.

Relevant information such as names and locations of investee enterprises (investee enterprises in China are excluded)

January 1, 2023 to December 31, 2023

Table 4

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investment company	Name of investee		Major business	Original amount invested		Holding at the end of period			Profit/loss of the investee for the period	Investment profit/loss recognized for the period	Remarks
	(Note 1, 2)	Location		End of the current period	End of last year	No. of shares	Ratio	Carrying amount	(Note 2(2))	(Note 2(3))	
Mao Bao Inc.	Pacific Worldwide Holdings Ltd.	Samoa	Overseas holding companies	\$ 154,012	\$ 154,012	5,000,015	100.00	\$ 57,553	(\$ 3,618)	(\$ 3,618)	
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Vietnam	Production of various cleaning products	94,939	94,939	3,000,000	100.00	(19,885)	(9,622)	(9,622)	

Note 1: If a public company has a foreign holding company and the consolidated financial report may be adopted as the main financial report pursuant to the local laws and regulations, the disclosure of information about the foreign investees may only disclose up to the relevant information related to the holding company.

Note 2: If not the circumstances mentioned in Note 1, it shall be entered pursuant to the following rules:

- (1) The columns for "Name of Investee Company", "Region", "Main Business Activities", "Original Investment Amount", and "End-of-Period Ownership" should be filled in accordance with the sequential investment situations of this (publicly traded) company and each directly or indirectly controlled investee company, as well as any subsequent investments made by these investee companies. The relationships between each investee company and this (publicly traded) company, such as whether they are subsidiaries or affiliates, should be indicated in the notes column.
- (2) In column of "Profit and loss of the investee for the current period," the amount of profit and loss of each investee for the current period shall be entered.
- (3) In the column of "Investment gain and loss recognized for the period," it is only required to enter the gain and loss amount of each directly invested subsidiary recognized by the (public) company, and each investee valued with the equity method, all others may be exempted. When filling in the "Recognized Profit or Loss of Each Subsidiary from Direct Investment" column, it should be confirmed that the profit or loss for the current period of each subsidiary already includes the investment gains or losses that should be recognized from its subsequent investments according to the regulations.

Mao Bao Inc.

Information on investment in China - basic information

January 1, 2023 to December 31, 2023

Table 5

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investee in China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount of investment remitted from Taiwan to China at the beginning of the period	Investment amount remitted or recovered during the period		Accumulated amount of investment remitted from Taiwan to China at the end of the period	Profit/loss of the investee for the period	The shareholding of the Company through the direct or indirect investment	Investment loss or gain recognized for the current period (Note 2)	Carrying amount of investment at the end of period	Amount of investment gains remitted back to Taiwan as of the period	Remarks
					Remitted	Recovered							
- Mao Bao (Shanghai) Trading Ltd.	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export	\$ 4,539	(2)	\$ 4,539	\$ -	\$ -	\$ 4,539	\$ 8,144	100.00	\$8,144 (2)B	\$ 36,113	\$ -	Note 4
Company name		Accumulated amount of investment remitted from Taiwan to China at the end of the period		Investment amount approved by the Investment Commission, MOEA	The limit for investment in China as required by the Investment Commission, MOEA								
Mao Bao Inc.		\$ 4,539		\$ 4,748	\$ 286,131								

Note 1: the investment are divided as three categories, just indicate the category:

- (1) Direct investment in China
- (2) Reinvestment in China through an entity in a third place (please indicate the investee in the third place)
- (3) Other method.

Note 2: In the column of investment loss or gain recognized for the current period:

- (1) Indicate if the investment is being prepared without investment loss or gain
- (2) The basis for recognizing the investment loss or gain is the following three methods, and shall be indicated.
 - A. The financial reports audited and attested by an international accounting firm partnered with an accounting firm of the Republic of China
 - B. The financial reports audited and attested by the attesting CPAs of the Taiwanese parent company.
 - C. Others

Note 3: The figures in the table shall be denominated in NT\$.

Note 4: The reinvestment through Pacific Worldwide Holdings Ltd. in a third place.

Note 5: Where the total investment amount in China is under USD 1 million, the approval of the Investment Commission in advance is not required, but to file to the Investment Commission for reference within six month when the full amount is invested.

Mao Bao Inc.

Information on investment in China - The material transactions between the direct or indirect enterprises via a third place with the investee companies in China

January 1, 2023 to December 31, 2023

Table 6

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investee in China	Sales (purchase)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee for notes, or collaterals provided			Fund financing			Others
	Amount	%	Amount	%	Balance	%	End balance	Purpose	Highest balance	End balance	Range of interest rate	Interest rate of the current period	
- Mao Bao (Shanghai) Trading Ltd.	\$ 24,050	4%	\$ -	-	\$ 4,718	1%	\$ -	-	\$ -	\$ -	-	\$ -	-

Mao Bao Inc.
Information on major shareholders
January 1, 2023 to December 31, 2023

Table 7

Names of major shareholders	No. of shares held	Shares	Shareholding ratio
Pacific Worldwide Investment Co., Ltd.	6,790,856		15.99%
Ling-Yu Investment Co., Ltd.	6,450,000		15.19%
Mr. Wu, Hsien-Tai	3,956,459		9.32%

Mao Bao Inc.
Statement of Cash and Cash Equivalents
December 31, 2023

Unit: NT\$ thousand

Table 1	Summary	Amount
Item		Amount
Working fund		\$ 165
Bank deposit		
- Checking deposit		190
- TWD deposit		37,916
- Foreign currency deposit	USD 178,499.95 @exchange rate: 30.705	5,481
	CNY 2,838,532.27 @ exchange rate of 4.327	12,282
Cash equivalents		
- Short-term bills	The annual interest rate is 0.705% and all of them will expire by January 15, 2024.	59,722
		<u>\$ 115,756</u>

Mao Bao Inc.
Statement of Accounts Receivable
December 31, 2023

Table 2

Unit: NT\$ thousand

Name of customer	Summary	Amount	Remarks
Non-related party			
A	Sales	\$ 20,820	
B	"	11,596	
C	"	10,397	
Others	"	33,232	None of sporadic customer's balance exceeding 5% of the amount under the account.
Subtotal		76,045	
Less: loss allowance		(45)	
Total		<u>\$ 76,000</u>	
Related party:			
Mao Bao (Shanghai) Trading Sales		<u>\$ 4,718</u>	

Mao Bao Inc.
Statement of Inventories
December 31, 2023

Table 3

Unit: NT\$ thousand

Item	Amount		Remarks
	Cost	Net realizable value	
Raw materials	\$ 11,614	\$ 11,543	
Parts	13,887	13,529	
Work in progress	2,768	1,555	
Finished products	47,670	68,266	
Goods	1,403	1,205	
	77,342	\$ 96,098	
Less: allowance of inventory falling price and idle loss(1,335)		
	\$ 76,007		

Please refer to Note 4(11) for the determination of net realize value

Mao Bao Inc.
Statement of Changes in Investments Accounted Adopting the Equity Method
January 1, 2023 to December 31, 2023

Table 4 Unit: NT\$ thousand

Name	Beginning balance		Increased during the period		Decreased during the period		Ending balance		Net worth of equity		Total	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Shareholding ratio	U		Am
Pacific Worldwide Holdings Ltd.	5,000,015	\$ 62,725	-	\$ -	-	(\$ 3,618)	(\$ 1,554)	5,000,015	100%	\$ 57,553	\$ -	\$ 57,553
												\$ 57,553

Note 1: Including share of the other comprehensive income of subsidiaries recognized with the equity method, and unrealized income and loss from sales.

Guaranteed by the company

None

Mao Bao Inc.
Statement of Changes in Investments Accounted Adopting the Equity Method
January 1, 2023 to December 31, 2023

Table 4

Unit: NT\$ thousand

Mao Bao Inc.
Statement of Accounts Payable
December 31, 2023

Table 5

Unit: NT\$ thousand

Name of supplier	Summary	Amount	Remarks
Non-related party			
A	Sales	5,171	
B	"	4,959	
C	"	4,574	
D	"	3,957	
E	"	3,413	
Others	"	42,434	None of sporadic supplier's balance exceeding 5% of the amount under the account.
		<u>\$ 64,508</u>	

Mao Bao Inc.
Statement of Operating Revenue
2023

Table 6

Unit: NT\$ thousand

Item	Quantity (pcs, set)	Amount	Remarks
Detergent series	5,341,618	\$ 366,716	
Domestic cleaning series	2,997,015	175,500	
Long-effect series	340,779	50,478	
Others	38,723	3,068	None of sporadic category's balance exceeding 5% of the amount under the account.
		595,762	
Less: returned goods		(2,611)	
Sales discount		(75,255)	
		<u>\$ 517,896</u>	

Mao Bao Inc.
Statement of Operating Costs
2023

Table 7

Unit: NT\$ thousand

Item	Subtotal	Amount
Raw materials		\$ 137,019
Beginning raw materials	\$ 17,235	
Plus: received materials in the period	132,077	
Surplus of raw material at the end of period	1	
Others	234	
Less: end raw materials	(11,614)	
Sales of raw materials	(847)	
Scrape loss	(29)	
Inventory loss	(38)	
Part materials		123,429
Beginning materials	16,234	
Plus: received materials in the period	123,554	
Surplus of materials at the end of period	377	
Less: end materials	(13,887)	
Sales of materials	(4)	
Scrape loss	(626)	
Transfer to various expenses	(2,219)	
Direct manpower		9,126
Manufacturing Expenses		52,493
Manufacturing costs		322,067
Beginning work in progress		1,806
Less: end work in progress		(2,768)
Difference of material consumed for production		(259)
Loss of inventories		(30)
Transfer to various expenses		(592)
Costs of finished products		320,224
(continued in next page)		

Mao Bao Inc.
Statement of Operating Costs (continue)
2023

Table 7

Unit: NT\$ thousand

Item	Subtotal	Amount
Beginning finished products		\$ 52,583
Plus: purchased finished products		186
Less: end finished products		(47,670)
Sales of finished products		(24,734)
Loss of inventories for finished products		(600)
Scrape loss		(828)
Transfer to various expenses		(7,900)
Sales costs of in-house made merchandises		291,261
Sales costs of purchased merchandises		5,861
Plus: beginning merchandises	2,481	
Purchase of the period	4,960	
Less: end merchandises	(1,403)	
Loss of inventories	(18)	
Transfer to various expenses	(159)	
Sales costs of raw materials		847
Sales costs of materials		4
Sales costs of finished products		24,734
Inventory Loss		309
Revenues from selling scrapes and wasted materials		(779)
Gain from recovered inventory price		(594)
Scrape loss		1,483
Others		253
Operating costs		<u>\$ 323,379</u>

Mao Bao Inc.
Manufacturing Expenses
2023

Table 8

Unit: NT\$ thousand

Item	Amount	Remarks
Indirect manpower	\$ 21,129	
Outsourced processing fee	11,957	
Depreciation	6,759	
Recycling fee of wastes	3,574	
Insurance expenses	2,940	
Other expense	6,134	None of the item amount exceeding 5% of the amount under the account.
	<u>\$ 52,493</u>	

Mao Bao Inc.
Statement of Operating Expenses (Excluding the ECL)
2023

Table 9

Unit: NT\$ thousand

Item	Selling expenses	Administrative expenses	R&D expenditure	Amount
Wage expenditure	\$ 38,495	\$ 19,560	\$ 2,966	\$ 61,021
Freight	44,064	43	6	44,113
Promotional expenses	35,264	-	-	35,264
Advertisement expenses	21,335	37	-	21,372
Service expenses	181	5,222	-	5,403
Insurance expenses	3,746	2,372	314	6,432
Depreciation expense	978	1,759	260	2,997
Inspection expenses	-	-	1,192	1,192
Other expenses (note)	11,929	7,499	291	19,719
Total	<u>\$ 155,992</u>	<u>\$ 36,492</u>	<u>\$ 5,029</u>	<u>\$ 197,513</u>

Note: none of the item amount exceeding 5% of the amount under the account.

Mao Bao Inc.
Summary Statement of the Employee Benefits, Depreciate, and Amortization Expenses Occurred for the Period (continue)
2023

Table 10

Unit: NT\$ thousand

Function	2023		Total	2022		Total
	By nature	By		By nature	By	
	Belonging to operating costs	Belonging to operating expenses		Belonging to operating costs	Belonging to operating expenses	
Expenses of employee benefits						
Wage expenses	\$ 30,987	\$ 56,984	\$ 87,971	\$ 30,432	\$ 56,494	\$ 86,926
Labor and health insurance expenses	3,756	5,973	9,729	3,497	5,841	9,338
Pension expenses	1,443	2,994	4,437	1,278	2,793	4,071
Remuneration to directors	-	1,043	1,043	-	900	900
Other expenses of employee benefits	968	1,810	2,778	1,363	1,805	3,168
Depreciation expense	6,759	2,997	9,756	6,948	3,243	10,191
Amortization expenses	-	529	529	-	662	662

Note:

1. The number of employees for the year and the previous years were 171 and 172, respectively; the number of directors not concurrently serving as employees were seven and six, respectively.
2. Where the shares are listed in TWSE or traded OTC, the Company shall disclose the information additionally.

Mao Bao Inc.
Summary Statement of the Employee Benefits, Depreciate, and Amortization Expenses Occurred for the Period (continue)
2023

Table 10

Unit: NT\$ thousand

- (1) The average expenses of employee benefits of the year is NT\$640 (“the total of expenses of employee benefits - the total of directors’ compensations of the year”/ “the number of employee - number of directors not concurrently serving as employees of the year”).
The average expenses of employee benefits of the previous year is NT\$624 (“the total of expenses of employee benefits - the total of directors’ compensations of the previous year”/ “the number of employees - number of directors not concurrently serving as employees of the previous year”).
- (2) The average wage expenses of the year is NT\$536 (“the total of wage expenses of the year/ “the number of employee- number of directors not concurrently serving as employees of the year ”).
The average wage expenses of the year is NT\$524 (“the total of wage expenses of the previous year/ “the number of employee- number of directors not concurrently serving as employees of the previous year”).
- (3) The average change of adjusted employee wage expenses is 2.3% (“the average employee wage expenses of the year/ “the average employee wage expenses of the previous year”).
- (4) The remuneration for the supervisors for both the current and previous years was \$0. On June 11, 2020, it was resolved by the shareholders' meeting to establish an Audit Committee to replace the supervisors.
- (5) Please specify the remuneration policy of the Company (including directors, supervisors, managerial officers, and employees).
The policy, standards, and procedures to establish the remuneration payment are mainly based on the Company’s personnel bylaws and the Remuneration Committee Charter. The director remuneration and the employee remuneration are mainly based on provision percentage specified in the Articles of Incorporation (Article 32 of the Articles of Incorporation provides that where the Company makes profit for a year, 5%~8% of the profit before tax and

Mao Bao Inc.
Summary Statement of the Employee Benefits, Depreciate, and Amortization Expenses Occurred for the Period (continue)
2023

Table 10

Unit: NT\$ thousand

before deducting the remunerations of employees, directors, and supervisors is provided as the employee remuneration), with the approval of the Remuneration Committee, to be submitted to the Board for approval before reported to the shareholders' meeting. The remunerations of directors and managerial officers are referred to the peer level, while considering the personal performance, the Company's operating performance, and the reasonableness of the links to future risks, to seek the balance between the sustainable management and risk control.