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# Mao Bao Inc.

## 2023 Annual Report

Published on May 21, 2024

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IV. Names of the CPAs who duly audited the annual financial report for the most recent fiscal year

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Accounting firm: PwC Taiwan

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- V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: the Company does not issue offshore securities.
- VI. Company website: <http://www.maobao.com.tw>

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# One. Report to the shareholders

Ladies and gentlemen:

The operating results in the past year, and the business plan for the year (2023) are summarized as below:

## I. Business Report of the previous year (2023)

### (I) Accomplishments in the Implementation of Business Plan

For the whole year of 2023, the net consolidated operating revenue was NT\$554,259 thousand, decreased by 5.59% from NT\$587,101 thousand, the net consolidated operating revenue for 2022. The 2023 consolidated net loss before tax was NT\$3,727 thousand, NT\$12,624 thousand less from the 2022 consolidated net profit before tax of NT\$8,897 thousand; the main reason is that the revenue from foreign customers decreased and the difference of the exchange rate valuation differences.

### (II) Analysis of Financial Income, Expenditure, and Profitability

Unit: NT\$ thousand

| Item   |   | 2023     | 2022     | Amount changed | Note |
|--|---|----------|----------|----------------|------|
| Financial income and payment   | Net cash inflow from operating activities   | 31,832   | 27,537   | 4,295          | I    |
|  | Net cash outflow from investment activities | (12,467) | (48,905) | 36,438         | II   |
|  | Net cash outflow from financing activities  | (1,567)  | (16,449) | 14,882         | III  |
| <p>Note 1: The net cash inflow from operating activities increased from the previous period, because the interest income from time deposit increased in the period, and the assessed tax refund was received.</p> <p>Note 2: Net cash outflows from investment activities decreased from the previous period due to the difference from time deposits in foreign currencies during the period.</p> <p>Note 3: Net cash outflow from financing activities decreased from the previous period, due to no distribution of cash dividends in the period.</p> |   |          |          |                |      |

| Item          |                                    | 2023                  | 2022   | Changes |        |
|---------------|------------------------------------|-----------------------|--------|---------|--------|
| Profitability | Return on the assets (%)           | (0.89)                | 0.80   | (1.69)  |        |
|               | Return on shareholder's equity (%) | (1.26)                | 1.07   | (2.33)  |        |
|               | Percentage in the paid-in capital  | Operating income      | (1.66) | (0.85)  | (0.81) |
|               |                                    | Net income before tax | (0.88) | 2.10    | (2.98) |
|               | Net profit margin (%)              | (1.09)                | 0.88   | (1.97)  |        |
|               | Earnings per share (NT\$)          | (0.14)                | 0.12   | (0.26)  |        |

### (III) R&D status

The Company has established the technical R&D department, to work and communicate closely with the planning and sales unit, to actively develop the products with market niches, trend setting, and satisfying the consumers' needs.

## II. Overview of the business plan for the year (2024)

### (I) Operational Policy

1. Improving R&D capabilities: elevate the internal R&D manpower and capabilities, and seek the introduction of the external technologies, to utilize the strong and powerful R&D function.
2. Improving control capability: the factories continuously enhance the production performance and the capability of quality control.
3. Adding new products: other than striving for developing products with high added value and high quality, the new products are developed continuously to expand the business scope.
4. Building internal enterprise network: to rapidly obtain information and effectively utilize the Company's resources, improve the communication efficiency and timeliness of management.
5. Exploring new channels: the Company spares no effort to expand new sales channels to expand the operating landscape of the Company.

### (II) Expected sales quantity and basis

Unit: Pcs

| Item                     | 2024 Forecast |
|--------------------------|---------------|
| Detergent series         | 5,696,069     |
| Domestic cleaning series | 3,459,466     |
| Long-effect              | 367,872       |
| Others                   | 44,445        |
| Total                    | 9,567,852     |

### (III) Production and sales policy

All the employees of the Company will continuously achieve the goal of 2024, to create the better outlook for the Company and shareholders.

| Item | Policy            | Description  |
|------|-------------------|--|
| 1.   | Product policy    | (1) Expanding the capacities to respond the market needs instantly, and increase the market share.<br>(2) Continuously developing new products to meets demands from various customer groups.  |
| 2.   | Marketing policy  | (1) Enhancing the Company's brand image, strengthening and improving the product competitiveness.<br>(2) Developing products with high added value and high quality, and clientele with high consumption power.<br>(3) Adding new channels for sales |
| 3.   | Production policy | (1) Effectively lowering the costs and enhancing the product competitiveness.<br>(2) Developing the OEM business to utilize the capacity effectively.  |

### **III. Future development strategy of the Company**

The Company is committed to providing the professional cleaning and care to textiles, cleaning of appliances in domestic environment, and the solutions of personal protection and care, to be the leading brand of the cleaning, care, and protection brand in Taiwan, while actively developing the emerging markets and marketing in Asia.

### **IV. Effects from the external competition environment, regulatory environment, and overall operating environment**

The fierce competition in the domestic and overseas markets, rising environmental and health awareness of consumers, and the higher requirements for product quality, among other factors, affect the overall operating environment and deepen the difficulty for the Company's operations. Regarding the regulatory environment, the Company complies with the regulations and systems promulgated by the competent authorities, and adds and/or amends the internal bylaws respectively in a timely manner to adapt the changes in regulations. The Company insists the philosophy of sustainable operation, actively expands the business, and continuously creates profits to feed back the shareholders and employees.



## Two. Company Profile

### I. Incorporation date: December 6, 1978

### II. Company History:

| Date               | Milestone  |
|--------------------|--|
| December 1978      | Maobao Organic Chemical Industrial Ltd. was established in Banqiao City, with the capital of NT\$ 2 million  |
| 1982               | Toilet cleaner, glass cleaner, cold water wash, and kitchen stain remover were developed   |
| September 1982     | The director, Wang, Chin-Ming was changed to Wu, Hsien-Tai   |
| 1984               | Collar wash / stain remover was developed  |
| 1985               | Floor cleaner was developed  |
| 1986               | The Ultra all purpose cleaner was developed  |
| December 1986      | The capital was changed to NT\$10 million (on December 19, the Construction Department approved the capital change)  |
| 1987               | Maobao solid toilet cleaner was developed  |
| April 1987         | The company was approved to change to Mao Bao Inc.   |
| November 1988      | Completion of Hsinchu Plant  |
| May 1990           | The all purpose laundry detergent was developed  |
| January 1991       | The Ministry of Economic Affairs approved the cash capital increase for NT\$ 28 million in November 1990, and the total capital became NT\$ 38 million   |
| May 1991           | Baby cold water wash was developed   |
| August 1991        | Iron aid was developed   |
| April 1993         | Shampoo was developed  |
| September 1993     | Laundry detergent for front loading washing machine was developed  |
| November 1993      | The Ministry of Economic Affairs approved the cash capital increase for NT\$ 25 million, and the total capital became NT\$ 63 million  |
| April 1995         | Color Guard Laundry Detergent was developed  |
| August 1995        | The all purpose cold water wash and the input-style flush cistern cleaner (the Little One) were developed  |
| October 1995       | The fluorescent agent-free cold water wash was developed   |
| July 1997          | The Ultra kitchen cleaner was developed (Ultra series)   |
| September 1997     | The Ultra bathroom cleaner was developed (Ultra series)  |
| September 1997     | Signed the early technology license agreement with Development Center for Biotechnology  |
| October 1997       | Toilet bowl cleaner was developed  |
| December 1997      | The Ministry of Economic Affairs approved the cash capital increase for NT\$47,250,000 million, capital increase from surplus for NT\$54,810,000, and the capital increase from reserve for NT\$33,342,120. The total capital became NT\$198,402,120 million |
| May 1998           | The Securities and Futures Management Commission, MOF approved to make up the public offering  |
| June 1998          | The antibacterial dish washing liquid was developed  |
| September 10, 1998 | The Ministry of Economic Affairs approved the cash capital increase for NT\$100,000,000, capital increase from surplus for NT\$14,880,160, and the total capital increase became NT\$313,282,280.  |
| February 1999      | The antibacterial laundry detergent was developed  |
| April 1999         | Sign a contract with Fu-Chu General Contractor to engage it for the additional construction of Phase II, Hsinchu Plant   |
| May 1999           | The Ministry of Economic Affairs approved the capital increase from surplus  |

| Date               | Milestone  |
|--------------------|--|
|                    | for NT\$25,062,590, capital increase from reserve for NT\$6,265,650, and the total capital increase became NT\$344,610,520   |
| November 1999      | OTC agreed the public trading on November 22, 1999.  |
| March 2000         | Entered a sole-agent contract in Taiwan with a French company, Spontex   |
| August 8, 2000     | The Ministry of Economic Affairs approved the capital increase from surplus for NT\$44,799,370, capital increase from reserve for NT\$6,892,220, and the total capital increase became NT\$396,302,110   |
| October 13, 2000   | Completion of the additional construction of Phase II, Hsinchu Plant   |
| July 11, 2001      | The Ministry of Economic Affairs approved the capital increase from reserve for NT\$19,815,110, and the total capital increase became NT\$416,117,220  |
| September 17, 2001 | TWSE agreed the public offering  |
| November 10, 2003  | The Ministry of Economic Affairs approved the capital increase from surplus for NT\$8,322,350, and the total capital increase became NT\$424,439,570   |
| November 2003      | Completion of the development of NTU Nano Bio NO.1 formula Protection Series   |
| January 12, 2004   | Launch of Mao Bao long-effect hand gel   |
| December 2005      | Launch of Mao Bao nano antibacterial hand wash   |
| 2006               | Reinvested to establish the subsidiary, PACIFIC WORLDWIDE HOLDINGS LTD. and the sub-subsidiary MAO BAO VIETNAM INC.  |
| 2006               | Launch of floor cleaner  |
| 2007               | Launch of the extra large pack of the washing machine cleaner, and the eco-friendly dish washing liquid  |
| 2009               | Launch of mosquito repellent jelly, baking soda liquid soap, and oxygen antimicrobial bleach   |
| 2010               | Launch of the antibacterial hand gel, shampoo, and tea stain remover   |
| 2011               | Completion of the Vietnam Plant, and the launch of deodorizing gel, plumber detergent, and sterilizing detergent.  |
| 2012               | Mao Bao (Shanghai) Trading was established; launch of Weihsiang Plant Fragrance (iris and lavender), Weihsiang natural mosquito repellent fragrance (iris and lemongrass), Weihsiang Hanging Plant Fragrance (fresh herbs, clean fruit, and floral), and Mao Bao Natural Fruit & Vegetable Wash  |
| 2013               | Deodorizing Laundry Detergent, Antibacterial Low Sudsing Baking Soda Laundry Detergent, Extra Strength All-Purpose Cleaner, Color Guard Laundry Detergent, Color Enhancing Laundry Detergent, Weihsiang Refrigerator Deodorant, and Weihsiang Fragrance Crystal Balls  |
| 2014               | Launch of Laundry Detergent for Sensitive Skin, 4X Concentrated Antibacterial Fabric softener, 2X Shrink Resistant and Color Guard Cold Water Wash, Compound Stain Remover Gel with Enzyme, 2X Antibacterial Dish Washing Liquid, Kitchen Cleaner, and Bamboo Fragrance  |
| 2015               | Launch of Rice Cooker Cleaner, Magic Fragrance Box (Clean Fruit), Magic Fragrance Box (Lavender), Mao Bao 2 Compound Stain Remover Gel with Enzyme, Deer Hills Herbal Soothing Gel, Deer Hills Mosquito Repellent Dual Effect Lotion, Deer Hills Forcipomyia Repellent Spray, and Deer Hills Mosquito Repellent Stickers   |
| 2016               | Launch of Mao Bao FEVO (Textile Evolution) Cold Water Wash for Sportswear, Mao Bao FEVO (Textile Evolution) Heavy Duty Deodorizing Additive, Mao Bao FEVO (Textile Evolution) Water Repellent Additive, Mao Bao FEVO (Textile Evolution) Moisture Wicking Additive, Mao Bao FEVO (Textile Evolution) Odor-control Laundry Detergent, Rice Extra Dish Washing Liquid, Tea Tree Floor Cleaner, Mao Bao 2 Extra Laundry Gel, Deer Hills |

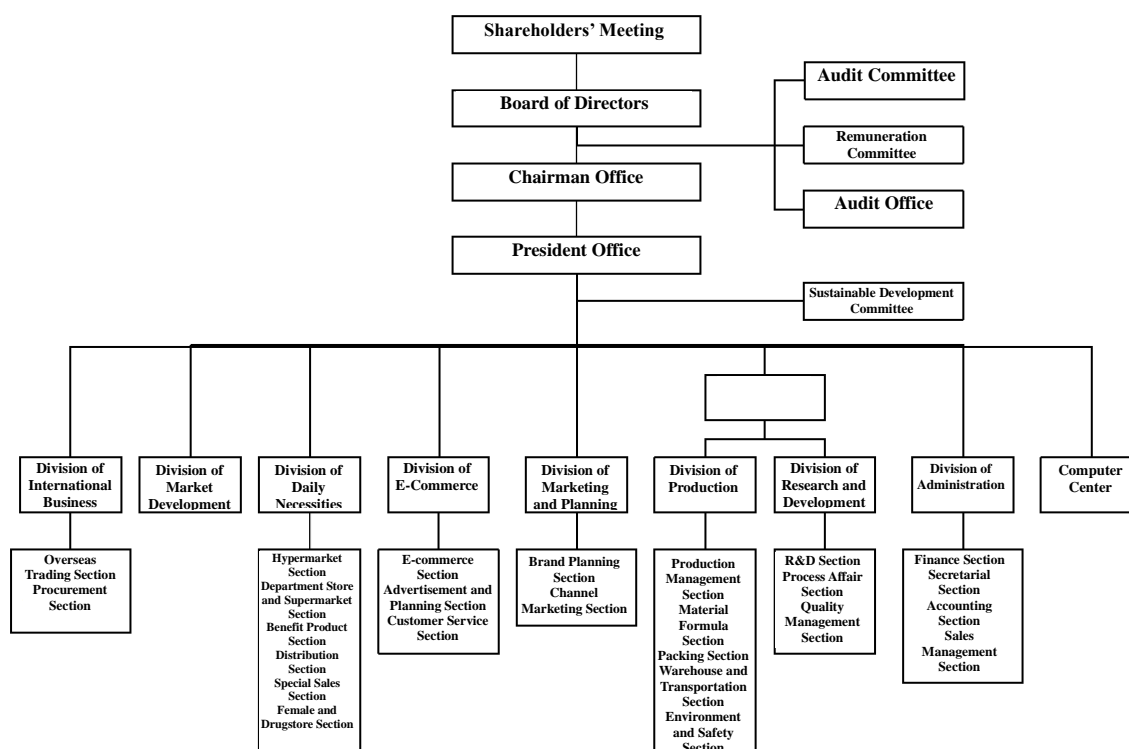
| Date | Milestone   |
|------|---|
| 2017 | Moisture Sunblock, Deer Hills Moisture Body Wash, Deer Hills Moisture Shampoo, Deer Hills Baby Lotion, and Deer Hills After-Sun Soothing Gel<br>Launch of Mao Bao FEVO (Textile Evolution) Antibacterial Laundry Detergent, EKO ECO-Label Laundry Detergent, EKO ECO-Label Bathroom Cleaner, EKO ECO-Label Floor Cleaner, Mao Bao Stain Remover, Mao Bao Indoor Cigarette Smell Deodorant, Mao Bao Antibacterial Baking Soda Laundry Detergent, Mao Bao Antibacterial Mildew-proof Laundry Detergent, Deer Hills Mosquito Repellent Dual Effect Lotion, Deer Hills Mosquito Repellent Dual Effect Portable Pack, Deer Hills Hand Sterilizer |
| 2018 | Launch of Mao Bao PM2.5 Antibacterial Laundry Detergent, Mao Bao Antibacterial Hand Wash Detergent, Deer Hills Mosquito Repellent Dual Effect Pack, 2X Quick Floor Cleaner, Mao Bao Low Sudsing Plant Soap Laundry Detergent - Long-Effect White Formula, and Ultra Garden Fragrance Laundry Detergent  |
| 2019 | Launch of Mao Bao PM2.5 Antibacterial Laundry Detergent - Odor-control and Extra Clean, Mao Bao Baking Soda Dish Washing Liquid - Sweet Orange Tea Polyphenols, Mao Bao Baking Soda Plant Extra Soap Laundry Detergent, Deer Hills Grapefruit Seed Antibacterial Spray, Deer Hills Long Lasting Mosquito Repellent Spray, and Deer Hills Long Lasting Forcipomyia Repellent Spray   |
| 2020 | Launch of Mao Bao Baking Soda Plant Extra Fragrance Liquid Soap, Mao Bao Plus Enzyme Stain Remover, Mao Bao Plus Multi-Enzyme Gel Stain Remover, Mao Bao X-Sport Enzyme Laundry Detergent, AHA Toilet Cleaner, Deer Hills Long Lasting Dual Effect Mosquito Repellent Spray, Deer Hills Antibacterial Spray, Deer Hills Super-Value Mosquito Repellent Pack   |
| 2021 | Launch of Mao Bao Pet Herbal Antibacterial Floor Cleaner, Mao Bao Pet Baking Soda Plant Extra Dish Washing Liquid, Mao Bao Pet Odor-control and Antibacterial Spray, Mao Bao Pet Enzyme Odor-control Fabric Cleaner, and Deer Hills Lemongrass Mosquito Repellent Sticker.  |
| 2022 | Collaboration between Mao Bao PM2.5 Antibacterial Laundry Detergent and One Piece   |
| 2022 | Launch of Weiss Antibacterial Detergent, Weiss Magic Cleaner Powder, MaoBao Baking Soda Laundry Liquid Soap, MaoBao Deodorizing & Antibacterial Spray   |
| 2023 | Launched Maobao multi-enzyme clothing stain remover; Launched MaoBao Weiss Antibacterial Laundry Cleanser, and has awarded SNQ certification; Launched Maobao Baking Soda Food and Vegetable Washing Liquid Soap, and has awarded USDA certification  |

# Three. Corporate Governance Report

## I. Organizational system

### (I) Organization structure

Organizational Chart of Mao Bao Inc.



| <u>Department</u>                      | <u>Main duties</u>  |
|--|---|
| Audit Office                           | Taking charge of planning and executing internal audits and the tracking of improvement results.  |
| Division of Production                 | Taking charge of product manufacturing, process control, raw material and inventory management, and product delivery, among other operations. |
| Division of Research and Development   | Product research and development, functions improvement and enhancement, and sample development.  |
| Division of Market Development         | Taking charge of the promotion and development for new markets.   |
| Division of International Business     | Responsible for the domestic and overseas procurement of raw materials and the development of new suppliers; the expansion of export markets. |
| Division of Daily Necessities Business | Taking charge of business promotion in the domestic market, quotations to customer, and product planning, among other operations.             |
| Division of Marketing and Planning     | New product development, market information collection, product management, advertising planning and other services, among other operations.  |
| Division of E-Commerce                 | Taking charge of the promotion and product planning of the  |

| <u>Department</u>      | <u>Main duties</u>   |
|------------------------|--|
| Division of Management | domestic B to C market, among other operations. Taking charge of HR administrative operations, such as employee appointment, promotion, training, and retirement; procurement of office supplies; the Company's financial operations, accounting operations, and shareholder service operations. |
| Computer Center        | Application system planning and management, operating system management, hardware equipment management and information security management.  |

## II. Information on directors, supervisors, president(s), vice president(s), associate vice president(s), and head of each department and branch:

### 1. Information on Directors and Supervisors (I)

Unit: shares    April 15, 2024

| Job title<br>(Note 1) | Nationality | Name  | Gender<br>Age<br>(Range)<br>(Note 2) | Date of<br>election /<br>appointment<br>to current term | Term<br>of<br>office | Commencement<br>date of first term<br>(Note 2) | No. of shares held at<br>time of election |                       | No. of shares currently<br>held |                       | Shares currently held by<br>spouse and minor<br>children |                       | Shares held through<br>nominees |  | Principal work<br>experience and<br>academic qualifications<br>(Note 3)   | Positions held<br>concurrently in the<br>company and/or in<br>any other company | Other officer(s), director(s), or<br>supervisor(s) with which the person has a<br>relationship of spouse or relative within<br>the second degree |                |              | Remarks<br>(Note 4) |
|-----------------------|-------------|---|--------------------------------------|---|----------------------|--|---|-----------------------|---------------------------------|-----------------------|--|-----------------------|---------------------------------|--|---|---|--|----------------|--------------|---------------------|
|                       |             |   |                                      |   |                      |  | No. of<br>shares                          | Shareholding<br>ratio | No. of<br>shares                | Shareholding<br>ratio | No. of<br>shares   | Shareholding<br>ratio | No. of<br>shares                | Shareholding<br>ratio  |   |   | Job title  | Name           | Relationship |                     |
| Chairman              | ROC         | Ling-Yu<br>Investment Co.,<br>Ltd.              | Female/<br>41-50<br>years<br>old     | 2023.06.20  | 3<br>years           | 2023.06.20                                     | 6,450,000                                 | 15.20%                | 6,450,000                       | 15.20%                | 0  | 0.00%                 | 0                               | 0.00%  | Duke University.MA<br>Chairman, Mao Bao Inc.<br>Director, Mao Bao Inc.  | None  | None   | None           | None         | (Note 4)            |
|                       |             | 2014.06.20                                      |                                      |   |                      | 1,455,613                                      | 3.43%                                     | 248,613               | 0.59%                           | 178,000               | 0.42%  | 0                     | 0.00%                           | Executive Director<br>of Mao Bao INC.<br>Director, Pacific<br>Worldwide<br>Investment Co., Ltd.<br>Supervisor, Ling-Yu<br>Investment Co., Ltd. |   | President   | Chen,<br>Yi-Hung   | Spouse         |              |                     |
|                       |             |   |                                      |   |                      |  |   |                       |                                 |                       |  |                       | Director                        | Wu,<br>Chao-Wen  |   | Sisters   |  |                |              |                     |
| Director              | ROC         | Ling-Yu<br>Investment Co.,<br>Ltd.              | Male/<br>61-70<br>years<br>old       | 2023.06.20  | 3<br>years           | 2023.06.20                                     | 6,450,000                                 | 15.20%                | 6,450,000                       | 15.20%                | 0  | 0.00%                 | 0                               | 0.00%  | NYU Stern School of<br>Business<br>MBA  | None  | None   | None           | None         |                     |
|                       |             | 2023.06.20                                      |                                      |   |                      | 0  | 0.00%                                     | 0                     | 0.00%                           | 0                     | 0.00%  | 0                     | 0.00%                           | Person in Charge of<br>Sanyi International<br>Co., Ltd.<br>President of<br>METALART<br>ENGINEERING<br>CORP.                                    |   | None  | None   | None           |              |                     |
| Director              | ROC         | Wu, Chao-Wen                                    | Female/<br>51-60<br>years<br>old     | 2023.06.20  | 3<br>years           | 2011.6.17                                      | 965,069                                   | 2.27%                 | 965,069                         | 2.27%                 | 0  | 0.00%                 | 0                               | 0.00%  | Baruch College. MBA<br>Director, Mao Bao Inc.   | Director, Pacific<br>Worldwide<br>Investment Co., Ltd.                          | Chairman   | Wu,<br>Rui-Hua | Sisters      |                     |
|                       |             |   |                                      |   |                      |  |   |                       |                                 |                       |  |                       | Director                        | Wu,<br>Hsien-Tai   |   | Father and<br>daughter  |  |                |              |                     |
| Director              | ROC         | Pacific<br>Worldwide<br>Investment Co.,<br>Ltd. | Female/<br>51-60<br>years<br>old     | 2023.06.20  | 3<br>years           | 1997.11.05                                     | 6,790,856                                 | 16.00%                | 6,790,856                       | 16.00%                | 0  | 0.00%                 | 0                               | 0.00%  | English Department,<br>FJCU<br>Consultant, Business<br>Department, Tiffany &<br>Co. International,<br>Taiwan Branch<br>Director, Mao Bao Inc. | None  | None   | None           | None         |                     |
|                       |             | 2002.06.20                                      |                                      |   |                      | 300,998  | 0.71%                                     | 200,998               | 0.47%                           | 0                     | 0.00%  | 0                     | 0.00%                           | None   |   | None  | None   | None           |              |                     |

|                      |     |  |                                  |            |            |   |           |        |           |        |           |       |           |        |  |   |          |              |                     |  |
|----------------------|-----|--|----------------------------------|------------|------------|---|-----------|--------|-----------|--------|-----------|-------|-----------|--------|--|---|----------|--------------|---------------------|--|
| Director             | ROC | Pacific Worldwide Investment Co., Ltd. | Male/<br>71-80<br>years<br>old   | 2023.06.20 | 3<br>years | 1997.11.05                                  | 6,790,856 | 16.00% | 6,790,856 | 16.00% | 0         | 0.00% | 0         | 0.00%  | Department of Chemical Engineering, Chung Yuan Christian University  | None  | Director | Wu, Chao-Wen | Father and daughter |  |
|                      |     | Representative: Wu, Hsien-Tai          |                                  |            |            | 1997.11.05<br>(Discharged on June 20, 2014) | 9,633,459 | 22.70% | 3,956,459 | 9.32%  | 1,830,809 | 4.31% | 6,450,000 | 15.20% | Ninth Class of Executive Program, National Chengchi University<br>Director, Mao Bao Inc.<br>Chairman, Mao Bao Inc.   | Director, Pacific Worldwide Investment Co., Ltd.<br>Supervisor, Ling-Yu Investment Co., Ltd.                                  | Chairman | Wu, Rui-Hua  | Father and daughter |  |
| Independent director | ROC | Su, Liang                              | Male/<br>71-80<br>years<br>old   | 2023.06.20 | 3<br>years | 2017.06.15                                  | 0         | 0.00%  | 0         | 0.00%  | 0         | 0.00% | 0         | 0.00%  | Master, Institute of Information Management, Tamkang University<br>Vice President, RITEK CORPORATION<br>Chairman, MiTAC Information Technology Corp.   | Independent Director, UNITECH ELECTRONICS CO., LTD.<br>Director, MiTAC Holdings Corporation<br>Director, EASYCARD Corporation | None     | None         | None                |  |
| Independent director | ROC | Huang, Chien-Cheng                     | Male/<br>41-50<br>years<br>old   | 2023.06.20 | 3<br>years | 2017.06.15                                  | 0         | 0.00%  | 0         | 0.00%  | 0         | 0.00% | 0         | 0.00%  | LLM, Law School, University of Minnesota<br>Partner Lawyer, Total Solution in One Firm   | -   | None     | None         | None                |  |
| Independent director | ROC | Chen, Wei-Zhi                          | Female/<br>41-50<br>years<br>old | 2023.06.20 | 3<br>years | 2020.06.11                                  | 0         | 0.00%  | 0         | 0.00%  | 0         | 0.00% | 0         | 0.00%  | Master of Accounting and Management and Decision-Making, Management College, National Taiwan University<br>Bachelor and pre-master program, Accounting Institute, National Tshwane University, South Africa<br>CPA of ROC, the U.S., and South Africa<br><br>President of Taiwan, VATit (Taiwan) Ltd.<br>Vice President, Audit Division, Taiwan Branch, HSBC | Founder and CEO of JS Linguistics Inc.<br>Independent Director of CloudMile   | None     | None         | None                |  |
| Independent director | ROC | Lin, Chung-Chang                       | Male/<br>61-70<br>years<br>old   | 2023.06.20 | 3<br>years | 2023.06.20                                  | 0         | 0.00%  | 0         | 0.00%  | 0         | 0.00% | 0         | 0.00%  | Department of International Trade, Fu Jen Catholic University<br>Fu Burg Industrial Co., Ltd.<br>Chairman  | Fu An Deburg Co., Ltd.<br>Chairman<br>Compensation and Remuneration Committee Member of Mao Bao Inc.                          | None     | None         | None                |  |

2. Major Shareholders of Corporate Shareholders

April 15, 2024

| Name of corporate shareholder          | Major shareholder of the corporate shareholder                      |
|--|---|
| Pacific Worldwide Investment Co., Ltd. | Wu, Hsien-Tai 74%; Lin, Ai-Yu 6%; Wu, Chao-Wen 10%; Wu, Rui-Hua 10% |
| Ling-Yu Investment Co., Ltd.           | Wu, Rui-Hua 20.93%; Wu, Hsien-Tai 79.07%                            |

3. List any Major Shareholder of Corporate Shareholders that is a Corporate/Juristic Person: None.



#### 4. Information on Directors and Supervisors (II)

##### I. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

| Qualifications<br>Name   | Professional qualifications and experience (Note 1)  | Independence analysis (Note 2) | No. of other public companies at which the person concurrently serves as an independent director |
|--|--|--------------------------------|--|
| Representative of Ling-Yu Investment Co., Ltd.:<br>Wu, Rui-Hua | Graduated from Duke University as MA, specializing in the operation and management of the cleaning and maintenance protective equipment industry, as well as the operational planning and leadership decision-making of overseas subsidiaries.<br>Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and the ability to make policy decisions; currently serving as Chairman/CEO of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act. | Not applicable.                | Zero   |
| Representative of Ling-Yu Investment Co., Ltd.:<br>He, Yi-Ru   | MBA, Stern Business School, New York University, with expertise in corporate management, operations planning, and leadership decision making.<br>Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and the ability to make policy decisions; currently serving as President of METALART ENGINEERING CORP.; no circumstance specified in Article 30 of the Company Act.   | Not applicable.                | Zero   |

| Qualifications<br><br>Name   | Professional qualifications and experience (Note 1)   | Independence analysis (Note 2) | No. of other public companies at which the person concurrently serves as an independent director |
|--|---|--------------------------------|--|
| Representative of Pacific Worldwide Investment Co., Ltd.:<br>Wu, Hsien-Tai | Graduated from Department of Chemical Engineering, Chung Yuan Christian University, specializing in the operation and management of the cleaning and maintenance protective equipment industry, as well as the operational planning and leadership decision-making of overseas subsidiaries. Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions, as well as experienced in the industry; currently serving as a director of Mao Bao Inc., and served as Chairman Mao Bao Inc for 35 years.; no circumstance specified in Article 30 of the Company Act. | Not applicable.                | Zero   |
| Representative of Pacific Worldwide Investment Co., Ltd.:<br>Wu, Chiao-Jen | Graduated from the English Department of Fu Jen Catholic University and served as a consultant of Business Department, Tiffany & Co. International, Taiwan Branch; specializing in marketing skills, possessing an international market perspective, leadership skills, and decision-making abilities; currently serving as a director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.   | Not applicable.                | Zero   |
| Wu, Chao-Wen   | MBA degree from the Baruch College Possessing the necessary knowledge, skills and literacy for performing duties, with the ability to perform accounting and financial analysis, and knowledge of the industry; currently serving as a Director of Mao Bao Inc; no circumstance specified in Article 30 of the Company Act.   | Not applicable.                | Zero   |

| Name               | Qualifications   | Professional qualifications and experience (Note 1)   | Independence analysis (Note 2) | No. of other public companies at which the person concurrently serves as an independent director |
|--------------------|--|---|--------------------------------|--|
| Su, Liang          | Master's degree from the Institute of Information Management, Tamkang University, specializing in the operation and management of the technology industry, as well as the operational planning and leadership decision-making of multinational corporations. Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability in operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions, as well as experience in the industry as an excellent model in his specialty area; currently serving as a Chairman of MiTAC Information Technology and Independent Director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act. | As an independent director, eligible for independence: The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence. | One                            |  |
| Huang, Chien-Cheng | LLM degree from Law School, University of Minnesota, now serving as the partner lawyer of Total Solution in One Firm; possessing the necessary knowledge, skills and literacy for performing duties, with expertise in laws as a professional lawyer, and the comprehensive abilities such as ability to conduct crisis management, knowledge of the industry, and ability to make policy decisions, able to enhance corporate governance quality and the Audit Committee's supervision function in terms of corporate governance and law compliance. Currently serving as Partner Lawyer, Total Solution in One Firm and Independent Director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.  | As an independent director, eligible for independence: The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence. | Zero                           |  |

| Qualifications<br>Name | Professional qualifications and experience (Note 1)  | Independence analysis (Note 2)   | No. of other public companies at which the person concurrently serves as an independent director |
|------------------------|--|--|--|
| Chen, Wei-Zhi          | Master of Accounting and Management and Decision-Making, Management College, National Taiwan University and Bachelor and pre-master program, Accounting Institute, National Tshwane University, South Africa; currently serving as the Founder and CEO of JS Linguistics Inc.; possessing the necessary knowledge, skills and literacy for performing duties, with expertise in accounting and finance as a qualified CPA in ROC, the U.S. and South Africa, and the comprehensive abilities such as knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions; currently serving as the Independent Director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.  | As an independent director, eligible for independence:<br>The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence. | One  |
| Lin, Chung-Chang       | Graduated from the Department of International Trade at Fu Jen Catholic University, with expertise in the management of traditional industries, years of experience in operational planning and leadership decision-making for multinational corporate groups. Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability in operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions, as well as experience in the industry as an excellent model in his specialty area; former Chairman of TPEx-listed Fu Burg Industrial Co., Ltd., and member of Mao Bao Inc.'s ; no circumstance specified in Article 30 of the Company Act. | As an independent director, eligible for independence:<br>The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence. | Zero   |

## II. Diversity and Independence of the Board of Directors:

### (I) Diversity of the board of directors:

#### Diversity policy:

Pursuant to the enhanced functions of board of directors specified in Article 20 of the “Corporate Governance Best Practice Principles” established by the Company, the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

#### Concrete management objectives:

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. The Board shall possess adequate professional knowledge and skills, and the professional background of the members shall cover law, accounting, industry, finance, marketing, and technology. The overall board of the Company shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.

### (II) Current achievement status and the abilities shall be possessed by the overall board:

| Core items for diversity<br>Name of director | Gender | Nationality | Age range       | Management administration | Leadership and decision-making | Knowledge of the industry | Finance and accounting | Laws | Marketing |
|--|--------|-------------|-----------------|---------------------------|--------------------------------|---------------------------|------------------------|------|-----------|
| Wu, Rui-Hua                                  | Female | ROC         | 41-50 years old | v                         | v                              | v                         | v                      |      | v         |
| He, Yi-Ru                                    | Male   | ROC         | 61-70 years old | v                         | v                              | v                         | v                      |      | v         |
| Wu, Chao-Wen                                 | Female | ROC         | 51-60 years old |                           |                                |                           | v                      |      |           |
| Wu, Hsien-Tai                                | Male   | ROC         | 71-80 years old | v                         | v                              | v                         | v                      |      | v         |
| Wu, Chiao-Jen                                | Female | ROC         | 51-60 years old |                           | v                              | v                         |                        |      | v         |
| Su, Liang                                    | Male   | ROC         | 71-80 years old | v                         | v                              | v                         | v                      |      | v         |
| Huang, Chien-Cheng                           | Male   | ROC         | 41-50 years old |                           | v                              |                           |                        | v    |           |
| Chen, Wei-Zhi                                | Female | ROC         | 41-50 years old | v                         | v                              | v                         | v                      |      |           |

| Core items for diversity<br>Name of director | Gender | Nationality | Age range       | Management administration | Leadership and decision-making | Knowledge of the industry | Finance and accounting | Laws | Marketing |
|--|--------|-------------|-----------------|---------------------------|--------------------------------|---------------------------|------------------------|------|-----------|
| Lin, Chung-Chang                             | Male   | ROC         | 61-70 years old | v                         | v                              | v                         | v                      |      | v         |

To strengthen the corporate governance and promote the sound development of the composition and structure of the board of directors, the Company's board member diversity policy takes various needs such as the Company's operating structure, business development direction, and future development trends, and it is advisable to evaluate various diversity aspects, such as: basic composition, professional experience, professional knowledge and skills. The Company's current Board consists of nine directors, including four independent directors. The members have rich experience and expertise in the fields of accounting and finance, commerce, management and law. There are currently nine directors, including four female directors, with a ratio of 44%, more than a half.

### (III) Independence of the board of directors:

The Board elects seven directors (including four independent directors, accounting for approximately 44%) pursuant to the Company's Articles of Incorporation, to enhance the independent operation of the Board. The board members are composed of professionals with rich industry experience, as well as in the finance and accounting, legal, and management, to provide guidance in the professional field in the Board; there has been no circumstance specified in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act. Through the establishment of an Audit Committee composed of independent directors and a well-established audit management system, the responsibility of supervising the Company's management operations is implemented. In 2023, 5 meetings were convened, with an attendance rate of 81% for directors and independent directors. The audit unit reports the results of the internal control system audits to the Board of Directors on a quarterly basis, and holds regular separate communication meetings with independent directors and certified public accountants from PricewaterhouseCoopers, the auditing and certifying accounting firm. On March 12, 2024, a separate communication meeting was convened to discuss the Company's internal controls and financial accounting situation for 2023, and the meeting minutes were disclosed on the Company's official website.

### (IV) Directors' Continuing Education Status

| Job title | Name          | Class date | Organizer  | Course  | Hours   |
|-----------|---------------|------------|--|---|---------|
| Director  | Wu, Rui-Hua   | 2023/7/20  | Corporation Aggregate for Corporate Governance Association | Management Rights and Directors' Responsibilities Seminar         | 3 hours |
|           |               | 2023/7/4   | Cathay Financial Holding Co., Ltd.                         | 2023 Cathay Pacific Sustainable Banking and Climate Change Summit | 6 hours |
| Director  | Wu, Hsien-Tai | 2023/7/4   | Cathay Financial Holding Co., Ltd.                         | 2023 Cathay Pacific Sustainable Banking and Climate Change Summit | 6 hours |
| Director  | Wu, Chao-Wen  | 2023/10/18 | Securities & Futures Institute                             | Post-pandemic talent sustainability challenge                     | 3 hours |
|           |               | 2023/10/26 | Securities & Futures Institute                             | Shareholders' Meeting, Governance and Shareholding Strategy       | 3 hours |
| Director  | Wu,           | 2023/7/4   | Cathay Financial   | 2023 Cathay Pacific Sustainable                                   | 6       |

| Job title            | Name               | Class date | Organizer  | Course   | Hours   |
|----------------------|--------------------|------------|--|--|---------|
|                      | Chiao-Jen          |            | Holding Co., Ltd.  | Banking and Climate Change Summit  | hours   |
| Director             | He, Yi-Ru          | 2023/7/4   | Cathay Financial Holding Co., Ltd.                         | 2023 Cathay Pacific Sustainable Banking and Climate Change Summit                      | 6 hours |
|                      |                    | 2023/10/13 | Securities & Futures Institute                             | New Challenges for Taiwanese Enterprises: Carbon Rights x Carbon Fees x Carbon Trading | 3 hours |
|                      |                    | 2023/10/26 | Securities & Futures Institute                             | Shareholders' Meeting, Governance and Shareholding Strategy                            | 3 hours |
| Independent director | Su, Liang          | 2023/1/12  | Corporation Aggregate for Corporate Governance Association | "Corporate Ethics and ESG International Forum"   | 6 hours |
|                      |                    | 2023/6/2   | Chinese National Association of Industry and Commerce      | "2023 Taiwan New Net Zero Electricity Summit"  | 3 hours |
| Independent director | Huang, Chien-Cheng | 2023/3/27  | Chinese National Association of Industry and Commerce      | Corporate Resilience - Taiwan's Competitiveness  | 3 hours |
|                      |                    | 2023/10/20 | Securities & Futures Institute                             | 2023 Insider Trading Prevention Conference   | 3 hours |
| Independent director | Chen, Wei-Zhi      | 2023/10/26 | Securities & Futures Institute                             | Shareholders' Meeting, Governance and Shareholding Strategy                            | 3 hours |
|                      |                    | 2023/11/15 | Securities & Futures Institute                             | 2030/2050 Green Industrial Revolution  | 3 hours |
| Independent director | Lin, Chung-Chang   | 2023/10/20 | Securities & Futures Institute                             | 2023 Insider Trading Prevention Conference   | 3 hours |
|                      |                    | 2023/12/22 | Corporation Aggregate for Corporate Governance Association | Linking Carbon to Carbon: Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading  | 3 hours |

## 5. Information on the Management Team

April 15, 2024 Unit: shares

| Job title   | Nationality | Name           | Gender | Date of election / appointment to current term | Shares held   |                    | Shares held by spouse or minor children |                    | Shares held through nominees |                    | Principal work experience and academic qualifications  | Positions concurrently held in other companies at present | Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree kinship |               |              |
|---|-------------|----------------|--------|--|---------------|--------------------|---|--------------------|------------------------------|--------------------|--|---|---|---------------|--------------|
|   |             |                |        |  | No. of shares | Shareholding ratio | No. of shares                           | Shareholding ratio | No. of shares                | Shareholding ratio |  |   | Job title   | Name          | Relationship |
| President   | ROC         | Chen, Yi-Hung  | Male   | 2014.09.01                                     | 0             | 0.00%              | 426,613                                 | 1.01%              | 0                            | 0.00%              | MBA, Rotterdam School of Management<br>Master of Chemical Engineering, National Chengkung University             | None  | Chairman  | Wu, Rui-Hua   | Spouse       |
| CEO   | ROC         | Wu, Rui-Hua    | Female | 2022.04.01                                     | 248,613       | 0.59%              | 178,000                                 | 0.42%              | 0                            | 0.00%              | MA, Duke University  | None  | President   | Chen, Yi-Hung | Spouse       |
| Chief of Hsinchu Plant                                      | ROC         | Lin, Jin-Long  | Male   | 2001.07.17                                     | 0             | 0.00%              | 0                                       | 0.00%              | 0                            | 0.00%              | Department of Mechanical Engineering, Tamkang University<br>Manager, Production Department, Procter & Gamble Co. | None  | None  | None          | None         |
| Chief, Division of International Business                   | ROC         | Liu, Wen-Wei   | Male   | 2011.06.17                                     | 0             | 0.00%              | 965,069                                 | 2.27%              | 0                            | 0.00%              | Stevens Institute of Technology  | None  | Director  | Wu, Chao-Wen  | Spouse       |
| Head of accounting department                               | ROC         | Chen, Hsuan-Ju | Female | 2015.04.01                                     | 0             | 0.00%              | 0                                       | 0.00%              | 0                            | 0.00%              | Master of Finance, National Taipei University  | None  | None  | None          | None         |
| Head of Finance Department and Head of Corporate Governance | ROC         | Chao, Jia-Ling | Female | 2013.05.01<br>2023.03.24                       | 0             | 0.00%              | 0                                       | 0.00%              | 0                            | 0.00%              | Master of Finance, National Taiwan University of Science and Technology  | None  | None  | None          | None         |



### III. Remuneration to Directors, Supervisors, Presidents, and Vice Presidents in the Most Recent Year

#### 1. Remuneration to Ordinary Directors and Independent Directors:

Unit: NT\$ thousand December 31, 2023

| Job title            | Name   | Remuneration to directors |                           |                                |                           |  |                           |                              |                           |  |                           | Remuneration received by directors for concurrent service as an employee |                           |                                |                           |  |                           |                          |                           | Sum of A+B+C+D+E+F+G and ratio to net income |                           | Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11) |         |      |
|----------------------|--|---------------------------|---------------------------|--------------------------------|---------------------------|--|---------------------------|------------------------------|---------------------------|--|---------------------------|--|---------------------------|--------------------------------|---------------------------|--|---------------------------|--------------------------|---------------------------|--|---------------------------|--|---------|------|
|                      |  | Base compensation (A)     |                           | Retirement pay and pension (B) |                           | Director profit-sharing compensation (C) |                           | Expenses and perquisites (D) |                           | Sum of A+B+C+D and ratio to net income |                           | Salary, rewards, and special disbursements (E)                           |                           | Retirement pay and pension (F) |                           | Employee profit-sharing compensation (G) |                           |                          |                           | The Company                                  | All consolidated entities |  |         |      |
|                      |  | The Company               | All consolidated entities | The Company                    | All consolidated entities | The Company                              | All consolidated entities | The Company                  | All consolidated entities | The Company                            | All consolidated entities | The Company  | All consolidated entities | The Company                    | All consolidated entities | Amount of cash dividends                 | Amount of share dividends | Amount of cash dividends | Amount of share dividends |  |                           |  |         |      |
| Chairman/<br>CEO     | Representative of corporate, Ling-Yu Investment Co., Ltd. Wu, Rui-Hua              |                           |                           |                                |                           |  |                           | 90                           | 90                        | (1.49)                                 | (1.49)                    | 2,135  | 2,965                     |                                |                           |  |                           |                          |                           |  |                           | (36.73)  | (50.44) | Yes  |
| Director             | Representative of corporate, Pacific Worldwide Investment Co., Ltd.: Wu, Hsien-Tai |                           |                           |                                |                           |  |                           | 90                           | 90                        | (1.49)                                 | (1.49)                    |  | 565                       |                                |                           |  |                           |                          |                           |  |                           | (1.49)   | (10.81) | Yes  |
| Director             | Representative of corporate, Pacific Worldwide Investment Co., Ltd.: Wu, Chiao-Jen |                           |                           |                                |                           |  |                           | 90                           | 90                        | (1.49)                                 | (1.49)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (1.49)   | (1.49)  | None |
| Director             | Wu, Chao-Wen   |                           |                           |                                |                           |  |                           | 90                           | 90                        | (1.49)                                 | (1.49)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (1.49)   | (1.49)  | None |
| Director             | Representative, Ling-Yu Investment Co., Ltd.: He, Yi-Ru                            |                           |                           |                                |                           |  |                           | 48                           | 48                        | (0.79)                                 | (0.79)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (0.79)   | (0.79)  | None |
| Independent director | Su, Liang  |                           |                           |                                |                           |  |                           | 180                          | 180                       | (2.97)                                 | (2.97)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (2.97)   | (2.97)  | None |
| Independent director | Huang, Chien-Cheng   |                           |                           |                                |                           |  |                           | 180                          | 180                       | (2.97)                                 | (2.97)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (2.97)   | (2.97)  | None |
| Independent director | Chen, Wei-Zhi  |                           |                           |                                |                           |  |                           | 180                          | 180                       | (2.97)                                 | (2.97)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (2.97)   | (2.97)  | None |
| Independent director | Lin, Chung-Chang   |                           |                           |                                |                           |  |                           | 96                           | 96                        | (1.58)                                 | (1.58)                    |  |                           |                                |                           |  |                           |                          |                           |  |                           | (1.58)   | (1.58)  | None |

- Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The Board is authorized to determine the remunerations to directors and independent directors based on their participations in the Company's operation and the values they contribute, while referring to the common level among peers.
- In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): as disclosed in the above table.

| Remuneration Range Paid to Each Director of the Company | Name of director   |  |  |  |
|---|--|--|--|--|
|   | Sum of (A+B+C+D)   |  | Sum of (A+B+C+D+E+F+G)   |  |
|   | The Company (Note 8)   | All consolidated entities (Note 9) H   | The Company (Note 8)   | Parent company and all investees (Note 9) I  |
| Less than NT\$1,000,000                                 | Wu, Rui-Hua; Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; He, Yi-Ru; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi; Lin, Chung-Chang | Wu, Rui-Hua; Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; He, Yi-Ru; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi; Lin, Chung-Chang | Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi   | Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi   |
| NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)             |  |  |  |  |
| NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)             |  |  | Wu, Rui-Hua  | Wu, Rui-Hua  |
| NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)             |  |  |  |  |
| NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)            |  |  |  |  |
| NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)           |  |  |  |  |
| NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)           |  |  |  |  |
| NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)           |  |  |  |  |
| NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)          |  |  |  |  |
| NT\$100,000,000 or above                                |  |  |  |  |
| Total   | Wu, Rui-Hua; Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; He, Yi-Ru; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi; Lin, Chung-Chang | Wu, Rui-Hua; Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; He, Yi-Ru; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi; Lin, Chung-Chang | Wu, Rui-Hua; Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; He, Yi-Ru; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi; Lin, Chung-Chang | Wu, Rui-Hua; Wu, Hsien-Tai; Wu, Chao-Wen; Wu, Chiao-Jen; He, Yi-Ru; Huang, Chien-Cheng; Su, Liang; Chen, Wei-Zhi; Lin, Chung-Chang |

Note 1: The names of directors should be listed separately (corporate shareholders should list the names and representatives of corporate shareholders separately), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary manner. If a director concurrently serves as the general manager or deputy general manager, this form and the following table (3-1), or the following tables (3-2-1) and (3-2-2) should be filled out.

Note 2: Refers to the remuneration of directors for the most recent year (including director salaries, job bonuses, severance pay, various bonuses, rewards, etc.).

Note 3: It refers to the amount of directors' remuneration approved by the board of directors for the most recent year.

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including travel expenses, special expenses, various allowances, dormitories, vehicle allocation and other physical provision, etc.). When providing houses, cars and other means of transportation or the expenditures of exclusive individuals, the nature and

cost of the assets provided, and the actual or fair market value based rent, fuel and other payments shall be disclosed. In addition, if equipped with a driver, please provide an explanation of the relevant amount paid by the company to the driver, but not included in the remuneration.

Note 5: Refers to the amount received by directors and employees (including concurrent general managers, deputy general managers, other managers, and employees) in the most recent year, including salaries, job bonuses, severance pay, various bonuses, rewards, travel expenses, special expenses, various allowances, dormitories, vehicle allocation, and other physical provisions. When providing houses, cars and other means of transportation or the expenditures of exclusive individuals, the nature and cost of the assets provided, and the actual or fair market value based rent, fuel and other payments shall be disclosed. In addition, if equipped with a driver, please provide an explanation of the relevant amount paid by the company to the driver, but not included in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights for new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 6: Refers to the person who has received employee compensation (including stock and cash) for directors and employees (including general manager, deputy general manager, other managers, and employees) in the most recent year. The amount of employee compensation approved by the board of directors for the most recent year should be disclosed. If it cannot be estimated, the proposed distribution amount for this year should be calculated based on the proportion of the actual distribution amount from last year, and a separate Appendix 1-3 should be filled out.

Note 7: The total amount of various emoluments paid by all companies (including the company) to the directors of the company in the consolidated report should be disclosed.

Note 8: The total amount of various emoluments paid by the company to each director shall be disclosed in their respective levels.

Note 9: The total amount of various remuneration paid to each director of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the directors should be disclosed in their respective levels.

Note 10: After tax net profit refers to the net profit after tax of individual or individual financial reports in the most recent year.

Note 11: a. This column should clearly indicate the amount of compensation received by the company's directors for reinvestment in enterprises or parent companies outside of their subsidiaries (if none, please fill in "none").

b. If a director of a company receives remuneration from a company that has invested in a business outside of a subsidiary or related to the parent company, the remuneration received by the director from a company that has invested in a business outside of a subsidiary or from the parent company should be included in column I of the remuneration level table, and the column name should be changed to "Parent Company and all reinvested businesses".

c. Remuneration refers to the remuneration, remuneration (including employee, director, and supervisor remuneration), and related business execution expenses received by a director of our company as a director, supervisor, or manager of a reinvested enterprise or parent company outside of a subsidiary.

\*The remuneration content disclosed in this table is different from the income concept in the income tax law, so the purpose of this table is for information disclosure purposes and does not need to be used for taxation.

2. Remuneration to Supervisors: the Company established the Audit Committee on July 3, 2020.
3. Remuneration to President(s) and Vice President(s):

Unit: NT\$ thousand    December 31, 2023

| Job title | Name          | Salary (A)  |                           | Retirement pay and pension (B) |                           | Rewards and special disbursements (C) |                           | Employee profit-sharing compensation (D) |                           |                           |                           | Sum of A+B+C+D and ratio to net income (%) |                           | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|-----------|---------------|-------------|---------------------------|--------------------------------|---------------------------|---------------------------------------|---------------------------|--|---------------------------|---------------------------|---------------------------|--|---------------------------|--|
|           |               | The Company | All consolidated entities | The Company                    | All consolidated entities | The Company                           | All consolidated entities | The Company                              |                           | All consolidated entities |                           | The Company                                | All consolidated entities |  |
|           |               |             |                           |                                |                           |                                       |                           | Amount of cash dividends                 | Amount of share dividends | Amount of cash dividends  | Amount of share dividends |  |                           |  |
| CEO       | Wu, Rui-Hua   | 1,830       | 2,660                     | -                              | -                         | 305                                   | 305                       | -  | -                         | -                         | -                         | (35.25)                                    | (48.95)                   | Yes  |
| President | Chen, Yi-Hung | 1,272       | 2,081                     | 79                             | 79                        | 318                                   | 319                       | 27                                       | -                         | 27                        | -                         | (28.00)                                    | (41.37)                   | Yes  |

| Remuneration Range Paid to Each President and Vice President of the Company | Name of President and Vice President |                             |
|---|--------------------------------------|-----------------------------|
|   | The Company                          | All consolidated entities E |
| Less than NT\$1,000,000   |                                      |                             |
| NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)                                 | Chen, Yi-Hung; Wu, Rui-Hua           |                             |
| NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)                                 |                                      | Chen, Yi-Hung; Wu, Rui-Hua  |
| NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)                                 |                                      |                             |
| NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)                                |                                      |                             |
| NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)                               |                                      |                             |
| NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)                               |                                      |                             |
| NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)                               |                                      |                             |
| NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)                              |                                      |                             |
| NT\$100,000,000 or above  |                                      |                             |
| Total   | Chen, Yi-Hung; Wu, Rui-Hua           | Chen, Yi-Hung; Wu, Rui-Hua  |

Note 1: The names of the general manager and deputy general manager should be listed separately, and the payment amounts should be disclosed in a summary manner. If a director concurrently serves as the general manager or deputy general manager, this form and the above table (1-1), or (1-2-1) and (1-2-2) should be filled out.

Note 2: It refers to the salary, position bonus, and severance pay of the General Manager and Deputy General Manager for the most recent year.

Note 3: It refers to the amount of various bonuses, rewards, travel expenses, special expenses, various allowances, dormitories, vehicle allocation, and other physical rewards provided by the General Manager and Deputy General Manager for the most recent year. When providing houses, cars and other means of transportation or the expenditures of exclusive individuals, the nature and cost of the assets provided, and the actual or fair market value based rent, fuel and other payments shall be disclosed. In addition, if equipped with a driver, please provide an explanation of the relevant amount paid by the company to the driver, but not included in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights for new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 4: It refers to the amount of employee compensation (including stocks and cash) approved by the board of directors for the most recent year to be distributed to the general manager and deputy general manager. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year, and a separate Table 1-3 should be filled out.

Note 5: The total amount of various emoluments paid by all companies (including our company) to the general manager and deputy general manager of our company in the consolidated report should be disclosed.

Note 6: The company shall pay the total amount of various remuneration to each general manager and deputy general manager, and disclose the names of the general manager and deputy general manager in their respective levels.

Note 7: The total amount of various remuneration paid to each general manager and deputy general manager of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the general manager and deputy general manager should be disclosed in their respective levels.

Note 8: After tax net profit refers to the net profit after tax of individual or individual financial reports in the most recent year.

Note 9: a. This column should clearly indicate the amount of compensation received by the company's general manager and deputy general manager from investments in businesses or parent companies outside of the subsidiary company (if none, please fill in "none").

b. If the general manager and deputy general manager of the company receive remuneration related to investments or parent companies from outside the subsidiary company, they should include the remuneration received by the general manager and deputy general manager from investments or parent companies outside the subsidiary company in column E of the remuneration level table, and change the column name to "Parent company and all reinvestment businesses".

c. Remuneration refers to the remuneration, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the general manager and deputy general manager of the company as directors, supervisors, or managers of reinvested enterprises or parent companies outside of their subsidiaries.

The remuneration content disclosed in this table is different from the income concept in the income tax law, so the purpose of this table is for information disclosure purposes and does not need to be used for taxation.

4. The remuneration of the top five highest-paid executives of a listed or over-the-counter company:

Unit: NT\$ thousand December 31, 2023

| Job title      | Name            | Salary (A)<br>(Note 2) |                                       | Retirement pay and pension (B) |                                       | Rewards and special disbursements (C)<br>(Note 3) |                                       | Employee profit-sharing compensation (D)<br>(Note 4) |                  |                                    |                  | Sum of A+B+C+D and ratio to net income (%)<br>(Note 6) |                           | Remuneration received from investee enterprises other than subsidiaries or from the parent company<br>(Note 7) |
|----------------|-----------------|------------------------|---------------------------------------|--------------------------------|---------------------------------------|---|---------------------------------------|--|------------------|------------------------------------|------------------|--|---------------------------|--|
|                |                 | The Company            | All consolidated entities<br>(Note 5) | The Company                    | All consolidated entities<br>(Note 5) | The Company                                       | All consolidated entities<br>(Note 5) | The Company  |                  | All consolidated entities (Note 5) |                  | The Company  | All consolidated entities |  |
|                |                 |                        |                                       |                                |                                       |   |                                       | Cash amount  | Amount of shares | Cash amount                        | Amount of shares |  |                           |  |
| CEO            | Wu, Rui-Hua     | 1,830                  | 2,660                                 | -                              | -                                     | 305   | 305                                   | -  | -                | -                                  | -                | (35.25)  | (48.95)                   | Yes  |
| President      | Chen, Yi-Hung   | 1,272                  | 2,081                                 | 79                             | 79                                    | 318   | 319                                   | 27   | -                | 27                                 | -                | (28.00)  | (41.37)                   | Yes  |
| Plant Chief    | Lin, Jin-Long   | 1,218                  | 1,218                                 | 79                             | 79                                    | 356   | 356                                   | 20   | -                | 20                                 | -                | (27.62)  | (27.62)                   | None   |
| Division Chief | Liu, Wen-Wei    | 1,776                  | 1,776                                 | 108                            | 108                                   | 420   | 420                                   | 17   | -                | 17                                 | -                | (38.32)  | (38.32)                   | None   |
| Manager        | Chen, Kuo-Sheng | 936                    | 936                                   | 58                             | 58                                    | 384   | 384                                   | 16   | -                | 16                                 | -                | (23.01)  | (23.01)                   | None   |

Note 1: The term "top five highest-paid executives" refers to the company's managers. As for the criteria for identifying managers, it is handled in accordance with the scope of application of "managers" as stipulated in the Order No. Tai-Cai-Zheng-3-0920001301 issued by the former Securities and Futures Commission of the Ministry of Finance on March 27, 2003.

As for the principles of identifying the "top five highest-paid" individuals, it is based on the total amount (i.e., the sum of A+B+C+D) of salaries, retirement pensions, bonuses, special allowances, and employee compensation received by the company's managers from all companies within the consolidated financial statements, which are then ranked, and the top five highest-paid individuals are identified. If a director also serves as one of the aforementioned executives, they should be listed in this table as well as in Table (1-1) above.

Note 2: This is a listing of the salaries, job-related allowances, and severance pay for the top five highest-paid executives in the most recent year.

Note 3: It refers to the amount of various bonuses, rewards, travel expenses, special expenses, various allowances, dormitories, vehicle allocation, and other physical rewards

provided by the top five highest-paid executives for the most recent year. When providing houses, cars and other means of transportation or the expenditures of exclusive individuals, the nature and cost of the assets provided, and the actual or fair market value based rent, fuel and other payments shall be disclosed. In addition, if equipped with a driver, please provide an explanation of the relevant amount paid by the company to the driver, but not included in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights for new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 4: It refers to the amount of employee compensation (including stocks and cash) approved by the board of directors for the most recent year to be distributed to the top five highest-paid executives. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year, and a separate Table 1-3 should be filled out.

Note 5: The total amount of various emoluments paid by all companies (including our company) to the top five highest-paid executives of our Company in the consolidated report should be disclosed.

Note 6: After tax net profit refers to the net profit after tax of individual or individual financial reports in the most recent year.

Note 7: a. This column should clearly indicate the amount of compensation received by the Company's the top five highest-paid executives from investments in businesses or parent companies outside of the subsidiary company (if none, please fill in "none").

b. Remuneration refers to the remuneration, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the top five highest-paid executives of the Company as directors, supervisors, or managers of reinvested enterprises or parent companies outside of their subsidiaries.

\*The remuneration content disclosed in this table is different from the income concept in the income tax law, so the purpose of this table is for information disclosure purposes and does not need to be used for taxation.

5. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:

Unit: NT\$ thousand December 31, 2023

|                    | Job title                                 | Name            | Amount of share dividends | Amount of cash dividends | Total | Ratio of total amount to the net income after tax |
|--------------------|---|-----------------|---------------------------|--------------------------|-------|---|
| Managerial Officer | CEO                                       | Wu, Rui-Hua     | -                         | 109                      | 109   | (1.80)  |
|                    | President                                 | Chen, Yi-Hung   |                           |                          |       |   |
|                    | Chief of Hsinchu Plant                    | Lin, Jin-Long   |                           |                          |       |   |
|                    | Chief, Division of International Business | Liu, Wen-Wei    |                           |                          |       |   |
|                    | Sales Manager                             | Chen, Kuo-Sheng |                           |                          |       |   |
|                    | Chief of Accounting                       | Chen, Hsuan-Ju  |                           |                          |       |   |
|                    | Chief of Finance                          | Chao, Jia-Ling  |                           |                          |       |   |

6. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

- (1) Analysis of total remuneration paid to directors, presidents, and vice presidents, as percentage of net income/loss for the 2 most recent fiscal years for the Company and all companies included in the consolidated financial statements:

| Item \ Year                  | 2023        |                           | 2022        |                           | Increase/decrease ratio |                           |
|------------------------------|-------------|---------------------------|-------------|---------------------------|-------------------------|---------------------------|
|                              | The Company | All consolidated entities | The Company | All consolidated entities | The Company             | All consolidated entities |
| Director                     | -115.73%    | -165.83%                  | 98.92%      | 130.29%                   | -214.65%                | -296.13%                  |
| President and Vice President |             |                           |             |                           |                         |                           |

- (2) Policies, Standards, and Combinations for Remuneration: A. Remuneration for Directors and Independent Directors\_ When directors and independent directors perform their duties in the company, in accordance with Article 27 of the company's articles of association, regardless of business profits or losses, they shall be paid to them in accordance with the usual standards of the industry. The board of directors is authorized to negotiate based on their participation in the company's operations and contribution value, as well as taking into account the industry market level. In addition, if the company has pre tax net profit for the year, remuneration will be distributed in accordance with the company's articles of association. The



remuneration combination of directors and independent directors mainly includes the remuneration and business execution expenses of directors and independent directors. B. Remuneration for General Manager and Deputy General Manager\_ The general manager and deputy general manager shall carry out business operations and management in accordance with the orders of the board of directors, and their dismissal, appointment, and remuneration shall be carried out by resolution of the board of directors in accordance with the provisions of the company's articles of association. The standard of remuneration for managers shall be determined based on their personal performance, work contribution, annual company operating results, company policy compliance, and other actual work performance, taking into account the level of the industry market. The remuneration combination for managers mainly includes salary, bonuses, and employee compensation.

- (3) Procedure for setting remuneration: The remuneration policies and systems of our company's directors and managers are evaluated by our company's Remuneration Committee in accordance with our company's "Board of Directors Performance Evaluation Measures" and "Employee Remuneration Measures", and recommendations are made to the board of directors for resolution and approval before proceeding. The Remuneration Committee of our company also regularly reviews the performance and remuneration of directors and managers.
- (4) The correlation between operational performance, future risks and remuneration: The remuneration for the company's directors consists only of fixed transportation allowances and attendance fees, while the remuneration for managers is determined with reference to industry market levels and based on individual performance, work contributions, and the Company's operating results. Therefore, the company's operational performance and market conditions are correlated with salary and compensation. When setting the content and amount of compensation for directors and managers in our company, we refer to job performance, but we cannot guide directors and managers to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration.

#### IV. The state of the company's implementation of corporate governance:

1. The state of operations of the board of directors:

The number of board meetings held in the most recent fiscal year was: five (A). The attendance by the directors and supervisors was as follows:

| Job title | Name (Note 1)   | No. of meetings attended in person (B) | No. of meetings attended by proxy | In-person attendance rate (%) [B/A] (Note 2) | Remarks                                       |
|-----------|---|--|-----------------------------------|--|---|
| Chairman  | Ling-Yu Investment Co., Ltd.<br>Representative: Wu, Jui-Hua | 5                                      | 0                                 | 100%   |   |
| Director  | Ling-Yu Investment Co., Ltd.<br>Representative: He, Yi-Ru   | 2                                      | 1                                 | 67%  | 2023/6/20 Full re-election of directors (new) |
| Director  | Wu, Chao-Wen  | 4                                      | 1                                 | 80%  |   |

|                      |  |   |   |      |   |
|----------------------|--|---|---|------|---|
| Director             | Pacific Worldwide Investment Co., Ltd.<br>Representative: Wu, Hsien-Tai  | 4 | 1 | 80%  |   |
| Director             | Pacific Worldwide Investment Co., Ltd.<br>Representative: Wu, Chiao-Chen | 3 | 2 | 60%  |   |
| Independent director | Su, Liang  | 5 | 0 | 100% |   |
| Independent director | Huang, Chien-Cheng   | 3 | 2 | 60%  |   |
| Independent director | Chen, Wei-Zhi  | 4 | 1 | 80%  |   |
| Independent director | Lin, Chung-Chang   | 3 | 0 | 100% | 2023/6/20 Full re-election of directors (new) |

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) Any matter under Article 14-3 of the Securities and Exchange Act.

| Board of Directors                                   | Content of the motion and follow-up measures  |
|--|---|
| The 16th session of the 14th Board<br><br>2023.03.24 | 1. 2022 business report and financial statements.   |
|  | 2. 2022 Earning distribution.   |
|  | 3. Proposal of distribution method for the 2022 employee and director remunerations.  |
|  | 4. Proposal of evaluating the independence and competence of the attesting CPAs.  |
|  | 5. Proposed pre-approval for the certified public accounting firm and its affiliated firms to provide non-assurance services to the company and its subsidiaries. |
|  | 6. Proposal of 2022 "Statement of Internal Control System."   |
|  | 7. Proposal of amendments to the Company's "Articles of Incorporation."   |
|  | 8. Proposal of amendments the Company's "Corporate Governance Best Practice Principles."  |
|  | 9. Proposal of amendments to the Company's "Operating Regulations for Financial Transactions between Related Enterprises."  |
|  | 10. Discussion of the establishment of a corporate governance supervisor in our company.  |
|  | 11. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 500 thousand and USD 200 thousand.                  |
|  | Resolution: approved by all attended directors.   |
|  | Opinions of independent directors: None.  |
|  | Measures taken by the Company based on the opinions of the independent directors: None.   |
| Resolution: approved by all attended directors.      |   |
| The 17th session of the 14th Board<br><br>2023.05.12 | 1. Proposal of Q1 2023 financial statements.  |
|  | Opinions of independent directors: None.  |
|  | Measures taken by the Company based on the opinions of the independent directors: None.   |
|  | Resolution: approved by all attended directors.   |
| The 1st session of the                               | 1. Election of the Chairman.  |

|   |  |
|---|--|
| 15th Board<br>2023.06.21                        | 2. Appointment of the 5th Remuneration Committee members.  |
|   | 3. Election of the convener and meeting chair of the Remuneration Committee of the 5th term.   |
|   | 4. Proposal to elect the convener and meeting chair of the 2nd Audit Committee.  |
|   | Opinions of independent directors: None.   |
|   | Measures taken by the Company based on the opinions of the independent directors: None.  |
|   | Resolution: approved by all attended directors.  |
| The 2nd session of the 15th Board<br>2023.08.10 | 1. Proposal of Q2 2023 financial statements.   |
|   | 2. The compensation committee of our company reviews the 2022 remuneration distribution plan for our managers.   |
|   | 3. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 1 million.                                      |
|   | Opinions of independent directors: None.   |
|   | Measures taken by the Company based on the opinions of the independent directors: None.  |
|   | Resolution: approved by all attended directors.  |
| The 3rd session of the 15th Board<br>2023.11.09 | 1. Proposal of Q3 2023 financial statements.   |
|   | 2. 2024 Audit plan.  |
|   | 3. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 performance and the remuneration amount for the directors.           |
|   | 4. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 performance and the remuneration amount for the chairman.            |
|   | 5. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 performance and the remuneration amount for the managerial officers. |
|   | 6. Discussion of the proposal of the Remuneration Committee's deliberation for the 2024 annual working plan.   |
|   | 7. Proposal to extend the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 900,000.  |
|   | Opinions of independent directors: None.   |
|   | Measures taken by the Company based on the opinions of the independent directors: None.  |
|   | Resolution: approved by all attended directors.  |

| Board of Directors                               | Director       | Content of motion  | Reason of recusal                        | Participation of voting   |
|--|----------------|--|--|---|
| The 14th Board<br>The 16th meeting<br>2023.03.24 | Wu,<br>Rui-Hua | 1. Discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the chairman. | The motion involving individual director | The involving party recused from the discussion and voting, and other attended directors voted. |
| The 3rd session of the 15th Board<br>2023.11.09  | Wu,<br>Rui-Hua | 1. Deliberation of the 2023 performance and remuneration of the chairman   | The motion involving individual director | The involving party recused from the discussion and voting, and other attended directors voted. |

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and how the director voted.

III. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors.

Implementation of Evaluations of the Board of Directors

| Evaluation cycle (Note 1) | Evaluation period (Note 2)   | Scope of evaluation (Note 3)   | Method of evaluation (Note 4)   | Evaluation content (Note 5)  |
|---------------------------|--|--|---------------------------------|--|
| Once per year             | The performance of the Board between January 1, 2023 to December 31, 2023 was evaluated. | Performance evaluation of the board as a whole, the individual directors, and the functional committees. | Self-evaluation of board member | <ol style="list-style-type: none"> <li>1. Performance evaluation of the board of directors: This includes the level of participation in the company's operations, the quality of board decision-making, the composition and structure of the board, the selection and continuous training of directors, and internal control.</li> <li>2. Evaluating the performance of the individual board members: including alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.</li> <li>3. Evaluating the performance of functional committees: including participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.</li> </ol> |

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.

(I) The Company's Corporate Governance Best Practice Principles has established the "Rules of Procedure for Board of Directors Meetings" and enforced since January 1, 2007. And on March 27, 2008, the recusal of directors due to interest conflicts specified in the Board's related proposal was amended to enhance the function of the Board.

Actively cooperating with the FSC regulations to amend, to improve the functions of the Board.

(II) The Company has adopted the candidate nomination system for directors (including independent directors) since 2020, and an Audit Committee was established at the 2020 shareholders' meeting. The independent directors elected have legal, accounting and finance expertise and skills, to enhance the legal knowledge and financial analysis ability of the Board, while strengthening the crisis management and policy decision-making ability of the Board.

(III) The Company has established the Investor Section on the Company's website to provide relevant information concerned about by investors via the Internet. Disclosing information of finance and operation, and corporate governance is an important responsibility of the Company; the Company has faithfully fulfilled its obligations pursuant to relevant laws and regulations and the stock exchange's requirement.

(IV) The Company provides continuing education courses for directors and supervisors from time to time, so that directors and supervisors can easily obtain relevant information. In addition, at the MOPS, the attendance status and continuing education of directors and supervisors are disclosed to the investors to achieve the timely and transparent information disclosure.

(V) The Company has established and implemented the spokesperson system, with the spokesperson and the deputy spokesperson in place to speak externally. The unified speaking procedures are specified, and the Company's internal employees are required to keep financial and business secret confidential, and not to spread information arbitrarily. Where the spokesperson and deputy spokesperson is changed, the information disclosure will be handled immediately.

(VI) The board of directors of our company appointed Manager Chao, Jia-Ling from the Finance Section as the director of corporate governance. She has more than 3 years of experience in financial and stock management in public companies, which can protect shareholder rights and strengthen the functions of the board of directors.

(VII) The 2023 annual board performance evaluation results report and evaluation of implementation(As explained below):

Pursuant to the "Rules for Performance Evaluation of Board of Directors," the evaluation of performance for the current year shall be conducted at the end of each year pursuant to the evaluation procedures and indicators; the evaluation period is January 1 to December 31 of the year to be evaluated, and the evaluation shall be completed by the end of Q1 of the next year. The evaluation methods include performance evaluations of the overall board of directors, self-evaluation of individual board members, and functional committees. The rating of each evaluation item are: "very poor," "poor," "medium," "good," and "excellent."

The Company has conducted the 2023 self-evaluation of the board performance of the board of directors pursuant to the above-mentioned methods. The results of this evaluation are as follows:

I. Overall board of directors:

1. The measurement items include the following five evaluation indicators for total 20 items:

Participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control.

2. Self-evaluation result: excellent.

II. Individual board members:

1. The measurement items include the following six evaluation indicators for total 20 items:

Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.

2. Self-evaluation result: excellent.

III. Functional committees:

1. The measurement items include the following five evaluation indicators for total 20 items:

Participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.

2. Self-evaluation result: excellent.

2. The state of operations of the audit committee or the state of participation in board meetings by the supervisors:
  - I. Authority and Work Focus of the Audit Committee:
    1. The audit committee of our company is composed of four independent directors. The purpose of the audit committee is to assist the board of directors in overseeing the quality and integrity of the company's execution of accounting, inspections and reviews, financial reporting processes, and financial controls. The authority of this committee are as follows:
      - (1) Establish or amend internal control systems in accordance with Article 14-1 of the Securities and Exchange Law.
      - (2) Assess the effectiveness of internal control systems.
      - (3) According to Article 316-1 of the Securities and Exchange Law, establish or revise the handling procedures for major financial business activities such as acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, endorsing or providing guarantees for others.
      - (4) Matters involving the interests of the directors themselves.
      - (5) Significant asset or derivative transactions.
      - (6) Significant funding loans, endorsements, or guarantees provided.
      - (7) Offer, issue, or privately place securities with equity nature.
      - (8) Appointment, dismissal, or remuneration of certified public accountants.
      - (9) Appointment and removal of financial, accounting, or internal audit supervisors.
      - (10) The annual financial report signed or stamped by the chairman, manager, and accounting supervisor, as well as the second quarter financial report that must be verified and signed by an accountant.
      - (11) Other major matters specified by the company or regulatory authority.
    2. The annual work focus includes:
      - (1) Meeting arrangements
      - (2) Implement and track matters according to meeting requirements
      - (3) Provide relevant assistance required by the board of directors
      - (4) Compliance with laws and regulations
      - (5) Related party transaction review
      - (6) Various financial risk control measures, etc.

II. The number of audit committee meetings held in the most recent fiscal year was: four (A).  
The attendance by the independent directors was as follows:

| Job title            | Name               | No. of meetings attended in person (B) | No. of meetings attended by proxy | In-person attendance rate (%) (B/A) (Notes 1 and 2) | Remarks                                       |
|----------------------|--------------------|--|-----------------------------------|---|---|
| Independent director | Su, Liang          | 4                                      | 0                                 | 100%  |   |
| Independent director | Huang, Chien-Cheng | 2                                      | 2                                 | 50%   |   |
| Independent director | Chen, Wei-Zhi      | 4                                      | 0                                 | 100%  |   |
| Independent director | Lin, Chung-Chang   | 2                                      | 0                                 | 100%  | 2023/6/20 Full re-election of directors (new) |

Other information required to be disclosed:

II. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

| Audit Committee  | Content of motion  | Resolution outcome   | Measures taken by the Company based on the opinions of the audit committee |
|--|--|--|--|
| The 13th meeting, the first Audit Committee 2023.03.24 | <ol style="list-style-type: none"> <li>1. 2022 business report and financial statements.</li> <li>2. 2022 Earning distribution.</li> <li>3. Proposal of evaluating the independence and competence of the attesting CPAs.</li> <li>4. Propose to pre approve the signing of non assurance services provided by accounting firms and affiliated enterprises to our company and subsidiaries.</li> <li>5. Audit result report of October-December 2022 effectiveness of internal control system.</li> <li>6. Proposal of 2022 "Statement of Internal Control System."</li> <li>7. Proposal of amendments to the Company's "Articles</li> </ol> | The unanimous consent was reached after a discussion, and submitted to the Board for resolution. | Submitted to the Board and approved by all attended directors.             |

|   |   |  |  |  |
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|   | <p>of Incorporation.”</p> <p>8. Proposal of amendments the Company’s “Corporate Governance Best Practice Principles.”</p> <p>9. Proposal of amendments to the Company’s “Operating Regulations for Financial Transactions between Related Enterprises.”</p> <p>10. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 500 thousand and USD 200 thousand.</p> |  |  |  |
| The 14th meeting, the 1st Audit Committee<br>2023.05.12 | <p>1. Proposal of Q1 2023 financial statements.</p> <p>2. Audit result report of January-March 2023 effectiveness of internal control system.</p>   | The unanimous consent was reached after a discussion, and submitted to the Board for resolution. | Submitted to the Board and approved by all attended directors. |  |
| The 1st meeting, the 2nd Audit Committee<br>2023.08.10  | <p>1. Proposal of Q2 2023 financial statements.</p> <p>2. Audit result report of April-June 2023 effectiveness of internal control system.</p> <p>3. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 1 million.</p>   | The unanimous consent was reached after a discussion, and submitted to the Board for resolution. | Submitted to the Board and approved by all attended directors. |  |
| The 2st meeting, the 2nd Audit Committee<br>2023.11.09  | <p>1. Proposal of Q3 2023 financial statements.</p> <p>2. Audit result report of July-September 2023 effectiveness of internal control system.</p> <p>3. 2024 Audit plan.</p> <p>4. Proposal to extend the fund-loaning limit of the</p>  | The unanimous consent was reached after a discussion, and submitted to the Board for resolution. | Submitted to the Board and approved by all attended directors. |  |



|  |   |  |  |  |
|--|---|--|--|--|
|  | subsidiary of the<br>Company<br>(MAOBAO<br>VIETNAM INC.) by<br>USD 900,000. |  |  |  |
| <p>(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.</p> <p>III. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.</p> <p>IV. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.) All independent directors, the internal audit officer, and Juanlu, Man-Yu, the CPA, convened the individual communication meeting on March 24, 2023, and attended the 13th meeting of the first Audit Committee on March 24, 2023. Please refer the above and the Company's website for the related resolutions.</p> |   |  |  |  |

Note:

- \* If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.
- \* If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

3. Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Evaluation item  | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|------------------------------|----|---|--|
|  | Yes                          | No | Summary description   |  |
| I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?  | ✓                            |    | The Company has established the Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies,” and disclosed such at the MOPS; the Investor Information Section of the Company website is available for inquiry ( <a href="http://www.maobao.com.tw">http://www.maobao.com.tw</a> )   | No significant difference.   |
| II. Shareholding Structure and Shareholders’ Rights<br>(I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?<br><br>(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?<br><br>(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? | ✓<br><br><br>✓<br><br><br>✓  |    | (I) In addition to handling relevant business on behalf of the stock affairs agency, our company also has an email address for contact information and feedback from stakeholders, as well as a spokesperson and proxy spokesperson system established in accordance with the law to handle shareholder suggestions.<br><br>(II) The Company and the shareholder service agency regularly update and grasp the list of the Company’s directors, managerial officers, major shareholders holding more than 5% of the shares, and their controllers, while reporting relevant information pursuant to regulations.<br><br>(III) The Company has established the relevant management system and supervision measures for subsidiaries pursuant to laws and regulations, to properly control the risks between the Company and affiliates and establish appropriate | No significant difference.   |

| Evaluation item  | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|------------------------------|----|---|--|
|  | Yes                          | No | Summary description   |  |
| (IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?  | ✓                            |    | firewalls.<br>(IV) The Company has established the "Ethical Conducts" and "Managerial Procedures for Preventing Insider Trading" in the internal control, and implemented such accordingly.   |  |
| III. Composition and responsibilities of the board of directors<br>(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? | ✓                            |    | (I) The Company has established the diversity policy of the Board, and disclosed such and the implementation thereof on the official website. The concrete management objectives and current achievement of the board member diversity policy: I. Diversity policy: pursuant to the enhanced functions of board of directors specified in Article 23 of the "Corporate Governance Best Practice Principles" established by the Company, the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A | No significant difference.   |

| Evaluation item | Implementation status (Note) |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|-----------------|------------------------------|----|--|--|
|                 | Yes                          | No | Summary description  |  |
|                 |                              |    | <p>professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. II. Concrete management objectives: board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. The Board shall possess adequate professional knowledge and skills, and the professional background of the members shall cover law, accounting, industry, finance, marketing, and technology. The overall board of the Company shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.</p> <p>III. Current achievement status and the abilities shall be possessed by the overall board:</p> |  |

| Evaluation item                              | Implementation status (Note) |                           |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |                        |                           |                                |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
|--|------------------------------|---------------------------|---|--|------------------------|---------------------------|--------------------------------|---------------------------|------------------------|------|-----------|-------------|--------|---|---|---|---|--|---|-----------|------|---|---|---|---|--|---|--------------|--------|--|--|--|---|--|--|---------------|------|---|---|---|---|--|---|---------------|--------|--|---|---|--|--|---|-----------|------|---|---|---|---|--|---|--------------------|------|--|---|---|--|---|--|---------------|--------|---|---|---|---|--|--|------------------|------|---|---|---|---|--|---|--|
|  | Yes                          | No                        | Summary description   |  |                        |                           |                                |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
|  |                              |                           | <table border="1"> <thead> <tr> <th>Core items for diversity<br/>Name of director</th> <th>Gender</th> <th>Management administration</th> <th>Leadership and decision-making</th> <th>Knowledge of the industry</th> <th>Finance and accounting</th> <th>Laws</th> <th>Marketing</th> </tr> </thead> <tbody> <tr> <td>Wu, Rui-Hua</td> <td>Female</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> </tr> <tr> <td>He, Yi-Ru</td> <td>Male</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> </tr> <tr> <td>Wu, Chao-Wen</td> <td>Female</td> <td></td> <td></td> <td></td> <td>v</td> <td></td> <td></td> </tr> <tr> <td>Wu, Hsien-Tai</td> <td>Male</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> </tr> <tr> <td>Wu, Chiao-Jen</td> <td>Female</td> <td></td> <td>v</td> <td>v</td> <td></td> <td></td> <td>v</td> </tr> <tr> <td>Su, Liang</td> <td>Male</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> </tr> <tr> <td>Huang, Chien-Cheng</td> <td>Male</td> <td></td> <td>v</td> <td>v</td> <td></td> <td>v</td> <td></td> </tr> <tr> <td>Chen, Wei-Zhi</td> <td>Female</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td></td> </tr> <tr> <td>Lin, Chung-Chang</td> <td>Male</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> </tr> </tbody> </table> <p>To strengthen the corporate governance of the composition and structure of the board of directors, the Company's board member diversity policy takes various needs such as the Company's operating structure, business development direction, and future development trends, and it is advisable to evaluate various diversity aspects, such as: basic composition, professional experience, professional knowledge and skills.</p> <p>The current Board of Directors of the company consists of 9 directors, including 4 independent directors. The members possess extensive experience and expertise in fields such as finance, business, management, and law. Furthermore, the company</p> | Core items for diversity<br>Name of director   | Gender                 | Management administration | Leadership and decision-making | Knowledge of the industry | Finance and accounting | Laws | Marketing | Wu, Rui-Hua | Female | v | v | v | v |  | v | He, Yi-Ru | Male | v | v | v | v |  | v | Wu, Chao-Wen | Female |  |  |  | v |  |  | Wu, Hsien-Tai | Male | v | v | v | v |  | v | Wu, Chiao-Jen | Female |  | v | v |  |  | v | Su, Liang | Male | v | v | v | v |  | v | Huang, Chien-Cheng | Male |  | v | v |  | v |  | Chen, Wei-Zhi | Female | v | v | v | v |  |  | Lin, Chung-Chang | Male | v | v | v | v |  | v |  |
| Core items for diversity<br>Name of director | Gender                       | Management administration | Leadership and decision-making  | Knowledge of the industry  | Finance and accounting | Laws                      | Marketing                      |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Wu, Rui-Hua                                  | Female                       | v                         | v   | v  | v                      |                           | v                              |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| He, Yi-Ru                                    | Male                         | v                         | v   | v  | v                      |                           | v                              |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Wu, Chao-Wen                                 | Female                       |                           |   |  | v                      |                           |                                |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Wu, Hsien-Tai                                | Male                         | v                         | v   | v  | v                      |                           | v                              |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Wu, Chiao-Jen                                | Female                       |                           | v   | v  |                        |                           | v                              |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Su, Liang                                    | Male                         | v                         | v   | v  | v                      |                           | v                              |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Huang, Chien-Cheng                           | Male                         |                           | v   | v  |                        | v                         |                                |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Chen, Wei-Zhi                                | Female                       | v                         | v   | v  | v                      |                           |                                |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |
| Lin, Chung-Chang                             | Male                         | v                         | v   | v  | v                      |                           | v                              |                           |                        |      |           |             |        |   |   |   |   |  |   |           |      |   |   |   |   |  |   |              |        |  |  |  |   |  |  |               |      |   |   |   |   |  |   |               |        |  |   |   |  |  |   |           |      |   |   |   |   |  |   |                    |      |  |   |   |  |   |  |               |        |   |   |   |   |  |  |                  |      |   |   |   |   |  |   |  |

| Evaluation item   | Implementation status (Note) |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|--|--|
|   | Yes                          | No | Summary description  |  |
| (II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?   | ✓                            |    | emphasizes gender equality in the composition of the Board of Directors, with a target of having at least 25% female directors. Currently, out of the 9 directors, 4 are female, representing a ratio of 44%.<br>(II) The Company has established the Audit Committee in June 2020. Currently, the function of the Supervisor is replaced by Audit Committee. According to the Company's practical needs, the Remuneration Committee has been established with three members. The Company has always been insisting the attitude of "taking from the society and feeding back to the society" regarding the corporate social responsibility that the Company should fulfill. Since December 2014, the Corporate Social Responsibility Promotion Committee has been established. And later renamed as the Sustainable Development Committee, actively promoting various activities on social responsibility issues such as economic, environmental, and social aspects. |  |
| (III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors | ✓                            |    | (III) The Company regularly conducts performance evaluation every year as the basis for the performance evaluation of the Board, and applies such as a reference for the compensation and re-election nomination of individual directors. The 2023 performance evaluation of the Board was conducted in the board meeting on March 12, 2024. Since 2023, the performance   |  |

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
| <p>and their nomination and additional office terms?</p> <p>(IV) Does the Company regularly evaluate its external auditors' independence?</p> | ✓                            |    | <p>evaluation of the Board would include functional committees (e.g. the Audit Committee and Remuneration Committee), and the evaluation results would be reported in a board meeting while being disclosed on the official website/material resolutions of the Board/the 15th meeting minutes of the 4th Board.</p> <p>(IV) Pursuant to Article 29 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," the Company evaluates the independence of the engaged CPAs every year, to evaluate whether the CPAs or their family members have material financial interests, business relationships, hold important positions or have direct and material influence on the audit tasks, no related to directors or managerial officers as a second-degree kinship, and receive any gifts with great value. The CPAs are requested to present the independence declaration, to be submitted to the Board for approval before engaging the CPAs. The description of its evaluation process is disclosed in the annual report. The Company has conducted the 2024 evaluation for the independence of attesting CPAs in the board meeting on March 12, 2024.</p> |  |
| <p>IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it</p>           | ✓                            |    | <p>Our company is currently responsible for corporate governance affairs by the finance department. The board of directors appointed the Chief of Finance,</p>  | <p>No significant difference.</p>  |

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
| appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)? |                              |    | Manager Chao, Jia-Ling, to concurrently serve as the corporate governance supervisor. She has more than three years of experience in managing finance, accounting, and stock affairs in public companies, which can protect shareholder rights and strengthen the functions of the board of directors. This includes providing the necessary information for directors to carry out their business, handling relevant matters related to the meetings of the board of directors and shareholders in accordance with the law, handling company registration and change registration, and preparing minutes of the board of directors and shareholders' meetings. |  |



| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
| V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues? | ✓                            |    | The Company has established communication channels with stakeholders and set up a stakeholder section on the Company's website. It responds appropriately to stakeholders' concerns regarding important corporate social responsibility issues, as follows: (1) The Company's website provides contact information for stakeholders and an opinion feedback section, including a customer section, a shareholder section, a supplier section, and an employee section. It responds appropriately to stakeholders' concerns regarding important corporate social responsibility issues. (2) A toll-free customer service hotline is available to promptly respond to consumers' inquiries about products and repair requests, facilitating smooth communication with consumers. (3) Spokespersons and deputy spokespersons are designated to address important issues of concern to shareholders. (4) Regular labor-management meetings are held, an employee suggestion box and an internal company website are set up, and announcements regarding personnel, employee welfare committee, and other related information are made irregularly. Additionally, an employee care and whistleblowing mailbox is established. (V) Establish communication channels with stakeholders through communication approaches such as the Internet, e-mail, telephone, and fax. The Company expected to report on the communication with stakeholders for 2023 in the board meeting on May 09, 2024, and disclose the report results on the official website/material resolutions of the board of directors/the 15th meeting minutes of the 5th Board. | No significant difference.   |

| Evaluation item   | Implementation status (Note) |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|--|--|
|   | Yes                          | No | Summary description  |  |
| VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?  | ✓                            |    | The Company has appointed a professional shareholder services agent, the Shareholder Service Agent Department of CTBC, to handle matters related to its shareholder meetings?  | No significant difference.   |
| VII. Information Disclosure   |                              |    |  | No significant difference.   |
| (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?  | ✓                            |    | (I) The Company's official website is <a href="https://www.maobao.com.tw">https://www.maobao.com.tw</a> ; the information related to the Company's finance, operations, and corporate governance has been disclosed in the MOPS pursuant to laws and regulations.  |  |
| (II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?   | ✓                            |    | (II) The Company has appointed dedicated personnel responsible for information collection and disclosure according to their duties. The Company has a complete spokesperson system structured pursuant to laws. The spokesperson is Chen, Hsuan-Ju (Manager), and the acting spokesperson is Chao, Jia-Ling (Manager).   |  |
| (III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines? | ✓                            |    | (III) Our company has announced and submitted its annual financial report within the last two months of the fiscal year, and the accounting unit will evaluate the feasibility of future improvements.<br>The individual financial report and consolidated financial report for the year 2023 were submitted to the board of directors for approval on March 12, 2024, and announced on the Public Information Observatory.<br>Our company's financial reports for the first, second, and third quarters of 2023, as well as the operating |  |

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
|   |                              |    | conditions for each month of 2023, have been announced and declared by the Public Information Observatory ahead of the prescribed deadline.   |  |
| VIII.Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)? | ✓                            |    | <p>(I) Employee rights: 1. The Company specifies in the Company's Articles of Incorporation that the proportion of employee remuneration should be ranged to protect the rights of employees to share the operating results. 2. The Company has the Employee Welfare Committee in place, and the Company provides stable sources of funds to handle various employee welfare measures and improve employee benefits. 3. In addition to the labor and national health insurance for employees pursuant to laws, and contributions of pensions for employees to work with peace of mind, the Company also purchases the group insurance to improve the protection for employees and their families.</p> <p>(II) Employee wellness: other than establishing the Employee Welfare Committee, the Company often holds employee social gatherings and domestic and foreign employee travel, and implements the pension system, it also encourages employees to attend in various domestic or overseas training courses and technical seminars; the Company values the labor relation, provides equal employment opportunities, and sets up emails for employee wellness, appeals, and whistleblowing.</p> | No significant difference.   |

| Evaluation item | Implementation status (Note) |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|-----------------|------------------------------|----|--|--|
|                 | Yes                          | No | Summary description  |  |
|                 |                              |    | <p>(III) Investor relations: The Company has the website, spokespersons and deputy spokespersons to provide investors with the Company information at any time and maintain investor relationships.</p> <p>(IV) Supplier relations: to protect the rights and interests of suppliers, the Company provides suppliers with all financial and operating information needed to evaluate the Company's credit status under the premise of not violating laws and regulations or endangering the rights of the Company and shareholders.</p> <p>(V) Rights of stakeholders: The Company provides various responsible units as communication channels for stakeholders to protect the rights and interests of all stakeholders, and has a dedicated section for stakeholders.</p> <p>(VI) Directors' continuing education: The directors of the Company all have industrial professional background and practical experience in operation and management. The Company also provides relevant training information from time to time for reference. In addition, all nine directors meet the number of training hours per year pursuant to laws and regulations. The number of director training hours in 2023 exceeded the statutory number of training hours by 66 hours.</p> <p>(VII) Implementation of risk management policies and risk evaluation standards: Formulate various internal regulations in accordance</p> |  |

| Evaluation item   | Implementation status (Note) |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|------------------------------|----|--|--|
|   | Yes                          | No | Summary description  |  |
|   |                              |    | <p>with the law, conduct various risk management and assessment; Please refer to Annual Report 5, Review and Analysis of Financial Situation and Operating Results, Risk Matters, and Risk Matters Analysis and Evaluation.</p> <p>(VIII) Implementation of customer relations policies: Good and stable relationships with customers are maintained, and a 0800 customer complaint hotline is established to take charge of handling the complaints filed by consumers or customers.</p> <p>(IX) Purchase of liability insurance for directors and managerial officer: The Company has purchased the liability insurance for directors and managerial officer for 2018. The insurance was renewed in 2024.</p> <p>(X) The Company's dedicated unit was expected to report on the operation of corporate governance to the Board on May 09, 2024, and disclose such on the official website/corporate social responsibility area section every year.</p> |  |
| <p>IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</p> <p>Improvements made in 2023:</p> <p>1. The ESG report (including financial disclosures related to SASB Perpetual Accounting Standards Board and TCFD climate change) has</p> |                              |    |  |  |

| Evaluation item | Implementation status (Note) |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|-----------------|------------------------------|----|---|--|
|                 | Yes                          | No | Summary description   |  |
|                 |                              |    | <p>been completed and verified by a third-party accountant (ISAE3000) by September 30, 2023.</p> <p>2. The Company's completion of ISO14067 product carbon footprint verification and third-party SGS verification and ISO14064 greenhouse gas disk third-party SGS verification are disclosed on the Company's official website.</p> <p>Prioritized enhancements and measures in 2024: The Company will prioritize and enhance the disclosure of the English version of the ESG report and the 2024 Q1 - Q3 quarterly financial reports.</p> |  |

Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

4. The state of Remuneration Committee:

The Company has established the Remuneration Committee in December 2011, and appointed three remuneration committee members through the Board. Since 2012, the Remuneration Committee has been convened at least twice a year.

I. Information on Remuneration Committee Members:

| Capacity<br>(Note 1)               | Name               | Qualifications | Professional qualifications and experience  | Independence analysis   | Number of other public companies at which the person concurrently serves as remuneration committee member |
|------------------------------------|--------------------|----------------|---|---|---|
| Independent director<br>(Convener) | Su, Liang          |                | Please refer to Appendix 1 for information on directors and independent directors (II). | Please refer to Appendix 1 for information on directors and independent directors (II). | Zero  |
| Independent director               | Huang, Chien-Cheng |                | Please refer to Appendix 1 for information on directors and independent directors (II). | Please refer to Appendix 1 for information on directors and independent directors (II). | Zero  |
| Independent director               | Lin, Chung-Chang   |                | Please refer to Appendix 1 for information on directors and independent directors (II). | Please refer to Appendix 1 for information on directors and independent directors (II). | Zero  |

II. Operation of the Remuneration Committee

(I) The Company's remuneration committee has a total of three members.

(II) The term of the current members is from June 20, 2023 to June 19, 2025 (dates). The number of remuneration committee meetings held in the most recent fiscal year was: three

(A). The attendance by the members was as follows:

| Job title        | Name               | No. of meetings attended in person<br>(B) | No. of meetings attended by proxy | In-person attendance rate (%)<br>(B/A) (Notes) | Remarks |
|------------------|--------------------|---|-----------------------------------|--|---------|
| Convener         | Su, Liang          | 3   | 0                                 | 100%   |         |
| Committee member | Huang, Chien-Cheng | 3   | 0                                 | 100%   |         |
| Committee member | Lin, Chung-Chang   | 3   | 0                                 | 100%   |         |

Other information required to be disclosed:

I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.

The Remuneration Committee meeting dates, meeting session numbers, content of the recommendation(s),

the outcome of the resolution(s), and the measures taken by the Company with respect to the opinions given by of the remuneration committee are as follows:

| Remuneration Committee                              | Content of the motion and follow-up measures  | Resolution outcome   | Measures taken by the Company with respect to the opinions given by of the remuneration committee |
|---|---|--|---|
| The 1st meeting, the 5th Audit Committee 2023.08.10 | 1. Proposal of reviewing remuneration distribution to managerial officers for 2022.   | The unanimous consent was reached after a discussion, and submitted to the Board for approval. | Submitted to the Board and approved by all attended directors.                                    |
| The 2nd meeting, the 5th Audit Committee 2023.11.09 | 1. Deliberation for the 2023 performance and the remuneration amount for the directors.<br>2. Deliberation for the 2023 performance and the remuneration amount for the chairman.<br>3. Deliberation for the 2023 performance and the remuneration amount for the managerial officers.<br>4. Deliberation for the 2024 annual working plan.   | The unanimous consent was reached after a discussion, and submitted to the Board for approval. | Submitted to the Board and approved by all attended directors.                                    |
| The 3rd meeting, the 5th Audit Committee 2024.03.12 | 1. Review and discussion of transportation allowances for directors (including independent directors) and remunerations for service execution.<br>2. Deliberation and discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the chairman.<br>3. Deliberation and discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the managerial officers. | The unanimous consent was reached after a discussion, and submitted to the Board for approval. | Submitted to the Board and approved by all attended directors.                                    |

III. Information on members of the Nomination Committee and its operation: none. The Company has not established the committee.



5. Implementation of Sustainable Development Practices and Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

| <u>Promotion</u> Item   | <u>Implementation</u> status (Note 1) |    |   | Deviations from the <u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|---------------------------------------|----|---|--|
|   | Yes                                   | No | Summary description   |  |
| I. <u>Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</u> | ✓                                     |    | <ol style="list-style-type: none"> <li>1. Mao Bao's board of directors has adopted the Code of Practice for Sustainable Development of Enterprises, and the board authorizes the general manager to establish a sustainable development committee, with the general manager appointed as the chairman. The Sustainable Development Committee formulates a sustainable development policy and is responsible for promoting and implementing it within the company, gradually integrating the concept of sustainable management into the company's corporate culture. The Sustainable Development Committee is composed upon the president's convention of unit heads. The president is responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society. The Finance Section is responsible for promoting the sustainable development, and each committee member is responsible to implement and report the outcomes. The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the Board to supervise the sustainable development and the effectiveness of the implementation.</li> <li>2. The Company's governance structure for promoting sustainable development, the composition and operation of the members of the promotion unit, and the implementation status of the current year:</li> </ol> | No significant difference.   |

| <u>Promotion Item</u>        | <u>Implementation</u> status (Note 1)              |   |  | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
|------------------------------|--|---|--|--|----------------|-------------------|-------|-----------|---|---------------------|-----------------|---|---------------------------|--|---|------------------------------|--|--|--------------|-------------|----------------------------------|--|
|                              | Yes  | No  | Summary description  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
|                              |  |   | <table border="1"> <thead> <tr> <th>Governance structure</th> <th>Dedicated unit</th> <th>Implemented tasks</th> </tr> </thead> <tbody> <tr> <td>Chief</td> <td>President</td> <td>Responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society</td> </tr> <tr> <td>Executive secretary</td> <td>Finance Section</td> <td>Responsible for promoting sustainable development, and collecting the effectiveness reports implemented by each committee member.<br/>The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the effectiveness of the sustainable development implementation.</td> </tr> <tr> <td>Corporate governance team</td> <td>Audit and Finance, Accounting, and Computer Center</td> <td>Corporate governance, sustainable management, ethics and integrity, business performance, risk control, regulatory compliance, and information security</td> </tr> <tr> <td>Sustainable Environment Team</td> <td>Environment and safety, plant affairs, and R &amp; D</td> <td>Energy saving and carbon reduction, water resources, waste water and sewage, and waste</td> </tr> <tr> <td>Supply chain</td> <td>Procurement</td> <td>Supplier environment, labor, and</td> </tr> </tbody> </table> | Governance structure   | Dedicated unit | Implemented tasks | Chief | President | Responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society | Executive secretary | Finance Section | Responsible for promoting sustainable development, and collecting the effectiveness reports implemented by each committee member.<br>The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the effectiveness of the sustainable development implementation. | Corporate governance team | Audit and Finance, Accounting, and Computer Center | Corporate governance, sustainable management, ethics and integrity, business performance, risk control, regulatory compliance, and information security | Sustainable Environment Team | Environment and safety, plant affairs, and R & D | Energy saving and carbon reduction, water resources, waste water and sewage, and waste | Supply chain | Procurement | Supplier environment, labor, and |  |
| Governance structure         | Dedicated unit                                     | Implemented tasks   |  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
| Chief                        | President  | Responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society   |  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
| Executive secretary          | Finance Section                                    | Responsible for promoting sustainable development, and collecting the effectiveness reports implemented by each committee member.<br>The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the effectiveness of the sustainable development implementation. |  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
| Corporate governance team    | Audit and Finance, Accounting, and Computer Center | Corporate governance, sustainable management, ethics and integrity, business performance, risk control, regulatory compliance, and information security   |  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
| Sustainable Environment Team | Environment and safety, plant affairs, and R & D   | Energy saving and carbon reduction, water resources, waste water and sewage, and waste  |  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |
| Supply chain                 | Procurement  | Supplier environment, labor, and  |  |  |                |                   |       |           |   |                     |                 |   |                           |  |   |                              |  |  |              |             |                                  |  |

| <u>Promotion Item</u>  | <u>Implementation</u> status (Note 1)  |  |  | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
|--|--|--|--|--|------------------------|-------------------------|------------------|----------------------------|--|------------------------|--|--|------------|--|-------------------------|--|--|--|--|
|  | Yes  | No   | Summary description  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
|  |  |  | <table border="1"> <tr> <td>team</td> <td>and Quality Management</td> <td>human rights management</td> </tr> <tr> <td>Labor right team</td> <td>HR, environment and safety</td> <td>Compensation and benefits, labor relations, occupational health and safety, and talent cultivation</td> </tr> <tr> <td>Social engagement team</td> <td>General Affairs, Business enterprise, Plant Affair</td> <td>Communication with residents in local communities, public welfare activities, and customer service</td> </tr> </table> <p>3. Sustainable management vision and policy</p> <table border="1"> <tr> <td>Our vision</td> <td>Taiwan's No. 1 brand of cleaning, maintenance, and protective products / developing emerging markets and marketing throughout Asia</td> </tr> <tr> <td>Our business philosophy</td> <td>Ethical management/research and innovation/commitment to environmental protection/feed back to the society</td> </tr> <tr> <td>Our corporate social responsibility policy</td> <td>Compliance with laws and regulations and customers' requirements/green products/provision of a healthy and safe workplace/social co-prosperity</td> </tr> </table> | team   | and Quality Management | human rights management | Labor right team | HR, environment and safety | Compensation and benefits, labor relations, occupational health and safety, and talent cultivation | Social engagement team | General Affairs, Business enterprise, Plant Affair | Communication with residents in local communities, public welfare activities, and customer service | Our vision | Taiwan's No. 1 brand of cleaning, maintenance, and protective products / developing emerging markets and marketing throughout Asia | Our business philosophy | Ethical management/research and innovation/commitment to environmental protection/feed back to the society | Our corporate social responsibility policy | Compliance with laws and regulations and customers' requirements/green products/provision of a healthy and safe workplace/social co-prosperity |  |
| team   | and Quality Management   | human rights management  |  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
| Labor right team   | HR, environment and safety   | Compensation and benefits, labor relations, occupational health and safety, and talent cultivation |  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
| Social engagement team   | General Affairs, Business enterprise, Plant Affair   | Communication with residents in local communities, public welfare activities, and customer service |  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
| Our vision   | Taiwan's No. 1 brand of cleaning, maintenance, and protective products / developing emerging markets and marketing throughout Asia             |  |  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
| Our business philosophy  | Ethical management/research and innovation/commitment to environmental protection/feed back to the society                                     |  |  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
| Our corporate social responsibility policy   | Compliance with laws and regulations and customers' requirements/green products/provision of a healthy and safe workplace/social co-prosperity |  |  |  |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |
| <u>II.</u> Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's | ✓  |  | <ol style="list-style-type: none"> <li>The major concerns and the border are mainly Mao Bao Inc., not including Pacific Worldwide Holdings Ltd., Mao Bao Vietnam Inc., and Mao Bao (Shanghai) Trading Ltd.</li> <li>Stakeholders are inseparable from the Company's operations. We pay attention to the needs of stakeholders, and to make the information disclosed in the report to meet the needs of stakeholders, Mao Bao</li> </ol>   | No significant difference.   |                        |                         |                  |                            |  |                        |  |  |            |  |                         |  |  |  |  |

| <u>Promotion Item</u>  | <u>Implementation status (Note 1)</u>  |  |   | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |                  |  |  |                |                                     |  |                  |  |   |  |
|--|--|--|---|--|------------------|--|--|----------------|-------------------------------------|--|------------------|--|---|--|
|  | Yes                                    | No   | Summary description   |  |                  |  |  |                |                                     |  |                  |  |   |  |
| operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2) |  |  | conducts a substantive analysis of the report, through "identification of stakeholders," "collection of sustainability issues," "investigation of issues concerned by stakeholders," "analysis of major issues," and "reviews and results" to determine the major issues of the sustainability report.  |  |                  |  |  |                |                                     |  |                  |  |   |  |
|  |  |  | <table border="1"> <thead> <tr> <th>Risk item</th> <th>Risk description</th> <th>Planned approaches and countermeasures</th> </tr> </thead> <tbody> <tr> <td>Financial risk</td> <td>Customers' accounts receivable risk</td> <td>Based on the size of the customers and the transaction amount, the pledge is set with a reasonable corresponding amount and model before transacting with the customer, and a reasonable credit limit is set depending on the demand. In the ERP system, these whose receivables exceeding the credit limit will be controlled for the shipment, and the relevant units will warn in a timely manner and actively to collect accounts, minimizing the risk of customers' transaction accounts.</td> </tr> <tr> <td>Competition risk</td> <td>Competing brands enter the market with</td> <td>The Company actively conducts consumer and market</td> </tr> </tbody> </table> |  | Risk item        | Risk description                       | Planned approaches and countermeasures | Financial risk | Customers' accounts receivable risk | Based on the size of the customers and the transaction amount, the pledge is set with a reasonable corresponding amount and model before transacting with the customer, and a reasonable credit limit is set depending on the demand. In the ERP system, these whose receivables exceeding the credit limit will be controlled for the shipment, and the relevant units will warn in a timely manner and actively to collect accounts, minimizing the risk of customers' transaction accounts. | Competition risk | Competing brands enter the market with | The Company actively conducts consumer and market |  |
|  |  |  | Risk item   |  | Risk description | Planned approaches and countermeasures |  |                |                                     |  |                  |  |   |  |
| Financial risk   | Customers' accounts receivable risk    | Based on the size of the customers and the transaction amount, the pledge is set with a reasonable corresponding amount and model before transacting with the customer, and a reasonable credit limit is set depending on the demand. In the ERP system, these whose receivables exceeding the credit limit will be controlled for the shipment, and the relevant units will warn in a timely manner and actively to collect accounts, minimizing the risk of customers' transaction accounts. |   |  |                  |  |  |                |                                     |  |                  |  |   |  |
| Competition risk   | Competing brands enter the market with | The Company actively conducts consumer and market  |   |  |                  |  |  |                |                                     |  |                  |  |   |  |
|  |  |  |   |  |                  |  |  |                |                                     |  |                  |  |   |  |

| <u>Promotion Item</u> | <u>Implementation status (Note 1)</u> |    |   | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|-----------------------|---------------------------------------|----|---|--|
|                       | Yes                                   | No | Summary description   |  |
|                       |                                       |    | <p>similar products or competing prices, affecting sales, revenue, and profitability</p> <p>researches, continues the momentum and planning to adjust and develop products, strengthens the information confidentiality, maintains product and brand competitiveness; it also continuously monitors the movement of competing products in the markets, and establishes a real-time feedback mechanism for business and marketing planning units for the market, to respond to competitors' strategies and actions in advance or instantly, to maintain our own competitiveness.</p> |  |
|                       |                                       |    | <p>Legal compliance risk</p> <p>Addition, amendments, or expanded interpretations of relevant laws and regulations, such as merchandise labeling, food hygiene, and environmental</p> <p>The Company ensures that products and operations comply with existing regulations, maintains close contact with relevant associations to receive the latest regulatory information, and actively obtain electronic information from relevant government</p>  |  |

| <u>Promotion Item</u>                           | <u>Implementation</u> status (Note 1)   |   |   | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |            |           |   |  |   |                                       |   |  |  |
|---|---|---|---|--|------------|-----------|---|--|---|---------------------------------------|---|--|--|
|   | Yes   | No  | Summary description   |  |            |           |   |  |   |                                       |   |  |  |
|   |   |   | <table border="1"> <tr> <td></td> <td>protection</td> <td>agencies.</td> </tr> <tr> <td>Environmental pollution and climate change risk</td> <td>Changes in the environmental impact of products' raw materials, product manufacturing, production and transportation</td> <td>The Company continuously maintains close communications with upstream and downstream stakeholders in the supply chain to ensure that the raw materials and sections adopted in production operations to comply with relevant environmental protection regulations, and prioritizes the utilization of those with the least impact on the environment (such as raw materials with high biodegradability, high safety, high performance and low consumption), while actively studying various forms of energy-saving and carbon-reduction measures.</td> </tr> <tr> <td>Risk of disrupted raw material supply</td> <td>The supply capacity of major raw material suppliers is limited or the delivery period is extended, affecting production and</td> <td>For the main raw materials or packaging materials, the secondary suppliers of the main raw materials are sought or developed, while the cooperative relationships with</td> </tr> </table> |  | protection | agencies. | Environmental pollution and climate change risk | Changes in the environmental impact of products' raw materials, product manufacturing, production and transportation | The Company continuously maintains close communications with upstream and downstream stakeholders in the supply chain to ensure that the raw materials and sections adopted in production operations to comply with relevant environmental protection regulations, and prioritizes the utilization of those with the least impact on the environment (such as raw materials with high biodegradability, high safety, high performance and low consumption), while actively studying various forms of energy-saving and carbon-reduction measures. | Risk of disrupted raw material supply | The supply capacity of major raw material suppliers is limited or the delivery period is extended, affecting production and | For the main raw materials or packaging materials, the secondary suppliers of the main raw materials are sought or developed, while the cooperative relationships with |  |
|   | protection  | agencies.   |   |  |            |           |   |  |   |                                       |   |  |  |
| Environmental pollution and climate change risk | Changes in the environmental impact of products' raw materials, product manufacturing, production and transportation        | The Company continuously maintains close communications with upstream and downstream stakeholders in the supply chain to ensure that the raw materials and sections adopted in production operations to comply with relevant environmental protection regulations, and prioritizes the utilization of those with the least impact on the environment (such as raw materials with high biodegradability, high safety, high performance and low consumption), while actively studying various forms of energy-saving and carbon-reduction measures. |   |  |            |           |   |  |   |                                       |   |  |  |
| Risk of disrupted raw material supply           | The supply capacity of major raw material suppliers is limited or the delivery period is extended, affecting production and | For the main raw materials or packaging materials, the secondary suppliers of the main raw materials are sought or developed, while the cooperative relationships with  |   |  |            |           |   |  |   |                                       |   |  |  |

| <u>Promotion Item</u>                     | <u>Implementation</u> status (Note 1)                             |   |   | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |   |  |                  |                               |  |   |   |   |  |
|---|---|---|---|--|---|--|------------------|-------------------------------|--|---|---|---|--|
|   | Yes   | No  | Summary description   |  |   |  |                  |                               |  |   |   |   |  |
|   |   |   | <table border="1"> <tr> <td></td> <td>supply, and lower the market competitiveness and brand reputation</td> <td>at least two suppliers are maintained.</td> </tr> <tr> <td>Water constraint</td> <td>Limited production capability</td> <td>The Company actively takes measures related to water-saving, monitors water consumption and avoids unnecessary water loss and waste, while evaluating products and processes reducing water consumption.</td> </tr> <tr> <td>Changes in the government's energy policy</td> <td>Higher power prices lead to higher production costs</td> <td>The Company is actively implementing measures to conserve electricity and continuously discussing optimization of various production processes. In response to the government's new energy policy, solar power generation facilities were completed and installed at the Hsinchu plant in 2022, and the second phase of solar power generation facilities is planned for installation in 2024. This is expected to address the increase</td> </tr> </table> |  | supply, and lower the market competitiveness and brand reputation | at least two suppliers are maintained. | Water constraint | Limited production capability | The Company actively takes measures related to water-saving, monitors water consumption and avoids unnecessary water loss and waste, while evaluating products and processes reducing water consumption. | Changes in the government's energy policy | Higher power prices lead to higher production costs | The Company is actively implementing measures to conserve electricity and continuously discussing optimization of various production processes. In response to the government's new energy policy, solar power generation facilities were completed and installed at the Hsinchu plant in 2022, and the second phase of solar power generation facilities is planned for installation in 2024. This is expected to address the increase |  |
|   | supply, and lower the market competitiveness and brand reputation | at least two suppliers are maintained.  |   |  |   |  |                  |                               |  |   |   |   |  |
| Water constraint                          | Limited production capability                                     | The Company actively takes measures related to water-saving, monitors water consumption and avoids unnecessary water loss and waste, while evaluating products and processes reducing water consumption.  |   |  |   |  |                  |                               |  |   |   |   |  |
| Changes in the government's energy policy | Higher power prices lead to higher production costs               | The Company is actively implementing measures to conserve electricity and continuously discussing optimization of various production processes. In response to the government's new energy policy, solar power generation facilities were completed and installed at the Hsinchu plant in 2022, and the second phase of solar power generation facilities is planned for installation in 2024. This is expected to address the increase |   |  |   |  |                  |                               |  |   |   |   |  |

| <u>Promotion Item</u>   | <u>Implementation</u> status (Note 1) |    |  | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |
|---|---------------------------------------|----|--|--|
|   | Yes                                   | No | Summary description  |  |
|   |                                       |    | in production costs due to electricity price hikes and have positive effects on energy conservation and carbon reduction.  |  |
| III. Environmental Issues<br>(I) Has the Company set an environmental management system designed to industry characteristics? | ✓                                     |    | (I) On the premise of pursuing balanced development and sustainable operation, Mao Bao has promised externally that the Company is determined to protect the environment and maintain community safety. Internally, it requires employees to improve their expertise, and continuously creates environmentally friendly products benefitting the public, and takes safety, health and environmental protection as the Company's basic considerations for sustainable operation. The deficiencies discovered through the audit by environment and safety personnel are included in the improvement priorities to be continuously improved through the PDCA cycle, to achieve the spirit of legal compliance and continuous improvement via the environment, safety and health management. 2. In 2022, it passed the third-party SGS verification standards of ISO14067 and ISO14064-1, and its scope of coverage would be passed mainly for Mao Bao Co., Ltd. Meanwhile, the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) were added to the sustainability report. | No significant difference  |
| (II) Does the Company endeavor to use <u>energy</u> more efficiently <u>and</u> to use renewable materials                    | ✓                                     |    | (II) Green Procurement:<br>Mao Bao INC. understands the importance of "carbon reduction" for the Earth and human survival. Our research and development personnel consider the environmental impact at each stage of the   |  |



| <u>Promotion Item</u>   | <u>Implementation</u> status (Note 1) |    |   | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |
|---|---------------------------------------|----|---|--|
|   | Yes                                   | No | Summary description   |  |
| with low environmental impact?  |                                       |    | product life cycle. We design products in accordance with environmental protection principles to reduce the impact of products on the natural environment and develop products that meet environmental protection requirements, thereby reducing the burden on the Earth's environment. Therefore, in the selection of surfactants, Mao Bao's research and development has gradually shifted to using surfactants derived from natural coconut oil or palm oil (e.g., sodium lauryl ether sulfate, SLES) as the main components, as plants absorb carbon dioxide during their growth process, resulting in a relatively lower carbon footprint compared to surfactants derived from petrochemicals (e.g., linear alkylbenzene sulfonic acid, LAS). Compared to 2022, the use of petrochemical-derived surfactants (linear alkylbenzene sulfonic acid, LAS) in 2023 has been reduced by 49.6 tons. |  |
| (III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them? | ✓                                     |    | (III) Compliance with legal requirements: all products, activities and services of the Company comply with and conform to the governmental safety and health regulations, environmental protection regulations, among other requirements. 2. Promotion of risk management: to lower environmental, safety and health risks , and reduce the impact on personnel and the environment. 3. Continuous work improvement: management performance is regularly reviewed to continuously strive towards the goal of zero disasters, zero incidents, and zero pollution. 4. Implementation of training and promotion: all employees are made to be aware of the Company's policies and responsibilities to stakeholders, while providing required training for work. 5. Satisfaction to customers' needs: the promises to customers are all realized, and customers and suppliers are made to             | No significant difference.   |

| <u>Promotion Item</u>   | <u>Implementation status (Note 1)</u>              |  |  | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
|---|--|--|--|--|------|------|---------|--|--|----------------|--------|--------|---------|--|--|--------|--------|--------|----------------------------|
|   | Yes  | No   | Summary description  |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
|   |  |  | understand the Company's environment, safety, and health policies and the potential risks and opportunities of climate change for businesses now and in the future. 6. Improve energy efficiency: The solar power generation system project at Mao Bao's Hsinchu plant commenced the installation of solar power generation facilities on July 12, 2022. The second phase of the solar power generation system project is scheduled to begin in April 2024 and will be completed and approved by Taiwan Power Company for grid-connected power generation in June 2024. The installed capacity of the solar power generation system will be 172.2kWp, with an estimated total power generation of 208,751 kWh in the first year.   |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
| (IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes? | ✓  |  | <p>The greenhouse gas inventory for the year 2023 is expected to be completed by the end of June 2024. The total emission is 676.32 metric tons of CO<sub>2</sub>e per year, with an emission intensity of 1.22 metric tons of CO<sub>2</sub>e per million revenue.</p> <p>Data coverage: headquarters and Hsinchu factory</p> <p>(1) GHG:</p> <table border="1" data-bbox="757 1082 1659 1437"> <thead> <tr> <th></th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>Total emissions (metric tons of CO<sub>2</sub>e)</td> <td>Total emissions (metric tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>Parent company</td> <td>181.86</td> <td>156.09</td> </tr> <tr> <td>Scope 2</td> <td>Total emissions (metric tons of CO<sub>2</sub>e)</td> <td>Total emissions (metric tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>Parent</td> <td>427.81</td> <td>405.64</td> </tr> </tbody> </table> |  | 2022 | 2023 | Scope 1 | Total emissions (metric tons of CO <sub>2</sub> e) | Total emissions (metric tons of CO <sub>2</sub> e) | Parent company | 181.86 | 156.09 | Scope 2 | Total emissions (metric tons of CO <sub>2</sub> e) | Total emissions (metric tons of CO <sub>2</sub> e) | Parent | 427.81 | 405.64 | No significant difference. |
|   | 2022   | 2023   |  |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
| Scope 1   | Total emissions (metric tons of CO <sub>2</sub> e) | Total emissions (metric tons of CO <sub>2</sub> e) |  |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
| Parent company  | 181.86   | 156.09   |  |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
| Scope 2   | Total emissions (metric tons of CO <sub>2</sub> e) | Total emissions (metric tons of CO <sub>2</sub> e) |  |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |
| Parent  | 427.81   | 405.64   |  |  |      |      |         |  |  |                |        |        |         |  |  |        |        |        |                            |

| <u>Promotion Item</u>           | <u>Implementation status (Note 1)</u> |                                       |  | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
|---------------------------------|---------------------------------------|---------------------------------------|--|--|--|--|---------|---------------------------------------|---------------------------------------|----------------|--------|--------|-------|--------|--------|-----------------|------|------|---------------------------------|--------|--------|------|------|------|-------------------|------|------|--------------------------|------|-------|----------------|-------|-------|------------------|-------|--------|--|
|                                 | Yes                                   | No                                    | Summary description  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
|                                 |                                       |                                       | <table border="1"> <tr> <td>company</td> <td></td> <td></td> </tr> <tr> <td>Scope 3</td> <td>Total emissions (metric tons of CO2e)</td> <td>Total emissions (metric tons of CO2e)</td> </tr> <tr> <td>Parent company</td> <td>123.47</td> <td>114.59</td> </tr> <tr> <td>Total</td> <td>733.14</td> <td>676.32</td> </tr> </table> <p>(2) Water consumption:</p> <table border="1"> <tr> <td>Hsinchu factory</td> <td>2022</td> <td>2023</td> </tr> <tr> <td>Water consumption (metric tons)</td> <td>19,243</td> <td>17,155</td> </tr> </table> <p>(3) Waste:<br/>Statistical measurement of industrial waste (Hsinchu Factory) Unit: metric tons</p> <table border="1"> <tr> <td>Item</td> <td>2022</td> <td>2023</td> </tr> <tr> <td>Household garbage</td> <td>2.14</td> <td>6.00</td> </tr> <tr> <td>Mixture of waste plastic</td> <td>6.23</td> <td>10.22</td> </tr> <tr> <td>Organic sludge</td> <td>21.64</td> <td>35.93</td> </tr> <tr> <td>Wasted container</td> <td>493.4</td> <td>464.45</td> </tr> </table> <p>The main types of industrial waste are sludge, waste plastics, and waste</p> | company  |  |  | Scope 3 | Total emissions (metric tons of CO2e) | Total emissions (metric tons of CO2e) | Parent company | 123.47 | 114.59 | Total | 733.14 | 676.32 | Hsinchu factory | 2022 | 2023 | Water consumption (metric tons) | 19,243 | 17,155 | Item | 2022 | 2023 | Household garbage | 2.14 | 6.00 | Mixture of waste plastic | 6.23 | 10.22 | Organic sludge | 21.64 | 35.93 | Wasted container | 493.4 | 464.45 |  |
| company                         |                                       |                                       |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Scope 3                         | Total emissions (metric tons of CO2e) | Total emissions (metric tons of CO2e) |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Parent company                  | 123.47                                | 114.59                                |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Total                           | 733.14                                | 676.32                                |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Hsinchu factory                 | 2022                                  | 2023                                  |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Water consumption (metric tons) | 19,243                                | 17,155                                |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Item                            | 2022                                  | 2023                                  |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Household garbage               | 2.14                                  | 6.00                                  |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Mixture of waste plastic        | 6.23                                  | 10.22                                 |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Organic sludge                  | 21.64                                 | 35.93                                 |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |
| Wasted container                | 493.4                                 | 464.45                                |  |  |  |  |         |                                       |                                       |                |        |        |       |        |        |                 |      |      |                                 |        |        |      |      |      |                   |      |      |                          |      |       |                |       |       |                  |       |        |  |

| <u>Promotion Item</u> | <u>Implementation</u> status (Note 1) |    |  | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|-----------------------|---------------------------------------|----|--|--|
|                       | Yes                                   | No | Summary description  |  |
|                       |                                       |    | <p>containers. There are no harmful industrial waste, and all industrial waste is entrusted to legal cleaning and transportation companies to be sent to legal treatment plants for disposal. Recycling is the main treatment method, never reducing the negative impact on the environment. In 2023, the total industrial waste output of the factories was 510.60 metric tons, and the industrial waste recycling rate reached 93.0%.</p> <p>Our action:<br/>[Carbon reduction:]</p> <ol style="list-style-type: none"> <li>1. Improve the production process to maximize energy efficiency and reduce carbon emissions, for the maximum effects of the energies to lower the carbon emission, and include such in management objectives to reduce carbon emissions year by year, for fulfilling the responsibility as a corporate citizen.</li> <li>2. The temperature of air conditioners in offices is adjusted to 28°C to reduce excessive carbon emissions.</li> <li>3. Replace old fixed frequency air conditioners and air compressors with variable frequency air conditioners and air compressors to save energy and reduce carbon emissions.</li> <li>4. Replace old and faulty lighting equipment such as fluorescent lamps to save energy and reduce carbon emissions.</li> <li>5. Evaluate and plan the installation of rooftop solar panels to contribute to energy conservation and carbon reduction.</li> <li>6. The solar photovoltaic power generation system project of Maobao Hsinchu Factory will commence on July 12, 2022. The solar photovoltaic power generation system has a capacity of 316.354KWP and the accumulated solar power generation in 2022 came in at 31,680 kWh. The cumulative solar power generation in 2023 was</li> </ol> |  |

| <u>Promotion Item</u>   | <u>Implementation</u> status (Note 1) |    |   | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|---|---------------------------------------|----|---|--|
|   | Yes                                   | No | Summary description   |  |
|   |                                       |    | <p>378,400 kWh. The second phase of the solar power generation system project is scheduled to begin in April 2024 and will be completed and approved by Taiwan Power Company for grid-connected power generation in June 2024. The installed capacity of the solar power generation system will be 172.2kWp, with an estimated total power generation of 208,751 kWh in the first year.</p> <p>[Waste reduction:Waste categorization]</p> <ol style="list-style-type: none"> <li>1. Waste categorization is promoted, and the resource recycling bins are set up to achieve waste reduction.</li> <li>2. It is promoted to use less disposable tableware, for reducing the volume of domestic waste.</li> </ol> <p>[Industrial waste]</p> <ol style="list-style-type: none"> <li>1. Control the industrial waste in the Company pursuant to the management procedures, while categorizing and storing the waste according to the chemical characteristics of each waste, before commissioning qualified vendors to clean the waste.</li> <li>2. In order to increase the number of waste treatment pipelines and add new waste treatment items, Hsinchu Factory submitted a change application for the industrial waste cleaning plan on April 12, 2022. The Environmental Protection Bureau of Hsinchu County Government has issued a notice for review and approval on July 11, 2022 (Fu Shu Huan Ye Zi No. 1118657145).</li> </ol> |  |
| <p>IV. Social Issues</p> <p>(I) Has the company formulated relevant management policies and procedures in</p> | ✓                                     |    | <p>(I) In order to dedicate efforts to maintaining basic human rights of employees and creating a work environment with adequate human rights protection, the company acknowledges and supports the United Nations Universal Declaration of Human Rights, the United Nations</p>  | No significant difference.   |

| <u>Promotion Item</u>   | <u>Implementation</u> status (Note 1) |    |   | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |
|---|---------------------------------------|----|---|--|
|   | Yes                                   | No | Summary description   |  |
| accordance with relevant laws and regulations and international human rights conventions?   |                                       |    | Global Compact, the International Labor Organization Conventions, and other international human rights conventions. Externally, the company also strives to eliminate any infringement and violation of human rights by formulating work rules, attendance management regulations, sexual harassment prevention and handling regulations, and other relevant management policies and procedures. The Company safeguards the legal rights and interests of employees and respects the basic principles of labor human rights, with no incidents of infringement on basic labor rights The Company's senior management conducts annual promotion of important business ethics (such as integrity management). Additionally, the management unit conducts annual promotion of human rights policies, sexual harassment prevention and handling regulations, in the hope that members within the company and external stakeholders can all receive fair and dignified treatment. Therefore, the Company's human rights policy has been established. And on March 22, 2019, the Board established the "Human Rights Policy." |  |
| (II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately | ✓                                     |    | (II) To attract and retain outstanding talents, and enable employees to share operating results with the Company, the Company provides comprehensive compensations, awards, and benefits to attract and retain talents. It mainly emphasize on the three principles, namely the internal fairness, the external competitiveness, and the performance-based compensation; by combining the operating performance of the Company, the unit, and each individual, while comparing to the compensation level of the job market, a reasonable and competitive compensation system is provided. Human resources is the most valued and important asset of the Company. Based on   | No significant difference.   |

| <u>Promotion Item</u>   | <u>Implementation status (Note 1)</u> |                   |   | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
|---|---------------------------------------|-------------------|---|--|--------------------|--|-----------------|-------------|---|---|---|---------------|---|---|------------------------------------|---|---|----------------------------------|---|---|---|---|---|-----------------------------------|---|---|----------------|---|---|-----------------------|---|---|----------------|------------|------------|-----------------------|--------------------|-------------------|--|
|   | Yes                                   | No                | Summary description   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| reflected in employee salary/compensation?                    |                                       |                   | <p>equality and equal rights, with a safe working environment without concern, it is complimented with well-rounded benefits. Human resources is the most valued and important asset of the Company. Based on equality and equal rights, with a safe working environment without concern, it is complimented with well-rounded benefits.</p> <table border="1"> <thead> <tr> <th rowspan="2">Employee benefit items</th> <th colspan="2">Full-time employee</th> </tr> <tr> <th>Hsinchu factory</th> <th>Office area</th> </tr> </thead> <tbody> <tr> <td>Group casualty insurance; labor and national health insurance</td> <td>V</td> <td>V</td> </tr> <tr> <td>Special leave</td> <td>V</td> <td>V</td> </tr> <tr> <td>Maternity leave and parental leave</td> <td>V</td> <td>V</td> </tr> <tr> <td>Subsidies to wedding and funeral</td> <td>V</td> <td>V</td> </tr> <tr> <td>The retirement system pursuant to laws (labor retirement)</td> <td>V</td> <td>V</td> </tr> <tr> <td>Bonuses for three major festivals</td> <td>V</td> <td>V</td> </tr> <tr> <td>Year-end bonus</td> <td>V</td> <td>V</td> </tr> <tr> <td>Regular physical exam</td> <td>V</td> <td>V</td> </tr> </tbody> </table> <p>The retirement system and its implementation</p> <table border="1"> <thead> <tr> <th>Pension system</th> <th>Old-system</th> <th>New-system</th> </tr> </thead> <tbody> <tr> <td>Applicable law source</td> <td>Labor Standard Act</td> <td>Labor Pension Act</td> </tr> </tbody> </table> | Employee benefit items   | Full-time employee |  | Hsinchu factory | Office area | Group casualty insurance; labor and national health insurance | V | V | Special leave | V | V | Maternity leave and parental leave | V | V | Subsidies to wedding and funeral | V | V | The retirement system pursuant to laws (labor retirement) | V | V | Bonuses for three major festivals | V | V | Year-end bonus | V | V | Regular physical exam | V | V | Pension system | Old-system | New-system | Applicable law source | Labor Standard Act | Labor Pension Act |  |
| Employee benefit items  | Full-time employee                    |                   |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
|   | Hsinchu factory                       | Office area       |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Group casualty insurance; labor and national health insurance | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Special leave   | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Maternity leave and parental leave                            | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Subsidies to wedding and funeral                              | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| The retirement system pursuant to laws (labor retirement)     | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Bonuses for three major festivals                             | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Year-end bonus  | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Regular physical exam   | V                                     | V                 |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Pension system  | Old-system                            | New-system        |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |
| Applicable law source   | Labor Standard Act                    | Labor Pension Act |   |  |                    |  |                 |             |   |   |   |               |   |   |                                    |   |   |                                  |   |   |   |   |   |                                   |   |   |                |   |   |                       |   |   |                |            |            |                       |                    |                   |  |

| <u>Promotion Item</u>  | <u>Implementation</u> status (Note 1)   |  |   | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the <u>Reasons</u> |   |  |                    |   |   |  |
|--|---|--|---|---|---|--|--------------------|---|---|--|
|  | Yes   | No   | Summary description   |   |   |  |                    |   |   |  |
|  |   |  | <table border="1"> <tr> <td>Contribution approach</td> <td>2% of the total of employee's monthly salary is contributed and deposited in the dedicated account at Bank of Taiwan under the name of the Company.</td> <td>Based on the employee's insurance level, 6% of the salary is contributed to the individual account with the Bureau of Labor Insurance.</td> </tr> <tr> <td>Contributed amount</td> <td>The accumulated amount of labor retirement reserves is NT\$28,951 thousand.</td> <td>NT\$4,114 thousand was contributed in 2023.</td> </tr> </table>   | Contribution approach   | 2% of the total of employee's monthly salary is contributed and deposited in the dedicated account at Bank of Taiwan under the name of the Company. | Based on the employee's insurance level, 6% of the salary is contributed to the individual account with the Bureau of Labor Insurance. | Contributed amount | The accumulated amount of labor retirement reserves is NT\$28,951 thousand. | NT\$4,114 thousand was contributed in 2023. |  |
| Contribution approach  | 2% of the total of employee's monthly salary is contributed and deposited in the dedicated account at Bank of Taiwan under the name of the Company. | Based on the employee's insurance level, 6% of the salary is contributed to the individual account with the Bureau of Labor Insurance. |   |   |   |  |                    |   |   |  |
| Contributed amount   | The accumulated amount of labor retirement reserves is NT\$28,951 thousand.   | NT\$4,114 thousand was contributed in 2023.  |   |   |   |  |                    |   |   |  |
| (III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees? | ✓   |  | (III) The company's Hsinchu Factory has an "Occupational Safety and Health Management Committee" to maintain job security, prevent accidents, improve the working environment and maintain the health of employees. The labor representatives account for more than 1/3 of the total number of members. The operation of the committee is in accordance with the "Occupational Safety and Health Management Measures", so that all departments of the company can operate under the management of safe operations to establish a good working environment, Implement the company's occupational safety and health management. The Committee holds a meeting once each quarter. With the joint-discussion among the labor representatives and management for issues related to environmental safety and health, various safety and health work managements are | No significant difference   |   |  |                    |   |   |  |



| <u>Promotion Item</u>   | <u>Implementation status (Note 1)</u> |    |   | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|---|---------------------------------------|----|---|--|
|   | Yes                                   | No | Summary description   |  |
|   |                                       |    | implemented, to prevent occupational accidents, and protect employees' occupational safety and health. There are no workers with high incidence and high risk of occupational diseases in the workplace of this factory.  |  |
| (IV)Has the Company established effective career development training programs for employees? | ✓                                     |    | <p>(IV)We promise that all employees of Mao Bao receive systematic and professional training, cultivation and guidance. Mao Bao provides appropriate resources so that each employee obtains multiple technologies and knowledge to effectively perform Company's tasks as their basis for productivity improvement, while linking the professional guide between the corporate strategies and quality training, cultivation, and development. The Company's training are featured as below:</p> <p>Key courses for 2022 - on-the-job training<br/> Other than building a complete marketing channel, Mao Bao also emphasizes the improvement of software (human) marketing expertise. For the top-down inheritance of experience, in addition to strengthening the knowledge inheritance of product marketing, business units hold monthly product marketing sharing meetings, for each salesperson to exchange their daily business development and customer communication skills, and learn to enrich their combat effectiveness as marketing and/or sales personnel through case studies and discussions.</p> <p>e-Learning: go as far as it can be<br/> A knowledge management section was established on the Company's internal website. Through the digitized files of internal and external education and training materials, sharing of research and development results, and various aspects of laws and regulations, the</p> | No significant difference  |

| <u>Promotion Item</u>   | <u>Implementation</u> status (Note 1) |    |  | Deviations from the <u>Sustainable Development Best Practice Principles</u> for TWSE/TPEX Listed Companies and the Reasons |
|---|---------------------------------------|----|--|--|
|   | Yes                                   | No | Summary description  |  |
|   |                                       |    | knowledge is shared internally. The company has completed the construction of an online education and training management system. In 2023, total 2,049 hours were attended for education and training, with an average of 12.6 hours per person. Average training hours for male and female: male: 9.6 hours, female: 15.6 hours.  |  |
| (V) Does the company comply with the relevant laws and international standards <u>with regards to</u> customer health and safety, customer privacy, and marketing and labeling of products and services, and implement <u>consumer</u> protection and grievance policies? | ✓                                     |    | (V) 1. Customer health and safety: Mao Bao invested NT\$1,200 thousand as the research and development expenses in 2023, and recruited R&D talents to join the Company, for the overall R&D capacity improvement; for the year, due to the impact from the COVID-19 pandemic, the R&D unit has continuously launched the products and services related to "cleanness" and "antibacterial." During the long journey of pandemic containment, with our professionalism, Mao Bao helps everyone stay away from the harm of viruses. For a long time, we have been insisting on the operating spirit of ethics and high morality, complying with relevant governmental laws and regulations, and providing consumers with safe and reliable products. There is no violation of laws and regulations or fines. 2. Customer privacy: we are committed to providing products and services meeting consumer satisfaction and expectations. Not only to pursue better and simpler service processes, we also continue to increase and expand communication channels with consumers, and welcome various opinions to provide quality products and services. Moreover, for utilizing the Company's database internally, the mechanism for consumers' authorizations and consents and cancellation of authorization in the future is strengthened to make the shopping platform easier and more friendly. 3. Product and service labeling: Mao Bao understands the importance of "friendly environment" to | No significant difference.   |

| <u>Promotion Item</u>   | <u>Implementation</u> status (Note 1) |    |  | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|---|---------------------------------------|----|--|--|
|   | Yes                                   | No | Summary description  |  |
|   |                                       |    | <p>the earth and human beings' survival. The R&amp;D personnel take the impact on the environment at each stage of the product life cycle into account. We design products based on the principles of environmental protection to reduce the impacts of products on the environment to develop products meeting the needs of environmental protection for reducing the load on the earth environment; therefore, in the selection of surfactants, Mao Bao has gradually developed surfactants derived from natural coconut oil or palm oil as the main ingredient, which is easy to decompose in the natural environment, to substitute the reliance on traditional petrochemical derived surfactants. Compared to 2023, the use of petrochemical derived surfactants (dodecylbenzenesulfonic acid, LAS) has decreased by 49.6 tons.</p> <p>Before the launch of new products, Mao Bao not only verifies that the products meet the requirements of government regulations, but also commissions third-party impartial institutions to conduct product testing for the claims on the product packaging; in 2023, Mao Bao developed 11 new products, 9 of them were commissioned to third-party impartial institutions for testing, and the external verification ratio of new products was as much as 82%. In 2023, 9 new products have undergone external validation testing.</p> |  |
| (VI)Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues | ✓                                     |    | <p>(VI)Supply chain management: Mao Bao's main operations and production bases are in Taiwan. For the raw material suppliers, the foreign imports are relied on, and the materials are mainly from Taiwan. In 2023, the consumption of raw materials was 2,817 tons, and the consumption of materials was 27,561keg. Domestic purchases refer to purchases occurring within Taiwan, and</p>  | No significant difference.   |

| <u>Promotion Item</u>  | <u>Implementation status (Note 1)</u> |    |  | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|--|---------------------------------------|----|--|--|
|  | Yes                                   | No | Summary description  |  |
| such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? |                                       |    | <p>foreign purchases refer to purchases out of Taiwan. For purchase, the local suppliers are given priority and supports to establish long-term sustainable cooperative relationships and promote local economic development, seeking to achieve the goal of energy saving and carbon reduction. The domestic purchase ratio in 2023 was 88%, which is 1% lower than that in 2022 due to the Company's procurement policy.</p> <p>While implementing the sustainable development of the enterprise, Maobao also hopes to cooperate with its source suppliers and require them to adhere to environmental protection, occupational safety and health, or labor rights issues, and move towards sustainable operation. The Company continuously implements the management system for the existing supplier, including hazardous substance management (GP). In 2023, the ROHS 2.0. for the entire supply chain was implemented, and with the GP investigations pursuant to the Hazardous Substance Managerial Procedures. The suppliers sign the declarations or statements to implement the raw materials management under GP, the supplier audits were conducted. The results of supplier evaluation in 2023 are as follows:</p> <ol style="list-style-type: none"> <li>1. Based on written monthly evaluations, a total of 111 suppliers were evaluated, including 67 raw materials, 38 materials, and 6 finished products that were all qualified.</li> <li>2. Conduct business audits for domestic suppliers. In response to the COVID-19 pandemic in 2023, some suppliers have undergone on-site visits and other evaluations as usual, and daily purchases and monthly supplier evaluations have been added to ensure that all suppliers are qualified.</li> </ol> |  |

| <u>Promotion Item</u>   | <u>Implementation status (Note 1)</u> |    |  | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |
|---|---------------------------------------|----|--|--|
|   | Yes                                   | No | Summary description  |  |
|   |                                       |    | <p>3. Comparing to 2022, there was no major change in suppliers, and 2 suppliers has been added, which have been qualified in the assessment.</p> <p>4. The environmental management of existing suppliers in 2023 meets the environmental requirements of our company, and there have been no major violations of environmental protection, labor rights, occupational safety, or other illegal events.</p>   |  |
| V. Does the company refer to international reporting standards or guidelines when preparing its <u>sustainability</u> report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?  | ✓                                     |    | The financial data in this report is based on the financial annual report materials certified by PwC Taiwan. This report entrusts Reanda M Y Wu & Co., CPAs to perform limited confidence procedures and issue a report on the specific performance indicators disclosed in the report (hereinafter referred to as the "subject matter of confidence") in accordance with the "Non Historical Financial Information Audit or Review of Confidence Criteria" No. 1 issued by the Accounting Research and Development Foundation of the Republic of China. | No significant difference.   |
| <p>VI. If the Company has adopted its own <u>sustainable development</u> best practice principles based on the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</u>, please describe any deviation from the principles in the Company's operations:<br/> No material deviation from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies. The Company insists on the spirit of "corporate sustainable development," and takes the managerial concept of social responsibility and sustainable management as the highest indicator of operation, com plies with the principle of corporate governance, insists the information disclosure and operation transparency, to be committed to strengthening the Company's operating performance to ensure shareholders' interests while maintaining other stakeholders' interests. The Board is responsible for supervising the Company's operation and management, and cooperates with the management team to jointly monitor and pay attention to the latest status of legal restrictions, changes and regulations of relevant securities competent authorities and</p> |                                       |    |  |  |

| <u>Promotion Item</u>   | <u>Implementation status (Note 1)</u>           |  |                     | Deviations from the <u>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons</u> |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
|---|---|--|---------------------|--|------|----------------|-----------|------------|---|---|------------|---|--|------------|--|---|----------|---------------------------|--------------------------|-----------|---------------------------|-------------------|
|   | Yes   | No   | Summary description |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| exchanges, to maintain the good reputation established during the Company's long-time operations.   |   |  |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| <p>VII. Other important information to facilitate better understanding of the company's <u>promotion of sustainable development</u>:<br/> Other than focusing on its own business, Mao Bao Inc. also insists on giving feedback to society with what it takes from the society. It pays taxes honestly, interacts with the society, cares for the disadvantaged, and never falls behind for the charity donations; in 2023, the following products were donated, to help the long-term care social welfare institutions lacking of supplies. In 2023, total of products worth about NT\$339,000 were donated to help institutions to clean their homes and maintain the environments, thereby improving the quality of the environment. The details are summarized as below:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Recipient unit</th> <th>Recipient</th> </tr> </thead> <tbody> <tr> <td>April 2023</td> <td>Ning Yuan Nursing Home, Social and Family</td> <td>People over 50 years old with Alzheimer's disease</td> </tr> <tr> <td>April 2023</td> <td>Hsinchu County Private Botree Nursing Institute</td> <td>Elderly with limited mobility and unable to take care of</td> </tr> <tr> <td>April 2023</td> <td>National High School Sports Day in Hsinchu</td> <td>Student at National High School in Hsinchu County</td> </tr> <tr> <td>May 2023</td> <td>Hsinchu County Government</td> <td>Disadvantaged households</td> </tr> <tr> <td>June 2023</td> <td>Hsinchu County Government</td> <td>Vulnerable people</td> </tr> </tbody> </table> |   |  |                     |  | Date | Recipient unit | Recipient | April 2023 | Ning Yuan Nursing Home, Social and Family | People over 50 years old with Alzheimer's disease | April 2023 | Hsinchu County Private Botree Nursing Institute | Elderly with limited mobility and unable to take care of | April 2023 | National High School Sports Day in Hsinchu | Student at National High School in Hsinchu County | May 2023 | Hsinchu County Government | Disadvantaged households | June 2023 | Hsinchu County Government | Vulnerable people |
| Date  | Recipient unit                                  | Recipient  |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| April 2023  | Ning Yuan Nursing Home, Social and Family       | People over 50 years old with Alzheimer's disease        |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| April 2023  | Hsinchu County Private Botree Nursing Institute | Elderly with limited mobility and unable to take care of |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| April 2023  | National High School Sports Day in Hsinchu      | Student at National High School in Hsinchu County        |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| May 2023  | Hsinchu County Government                       | Disadvantaged households                                 |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |
| June 2023   | Hsinchu County Government                       | Vulnerable people  |                     |  |      |                |           |            |   |   |            |   |  |            |  |   |          |                           |                          |           |                           |                   |

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the reasons and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: For the companies that have prepared the CSR reports, the operation may be indicated by specifying to refer the CSR report and the pages.

Note 3: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Implementation of climate-related information:

| Item   | Implementation  |                      |                              |  |  |  |  |
|--|---|----------------------|------------------------------|--|--|--|--|
| <p>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</p>                        | <ul style="list-style-type: none"> <li>◆ Board of Directors<br/>The President is authorized to establish a Sustainability Development Committee and appointed as the chairperson of the committee. The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the Board to supervise the sustainable development and the effectiveness of the implementation. The Company's Board of Directors meets at least once every quarter to review the company's operational performance and discuss important strategic issues, as well as important ESG strategies and key material events, including economic, environmental, and social impacts, risks, and opportunities.</li> <li>◆ Sustainable Development Committee<br/>Under the direct supervision of the President, a Sustainability Development Committee is formed by convening representatives from various departments. The Sustainability Development Committee formulates sustainability policies, takes responsibility for implementing them within the company, and gradually incorporates the concept of sustainable operations into the Company's corporate culture. The compiled information is reviewed and confirmed by the Committee and reported to the Board of Directors</li> <li>◆ Specialized team<br/>Under the Sustainability Development Committee, dedicated task forces are formed. The responsible departments collect concerns from stakeholders regarding environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance, and report them to the supervisors for confirmation.</li> </ul> |                      |                              |  |  |  |  |
| <p>2. Describe how the identified climate risks and opportunities affect the company's business, strategy, and finance (short-term, medium-term, long-term).</p> | <p>To further assess the potential financial impacts of climate change risks, the company's Sustainability Development Committee uses a risk matrix to prioritize the most critical climate-related risk issues and then conducts relevant financial assessments and develops response strategies. Its purpose is to ensure the continuation of operations without interruption, so that the enterprise can continue to operate.</p> <p>The Company evaluates the first four risks and one opportunity in total, and speculates their possible financial impact, which is described as follows:</p> <table border="1" data-bbox="689 1315 2089 1426"> <thead> <tr> <th data-bbox="689 1315 1485 1353">Climate change risks</th> <th data-bbox="1485 1315 2089 1353">Climate change opportunities</th> </tr> </thead> <tbody> <tr> <td data-bbox="689 1353 1485 1391">Increase pricing of greenhouse gas emissions</td> <td data-bbox="1485 1353 2089 1391">Reduction of water usage and consumption</td> </tr> <tr> <td data-bbox="689 1391 1485 1426">Replacing existing products and services with low-carbon</td> <td data-bbox="1485 1391 2089 1426"></td> </tr> </tbody> </table>  | Climate change risks | Climate change opportunities | Increase pricing of greenhouse gas emissions | Reduction of water usage and consumption | Replacing existing products and services with low-carbon |  |
| Climate change risks   | Climate change opportunities  |                      |                              |  |  |  |  |
| Increase pricing of greenhouse gas emissions   | Reduction of water usage and consumption  |                      |                              |  |  |  |  |
| Replacing existing products and services with low-carbon   |   |                      |                              |  |  |  |  |

|   | products   |   |   |
|---|--|---|---|
|   | Rising raw material costs  |   |   |
|   | Changes in rainfall (water) patterns and extreme changes in climate patterns |   |   |
| (1) The four risks are summarized as follows: |  |   |   |
| Type  | Climate risk   | Potential financial impact  | Responding measures   |
| Short-term<br>1-3 years                       | Changes in rainfall (water) patterns and extreme changes in climate patterns | Climate-related disasters, such as damage to raw material and product transportation, IT mainframes, or production equipment, result in operational disruption and increased operating costs. | <ol style="list-style-type: none"> <li>1. The transportation of raw materials and products is carried out in a single shipment, to reduce the number of transportation trips, to achieve carbon reduction and ensure transportation safety.</li> <li>2. Information and equipment, strengthening the emergency power supply and backup mechanism. Protective measures are taken in advance whenever a heavy rain warning is issued.</li> <li>3. Regularly implement drainage and maintenance of the drainage system to avoid blockage and flooding</li> </ol> |
|   | Rising raw material costs  | The cost of raw materials for commodities has increased due to climate change, which in turn has an impact on business operations.  | Based on the control industry sources of raw materials.   |



|  |   |   |  |   |
|--|---|---|--|---|
|  | Mid-to-long term<br>3-10 years  | Increase pricing of greenhouse gas emissions                      | The general temperature rise caused by climate change, and the EU carbon tax period effectively curbs excessive greenhouse gas emissions, which increases the Company's operating costs.   | <ol style="list-style-type: none"> <li>1. Introduce greenhouse gas emission inventory and set reduction targets.</li> <li>2. Development of low-carbon products.</li> </ol>   |
|  |   | Replacing existing products and services with low-carbon products | Product development costs increase.  | Development or expansion of energy-saving products and services.  |
| (2) One opportunity is summarized as follows:  |   |   |  |   |
|  | Term  | Opportunity   | Impacts  | Responding measures   |
|  | Short-term<br>1-3 years   | Reduction of water usage and consumption                          | Water resources are a critical resource indispensable to the company's manufacturing processes. Water restrictions and water shortages that reduce water usage and consumption will impact the company's operations and lead to increased operating costs. | <ol style="list-style-type: none"> <li>1. Optimize the process water recycling system to increase the efficiency of process water recycling.</li> <li>2. Rainwater is recycled for cleaning.</li> <li>3. Maintain the operation of the reserve pool for emergency use.</li> </ol> |
| 3. Describe the financial impact of extreme climate events and transformation actions. | For transition risks, the disclosure of carbon emission information as required by laws and regulations and the achievement of carbon neutrality are the same as the risk and response measures described in the above item 2. The Greenhouse Gas Reduction and Management Act has been amended to the Climate Change |   |  |   |

|  |  |
|--|--|
|  | Response Act, and it is planned that carbon fees will be levied on products with high direct or indirect emissions in 2024. The potential impact on finances is an increase in operating costs, but the overall impact on operations is not expected to be significant. In response, the Company has introduced greenhouse gas inventory and product carbon footprint inventory in 2022, and set future carbon reduction targets. Regarding transition risks, the measures taken by the Company to address them have increased transition costs and lowered gross profit margins. Although overall revenue has declined, the impact on operations is not significant.  |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.  | The company's ESG committee conducted discussions during the "TCFD Climate-Related Financial Disclosures Discussion Meeting." Through this meeting, relevant members were convened to discuss and identify climate-related risks and opportunities. The discussions were guided by the TCFD's recommended framework, addressing transition risks (policy and legal, technology, market, reputation), physical risks (acute risks, chronic risks), and opportunities (resource efficiency, energy sources, products/services, markets, resilience).   |
| 5. If scenario analysis is used to assess resilience in the face of climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.                                       | The Company will begin disclosure in 2026 in accordance with the FSC's schedule.   |
| 6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. | <p>The Company uses the ESG Committee to assess the potential risks of climate change to the Company every year, identify risk sources, risk analysis, risk assessment and risk treatment, and continue to improve and reduce the impact on the Company.</p> <p>The construction of solar power generation equipment at Hsinchu Plant will be completed in 2022, and the construction of the second phase of solar power generation equipment is expected to be continued in 2024.</p> <p>2022 Targets</p> <ol style="list-style-type: none"> <li>1. Solar power generation increased by 31,680 KWH</li> <li>2. The CO2 reduction of solar power generation increased by 15.68 metric tons</li> </ol> <p>(Short-term) 2023 target</p> <ol style="list-style-type: none"> <li>1. Solar power generation increased by 378,400 KWH</li> <li>2. The CO2 reduction of solar power generation increased by 187.31 metric tons</li> </ol> <p>(Mid- and long-term) 2030 goals</p> <ol style="list-style-type: none"> <li>1. Solar power generation increased by 587,151 KWH</li> <li>2. The CO2 reduction of solar power generation increased by 290.64 metric tons</li> </ol> |
| 7. If the internal carbon pricing is used as   | The Company will begin disclosure in 2026 in accordance with the FSC's schedule.   |

|   |  |
|---|--|
| <p>a planning tool, the basis for setting the price shall be stated.</p>  |  |
| <p>8. If climate-related targets have been set, information should be provided on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress made towards achieving the targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the relevant targets, the source and amount of the offset reduction or the number of Renewable Energy Certificates (RECs) should be stated.</p> | <p>The solar photovoltaic power generation system project of the Company will commence on July 12, 2022. The solar photovoltaic power generation system has a capacity of 316.354KWP and is estimated to generate a total of 379,813 kWh in the first year. After the completion of the solar photovoltaic power generation system, it was approved by Taiwan Power for parallel power generation from November 16, 2022. The cumulative solar power generation in 2022 was 31,680 kWh. The cumulative solar power generation in 2023 was 378,400 kWh.</p> <p>At the end of 2023, a contractor was commissioned to plan the second phase of the solar photovoltaic power generation system for the Hsinchu plant. The installed capacity of the solar photovoltaic power generation system is 172.2kWp, and the estimated total electricity generation for the first year is 208,751 kWh. The second phase of the solar photovoltaic power generation system project is scheduled to commence in April 2024 and be completed and approved for grid-connection by Taiwan Power Company in June 2024.</p> <p>MES is a green raw material, and its high biodegradability reduces impacts of products on the environment and the generation of carbon dioxide. Since the successful introduction in 2014, some series has adopted MES increasing year by year, so that the consumption ratio of sulfonic acid has been decreased year by year. In the future, it is planned to gradually use MES green raw material as the replacement. In 2023, Scope 1 emissions were 156.09, Scope 2 emissions were 405.64, and Scope 3 emissions were 114.59, totaling 676.32 tonnes of CO2e emissions. This represents a decrease of 56.82 tonnes of CO2e emissions compared to the previous year (2022). It is estimated that future annual carbon emissions will decrease by 0.05%-0.1% annually due to the introduction of green raw materials and the expanded use of solar power generation, with rolling adjustments made annually.</p> |
| <p>9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans.</p>  | <p>The self-inventory information is separately filled in the annual report/Implementation of Corporate Social Responsibility/Environmental Issues (4). In the future, the level of assurance for the parent company's individual inventory will be disclosed in 2027. For detailed strategies and goals, please refer to the 2024 Sustainability Report on Greenhouse Gas Management.</p>   |

6. Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
| <p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> | <p>✓</p> <p>✓</p>            |    | <p>(I) The company has established the "Integrity Management Operating Procedures and Conduct Guidelines". After being approved by the board of directors, the report shall be submitted to the shareholders' meeting and announced on the Public Information Observatory. Both the Board and the management have fully understood to implement; and it was expected to report to the Board on May 09, 2024 for the implementation situation in 2023.</p> <p>(II) The Company has established an assessment mechanism for the risk of unethical conducts, regularly analyzes and evaluates business activities with higher risks of unethical conducts within the business scope, to formulate prevention programs accordingly, and regularly reviews the appropriateness and effectiveness of the prevention programs. The Company's prevention programs should at least cover the following preventive measures: 1. Offering and accepting bribes. 2. Providing illegal political donations. 3. Improper charitable donations or sponsorships. 4.</p> | No significant difference.   |

| Evaluation item  | Implementation status (Note) |    |  | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|------------------------------|----|--|--|
|  | Yes                          | No | Summary description  |  |
| (III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan? | ✓                            |    | Offering or accepting unreasonable gifts, entertainment or other improper benefits. 5. Infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights. 6. Engaging in conducts of unfair competition. 7. Products and services directly or indirectly damaging the rights, health and safety of consumers or other stakeholders during research and development, procurement, manufacture, provision or sale.<br>(III) The Company has established a specific whistleblowing system and implements accordingly. It should at least cover the following matters: 1. Establish and announce an internal independent whistleblowing mailbox and hotline for the internal and external personnel of the Company to use. II. Appoint the dedicated personnel or unit to accept whistleblowing. Where the whistleblowing involves directors or senior management, the Audit Committee should be reported to, while determining the categories of whistleblowing and the standard operating procedures of investigations. III. After the investigation of the whistleblowing is completed, the follow-up measures should be taken depending the severity of the case. If necessary, it should be reported to the |  |

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
|   |                              |    | competent authority or transferred to the law enforcement for investigation. IV. Prepare and retain the records of the acceptance, investigation process, investigation results, and related document for the whistleblowing. V. The identity of the whistle blower and the content of the whistleblowing shall be kept confidential, and an anonymous whistleblowing shall be permitted. VI. Measures to protect the whistleblower from being improperly treated with due to the whistleblowing. VII. Incentive measures for whistleblowers. The Company's dedicated unit for accepting whistleblowing shall report to the Audit Committee in writing if there is a material violation or any concern of material violation, and review and amend the said programs regularly. |  |
| II. Ethical Management Practice   |                              |    |   | No significant difference.   |
| (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? | ✓                            |    | (I) The Company conducts business activities in a fair and transparent manner. Before doing business with key partners, the credit assessment is conducted, and specify the rights and obligations in the contract. The legality of customers for business transaction and their records of any unethical conducts are checked, while avoiding transactions with those who have a record of unethical conduct.  |  |
| (II) Has the company set up a dedicated unit to promote   | ✓                            |    | (II) The Company's dedicated unit to promote  |  |

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
| <p>ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p> | <p>✓</p> <p>✓</p> <p>✓</p>   |    | <p>ethical corporate management is the Corporate Governance Team, which regularly reports the supervision status to the Board. It is expected to report to the board of directors on the implementation status for the year 2023 on May 09, 2024.</p> <p>(III) The Company has established the rules of recusal and explanation of conflicts of interest for directors and managers in the "Code of Ethical Conduct." Matters that have not been appealed or reported in 2023</p> <p>(IV) The Company has established internal audit plans to regularly inspect the accounting system and internal control system, and the internal auditors prepare audit reports to be submitted to the Board.</p> <p>(V) The Company regularly promotes the concept and regulations of ethical management to employees through education and training. The company held an online education and training course on "Corporate Social Responsibility and Integrity Ethics" in 2023 _ 30 minutes/a total of 79 participants to strengthen employees and directors' commitment to the company's policy of honest operation and the active implementation of business policies by senior</p> |  |

| Evaluation item   | Implementation status (Note) |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|------------------------------|----|---|--|
|   | Yes                          | No | Summary description   |  |
|   |                              |    | management.   |  |
| <p>III. Implementation of Complaint Procedures</p> <p>(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p> <p>(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</p> | <p>✓</p> <p>✓</p> <p>✓</p>   |    | <p>(I) The Company has set the employee mailboxes, or the whistleblowing or complaint may be filed to various officers or staff of the Secretarial Section. The external persons may also contact the Company spokesperson through the official website or telephone.</p> <p>(II) The Company specifies the relevant descriptions and rules for accepting whistleblowing in the “Ethical Corporate Management Best Practice Principles.”</p> <p>(III) The Company is responsible for keeping confidential for the whistleblower and ensuring that they are not subject to any improper treatment.</p> | No significant difference.   |
| <p>IV. Strengthening Information Disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>  | ✓                            |    | The Company has disclosed the “Ethical Corporate Management Best Practice Principles” and its promotion at the MOPS and the annual report.  | No significant difference.   |
| <p>V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:<br/>The Company has the “Ethical Corporate Management Best Practice Principles” in place, and implemented accordingly. There is no deviation between the operation and the established principles. Please refer to meeting 15-5, Official website/board meeting minutes</p>   |                              |    |   |  |
| <p>VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles):</p>  |                              |    |   |  |



| Evaluation item   | Implementation status (Note) |    |                     | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|------------------------------|----|---------------------|--|
|   | Yes                          | No | Summary description |  |
| The Company has established the “Ethical Corporate Management Best Practice Principles” on March 26, 2015, and the Board approved the “Procedures to Handle the Whistleblowing of the Illegal, Immoral, or Unethical Conducts,” on March 22, 2019 while enhancing the corporate governance. |                              |    |                     |  |

Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

7. Corporate governance best-practice principles or related bylaws adopted by the Company: the Company has established the “Ethical Corporate Management Best Practice Principles,” “Corporate Social Responsibility Best Practice Principles,” “Code of Conduct,” “Rules of Procedure for Board of Directors Meetings,” “Procedures for Election of Directors and Supervisors,” “Remuneration Committee Charter,” “Operating Procedures for Acquisition and Disposal of Assets,” “Operating Procedures for Loaning of Funds,” and “Operating Procedures for Endorsement and Guarantee,” and disclosed such on the official website.
8. Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance: The Company's dedicated unit has reported to the Board on March 24, 2020 for the status of corporate governance operations, corporate social responsibility and ethical management; such are disclosed every year on the Company's official website/corporate social responsibility section.

9. Implementation of the company's internal control system:

Statement of Internal Control



Mao Bao Inc.

Statement of Internal Control System

Date: March 12, 2024

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

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
- II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system are effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the previous inspection, our company believes that the design and

implementation of our internal control system (including supervision and management of subsidiaries) as of December 31, 2023, including the extent to which we are aware of the effectiveness and efficiency goals of our operations, the reliability, timeliness, transparency of our reporting, and compliance with relevant regulations and laws, are effective, and can reasonably ensure the achievement of the above goals.

VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on March 24, 2024. Among the seven directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Mao Bao Inc.

Chairman: Wu, Jui-Hua Signature/seal

President: Chen, Yi-Hung Signature/seal

(1) Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: nor applicable.

10. If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: none.

11. Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Material resolutions of a shareholders meeting and implementation thereof (June 20, 2023):

1. Material resolutions of a shareholders meeting and implementation thereof:

| Meeting date  | Cause   | Key resolution  | Implementation |   |                                    |        |                              |       |                                   |       |   |       |   |
|---|---|---|----------------|---|------------------------------------|--------|------------------------------|-------|-----------------------------------|-------|---|-------|---|
| 2023.06.20  | Ratifications:<br>1. 2022 business report and financial statements. | The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent.<br>The voting result is as follows: <table border="1" data-bbox="869 1074 1664 1361"> <thead> <tr> <th data-bbox="869 1074 1359 1173">Voting result</th> <th data-bbox="1359 1074 1664 1173">% to the voting rights of the attended shareholders</th> </tr> </thead> <tbody> <tr> <td data-bbox="869 1173 1359 1211">Favorable votes: 27,906,690 rights</td> <td data-bbox="1359 1173 1664 1211">99.89%</td> </tr> <tr> <td data-bbox="869 1211 1359 1249">Against votes: 12,326 rights</td> <td data-bbox="1359 1211 1664 1249">0.04%</td> </tr> <tr> <td data-bbox="869 1249 1359 1287">Number of invalid rights: 0 right</td> <td data-bbox="1359 1249 1664 1287">0.00%</td> </tr> <tr> <td data-bbox="869 1287 1359 1361">Number of abstained / non-voted rights: 18,117 rights</td> <td data-bbox="1359 1287 1664 1361">0.06%</td> </tr> </tbody> </table> | Voting result  | % to the voting rights of the attended shareholders | Favorable votes: 27,906,690 rights | 99.89% | Against votes: 12,326 rights | 0.04% | Number of invalid rights: 0 right | 0.00% | Number of abstained / non-voted rights: 18,117 rights | 0.06% | 1. The relevant forms and records have been filed with the competent authority for reference and declared in accordance with relevant laws and regulations such as the Company Law. |
| Voting result   | % to the voting rights of the attended shareholders                 |   |                |   |                                    |        |                              |       |                                   |       |   |       |   |
| Favorable votes: 27,906,690 rights                    | 99.89%  |   |                |   |                                    |        |                              |       |                                   |       |   |       |   |
| Against votes: 12,326 rights                          | 0.04%   |   |                |   |                                    |        |                              |       |                                   |       |   |       |   |
| Number of invalid rights: 0 right                     | 0.00%   |   |                |   |                                    |        |                              |       |                                   |       |   |       |   |
| Number of abstained / non-voted rights: 18,117 rights | 0.06%   |   |                |   |                                    |        |                              |       |                                   |       |   |       |   |

| Meeting date  | Cause   | Key resolution   | Implementation   |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
|---|---|--|------------------|---|------------------------------------|--------|------------------------------|-------|-----------------------------------|-------|---|-------|---------------|---|------------------------------------|--------|-----------------------------|-------|-----------------------------------|-------|---|-------|-------------|--------------|-------------------------|---------|-------|--|------------|------------------|---|
|   | <p>2. 2022 Earning distribution.</p> <p>Discussions:</p> <p>1. Proposal of amendments to the Company's "Articles of Incorporation."</p> <p>Elections:</p> <p>Comprehensive Re-election of Directors</p> | <p>The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent.</p> <p>The voting result is as follows:</p> <table border="1" data-bbox="869 320 1659 595"> <thead> <tr> <th>Voting result</th> <th>% to the voting rights of the attended shareholders</th> </tr> </thead> <tbody> <tr> <td>Favorable votes: 27,891,694 rights</td> <td>99.83%</td> </tr> <tr> <td>Against votes: 19,350 rights</td> <td>0.06%</td> </tr> <tr> <td>Number of invalid rights: 0 right</td> <td>0.00%</td> </tr> <tr> <td>Number of abstained / non-voted rights: 26,089 rights</td> <td>0.09%</td> </tr> </tbody> </table> <p>The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent.</p> <p>The voting result is as follows:</p> <table border="1" data-bbox="869 788 1659 1062"> <thead> <tr> <th>Voting result</th> <th>% to the voting rights of the attended shareholders</th> </tr> </thead> <tbody> <tr> <td>Favorable votes: 27,899,940 rights</td> <td>99.86%</td> </tr> <tr> <td>Against votes: 9,435 rights</td> <td>0.03%</td> </tr> <tr> <td>Number of invalid rights: 0 right</td> <td>0.00%</td> </tr> <tr> <td>Number of abstained / non-voted rights: 27,758 rights</td> <td>0.09%</td> </tr> </tbody> </table> <p>Voting outcome:</p> <p>List of elected directors</p> <table border="1" data-bbox="869 1190 1686 1418"> <thead> <tr> <th>Account No.</th> <th>Account Name</th> <th>Number of votes elected</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>27211</td> <td>Representative, Ling-Yu Investment Co., Ltd.: Wu Rui-Hua</td> <td>30,944,415</td> <td>Elected Director</td> </tr> </tbody> </table> | Voting result    | % to the voting rights of the attended shareholders | Favorable votes: 27,891,694 rights | 99.83% | Against votes: 19,350 rights | 0.06% | Number of invalid rights: 0 right | 0.00% | Number of abstained / non-voted rights: 26,089 rights | 0.09% | Voting result | % to the voting rights of the attended shareholders | Favorable votes: 27,899,940 rights | 99.86% | Against votes: 9,435 rights | 0.03% | Number of invalid rights: 0 right | 0.00% | Number of abstained / non-voted rights: 27,758 rights | 0.09% | Account No. | Account Name | Number of votes elected | Remarks | 27211 | Representative, Ling-Yu Investment Co., Ltd.: Wu Rui-Hua | 30,944,415 | Elected Director | <p>2. In light of the corporate operational demand, all are planned to be retained, without distribution.</p> <p>1. Approved for registration by the Ministry of Economic Affairs on July 6, 2023 and disclosed on our company's website.</p> <p>According to the provisions of the company's Articles of Incorporation, 9 directors (5 directors and 4 independent directors) should be elected for a term of three years, from June 20, 2024, to June 19, 2026.</p> |
| Voting result   | % to the voting rights of the attended shareholders   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Favorable votes: 27,891,694 rights                    | 99.83%  |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Against votes: 19,350 rights                          | 0.06%   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Number of invalid rights: 0 right                     | 0.00%   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Number of abstained / non-voted rights: 26,089 rights | 0.09%   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Voting result   | % to the voting rights of the attended shareholders   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Favorable votes: 27,899,940 rights                    | 99.86%  |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Against votes: 9,435 rights                           | 0.03%   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Number of invalid rights: 0 right                     | 0.00%   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Number of abstained / non-voted rights: 27,758 rights | 0.09%   |  |                  |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| Account No.   | Account Name  | Number of votes elected  | Remarks          |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |
| 27211   | Representative, Ling-Yu Investment Co., Ltd.: Wu Rui-Hua  | 30,944,415   | Elected Director |   |                                    |        |                              |       |                                   |       |   |       |               |   |                                    |        |                             |       |                                   |       |   |       |             |              |                         |         |       |  |            |                  |   |

| Meeting date | Cause  | Key resolution  |   |            |                              | Implementation   |
|--------------|--|---|---|------------|------------------------------|--|
|              |  | 27211   | Lingyu Investment Corporation Representative: He Yi-Ju                | 27,736,343 | Elected Director             | Regarding the lifting of restrictions on the Company's directors serving as directors of other |
|              |  | 8   | Representative, Pacific Worldwide Investment Co., Ltd.: Wu, Hsien-Tai | 30,011,948 | Elected Director             |  |
|              |  | 8   | Representative, Pacific Worldwide Investment Co., Ltd.: Wu, Chiao-Jen | 28,341,123 | Elected Director             |  |
|              |  | 5   | Wu, Chao-Wen  | 29,475,165 | Elected Director             |  |
|              |  | A10XXXX780  | Su, Liang   | 27,007,733 | Elected Independent Director |  |
|              |  | A12XXXX905  | Huang, Chien-Cheng  | 25,523,074 | Elected Independent Director |  |
|              |  | A22XXXX255  | Chen, Wei-Zhi   | 25,512,212 | Elected Independent Director |  |
|              |  | A12XXXX101  | Lin, Chung-Chang  | 25,484,817 | Elected Independent Director |  |
|              | <p>Other Proposals</p> <p>1. Lifting of “business strife limitation” for new directors of the Company.</p> | The details of the lifting of the non-competition restriction for directors are as follows: |   |            |                              |  |

| Meeting date   | Cause  | Key resolution   |  | Implementation  |  |                                    |        |                              |       |                                   |       |  |       |  |
|--|--|--|--|---|--|------------------------------------|--------|------------------------------|-------|-----------------------------------|-------|--|-------|--|
|  |  | Director   | Important information                                | companies within the Company's business scope, they may engage in companies with the same or similar business scope as the company, provided that it does not harm the Company's interests. |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Lingyu Investment Corporation<br>Representative: Wu Rui-Hua  | Chairman, Mao Bao Inc.                               |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Lingyu Investment Corporation<br>Representative: He Yi-Ju  | President of METALART<br>ENGINEERING CORP.           |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | PACIFIC SHINER INVESTMENT<br>LIMITED Representative: Wu<br>Hsien-Tai   | Director, Mao Bao Inc.                               |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | PACIFIC SHINER INVESTMENT<br>LIMITED Representative: Wu<br>Chiao-Zhen  | Director, Mao Bao Inc.                               |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Wu, Chao-Wen   | Director, Mao Bao Inc.                               |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Su, Liang  | Chairman of MiTAC<br>Information Technology<br>Corp. |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Huang, Chien-Cheng   | Partner Lawyer, Total<br>Solution in One Firm        |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Chen, Wei-Zhi  | Founder and CEO of JS<br>Linguistics Inc.            |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | Lin, Chung-Chang   | Chairman of Fu An Deburg<br>Co., Ltd.                |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent.<br>The voting result is as follows:  |  |   |  |                                    |        |                              |       |                                   |       |  |       |  |
|  |  | <table border="1"> <thead> <tr> <th data-bbox="869 1080 1323 1144">Voting result</th> <th data-bbox="1323 1080 1666 1144">% to the voting rights of<br/>the attended shareholders</th> </tr> </thead> <tbody> <tr> <td data-bbox="869 1144 1323 1181">Favorable votes: 27,830,515 rights</td> <td data-bbox="1323 1144 1666 1181">99.61%</td> </tr> <tr> <td data-bbox="869 1181 1323 1217">Against votes: 58,738 rights</td> <td data-bbox="1323 1181 1666 1217">0.21%</td> </tr> <tr> <td data-bbox="869 1217 1323 1254">Number of invalid rights: 0 right</td> <td data-bbox="1323 1217 1666 1254">0.00%</td> </tr> <tr> <td data-bbox="869 1254 1323 1318">Number of abstained / non-voted<br/>rights: 47,880 rights</td> <td data-bbox="1323 1254 1666 1318">0.17%</td> </tr> </tbody> </table> |  | Voting result   | % to the voting rights of<br>the attended shareholders | Favorable votes: 27,830,515 rights | 99.61% | Against votes: 58,738 rights | 0.21% | Number of invalid rights: 0 right | 0.00% | Number of abstained / non-voted<br>rights: 47,880 rights | 0.17% |  |
| Voting result  | % to the voting rights of<br>the attended shareholders |  |  |   |  |                                    |        |                              |       |                                   |       |  |       |  |
| Favorable votes: 27,830,515 rights                       | 99.61%   |  |  |   |  |                                    |        |                              |       |                                   |       |  |       |  |
| Against votes: 58,738 rights                             | 0.21%  |  |  |   |  |                                    |        |                              |       |                                   |       |  |       |  |
| Number of invalid rights: 0 right                        | 0.00%  |  |  |   |  |                                    |        |                              |       |                                   |       |  |       |  |
| Number of abstained / non-voted<br>rights: 47,880 rights | 0.17%  |  |  |   |  |                                    |        |                              |       |                                   |       |  |       |  |

2. Material resolutions of a special shareholders meeting and implementation thereof: None.

(II) Material resolutions of the board:

| Meeting date | Cause  | Key resolution  |
|--------------|--|---|
| 2023.03.24   | <ol style="list-style-type: none"> <li>1. 2022 business report and financial statements.</li> <li>2. 2022 Earning distribution.</li> <li>3. Please discuss the proposal of distribution method for the 2022 employee and director remunerations.</li> <li>4. Proposal of evaluating the independence and competence of the attesting CPAs.</li> <li>5. Propose to pre approve the signing of non assurance services provided by accounting firms and affiliated enterprises to our company and subsidiaries.</li> <li>6. Proposal of 2022 “Statement of Internal Control System.”</li> <li>7. Proposal of amendments to the Company’s “Articles of Incorporation.”</li> <li>8. Proposal of amendments the Company’s “Corporate Governance Best Practice Principles.”</li> <li>9. Proposal of amendments to the Company’s “Operating Regulations for Financial Transactions between Related Enterprises.”</li> <li>10. Proposal to convent the 2023 regular shareholders’ meeting.</li> <li>11. Proposal to accept the proposals from shareholders with 1% or more shareholding.</li> <li>12. Comprehensive Re-election of Directors</li> <li>13. Accept matters related to the nomination of candidates for directors (including independent directors).</li> <li>14. Proposed list of candidates for directors (including independent directors) nominated by the board of directors.</li> <li>15. Lifting of “business strife limitation” for new directors of the Company.</li> <li>16. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the directors to attend the board meetings.</li> <li>17. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the directors to attend the shareholder meetings.</li> <li>18. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the independent directors to attend the Audit Committee meetings.</li> <li>19. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the Remuneration Committee members to attend the Remuneration Committee meetings.</li> <li>20. Discussion of the proposal of the Remuneration Committee’s deliberation for the compensation for the directors to conduct business.</li> <li>21. Discussion of the proposal of the Remuneration Committee’s deliberation for the compensation for the independent directors of Audit Committee to conduct business.</li> <li>22. Discussion of the proposal of the Remuneration Committee’s deliberation for the structure of monthly salary and paid amount for the chairman.</li> <li>23. Discussion of the establishment of a corporate governance supervisor in our company.</li> </ol> | <p>All attended directors approved without dissent, and the proposal was submitted to the regular shareholders’ meeting for resolution</p> <p>The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent.</p> |



| Meeting date | Cause  | Key resolution  |
|--------------|--|---|
|              | 24. Discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the managerial officers.<br>25. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 500 thousand and USD 200 thousand.   |   |
| 2023.05.12   | Report:<br>1. Audit result report of January-March 2023 effectiveness of internal control system.<br>2. Report on the Implementation of Corporate Governance, Sustainable Development, Corporate Integrity Management, and Stakeholder Communication in 2022, as well as the Specific Management Objectives and Current Achievements of the Diversification Policy for Board Members.<br>3. Proposal to renew the liability insurance of directors and managerial officers in 2023.  | The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent. |
| 2023.06.21   | 1. Planned election of the Chairman.<br>2. Appointment of the 5th Remuneration Committee members.<br>3. Election of the convener and meeting chair of the Remuneration Committee of the 5th term.<br>4. Proposal to elect the convener and meeting chair of the 2nd Audit Committee.   | The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent. |
| 2023.08.10   | 1. Proposal of Q2 2023 financial statements.<br>2. The compensation committee of our company reviews the 2022 remuneration distribution plan for our managers.<br>3. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 1 million.  | The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent. |
| 2023.11.09   | 1. Proposal of Q3 2023 financial statements.<br>2. 2024 Audit plan.<br>3. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 performance and the remuneration amount for the directors.<br>4. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 performance and the remuneration amount for the directors.<br>5. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 performance and the remuneration amount for the managerial officers.<br>6. Discussion of the proposal of the Remuneration Committee's deliberation for the 2024 annual working plan.<br>7. Proposal to extend the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 900,000. | The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent. |

12. Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
13. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

## V. Information on the professional fees of the attesting CPAs:

| Name of accounting firm | Names of CPAs    | Audit period | Audit fees | Non-audit fees | Total | Remarks |
|-------------------------|------------------|--------------|------------|----------------|-------|---------|
| PwC Taiwan              | Juanlu, Man-Yu   | 2023         | 1,930      | -              | 1,930 |         |
|                         | Feng, Ming-Chuan | 2023         |            |                |       |         |

- (I) Non-audit fee paid to the CPAs, the accounting firm to which the CPAs belong, and the its affiliates is more than one-fourth of the audit fee: None.
- (II) Accounting firm was changed and the audit fees paid for the fiscal year in which such change took place were lower than those for the previous fiscal year: None.
- (III) Audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more: None.

## VI. Information on replacement of certified public accountant: None.

Description of the Company's evaluation for the independence and competence of the CPA engaged:

Pursuant to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," the Company evaluates the independence and competence of the CPA engaged at least once per year. Accordingly, by referring the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence," the Company has established the evaluation items (as the table below), the accounting unit of the Company reviews the independence and competence of the CPAs engaged by the Company, and requests the CPAs to present the independence declaration, to be submitted to the Board for approval and engages the CPAs.

- (I) Evaluation content:

Established by referring Article 47 of Certified Public Accountant Act and Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10:

| Item   | Results   |
|--|---|
| 1. As of the latest attestation, the CPAs have not been changed for fewer than seven years.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. There is no material financial interests with the client.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Avoid any inappropriate relationship with the client.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. The CPAs should ensure the honesty, impartiality and independence of their assistants.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. The financial statements of the organization to which they served within the two years prior to their practices shall not be audited and attested by them.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 6. Must not offer their names as CPAs to be used by others.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 7. Not holding shares in the Company or affiliates.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 8. No money loaned from or to the Company or affiliates.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 9. No joint investment or profit-sharing relationship with the Company or affiliates.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 10. Not concurrently working for the Company or affiliates regularly, and receiving regular compensations.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 11. Not involving the management functions of the Company or affiliates that make decisions.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 12. Not concurrently operating other businesses that may lose their independence.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 13. Not related to the Company's management as a spouse, a lineal relative by blood, a lineal relative by marriage, or a relative within the second-degree kinship.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 14. Not receiving any commission related to the business they are in charge of.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 15. As of now, they have not been punished, nor damaged the principle of independence.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 16. Does the accountant have a direct or significant indirect financial interest in the company  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 17. Does the accountant engage in financing or guarantee activities with the company or its directors  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 18. Does the accountant have a close business relationship and potential employment relationship with the company  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 19. Have the accountants and their audit team members currently or in the past two years held any positions as directors, managers, or those that have a significant impact on the audit work in our company | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 20. Does the accountant provide non audit services to the company that may directly affect the audit work  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 21. Does the accountant represent the stocks or other securities issued by the company   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 22. Does the accountant serve as a defense for the company or coordinate conflicts with other third parties on behalf of the company   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 23. Does the accountant have a family relationship with a director, manager, or person who has a significant impact on the audit case of the company   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

(II) Performance and plans:

- I. Completed the audits of the Company's financial statement for each period as scheduled.
- II. Completed the financial audits of each period for overseas reinvestment as scheduled.
- III. Provided the Company's financial and tax consulting services from time to time.

(III) Evaluation results:

The CPAs, Ruan-Lu, Man-Yu and Feng, Ming-Chuan are independent from the Company, and deemed timely and adequate for providing the finance and taxation consultancy and attestation to the Company.

**VII. Chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.**

**VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

1. Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders Unit:  
Share

| Job title                                  | Name  | 2023                                |   | Current year up to April 15         |   |
|--|---|-------------------------------------|---|-------------------------------------|---|
|  |   | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) |
| Chairman                                   | Ling-Yu Investment Co., Ltd.<br>Representative: Wu, Jui-Hua<br>(date of appointment: June 20, 2023) | 0                                   | 0   | 0                                   | 0   |
| Director                                   | Ling-Yu Investment Co., Ltd.<br>Representative: He, Yi-Ru<br>(date of appointment: June 20, 2023)   |                                     |   |                                     |   |
| Director                                   | Pacific Worldwide Investment Co., Ltd.<br>Representative: Wu, Hsien-Tai                             |                                     |   |                                     |   |
| Director                                   | Pacific Worldwide Investment Co., Ltd.<br>Representative: Wu, Chiao-Chen                            | 0                                   | 0   | 0                                   | 0   |
| Shareholders with 10% shareholding or more | Pacific Worldwide Investment Co., Ltd.  |                                     |   |                                     |   |
| Director                                   | Wu, Chao-Wen  | 0                                   | 0   | 0                                   | 0   |
| Independent director                       | Su, Liang   | 0                                   | 0   | 0                                   | 0   |
| Independent director                       | Huang, Chien-Cheng  | 0                                   | 0   | 0                                   | 0   |
| Independent director                       | Chen, Wei-Zhi   | 0                                   | 0   | 0                                   | 0   |
| Independent director                       | Lin, Chung-Chang<br>(date of appointment: June 20, 2023)  | 0                                   | 0   | 0                                   | 0   |

| Job title   | Name   | 2023                                |   | Current year up to April 15         |   |
|---|--|-------------------------------------|---|-------------------------------------|---|
|   |  | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) |
| President   | Chen, Yi-Hung  | 0                                   | 0   | 0                                   | 0   |
| CEO   | Wu, Rui-Hua  | 0                                   | 0   | 83,000                              | 0   |
| Plant Chief   | Lin, Jin-Long  | 0                                   | 0   | 0                                   | 0   |
| Division Chief  | Liu, Wen-Wei   | 0                                   | 0   | 0                                   | 0   |
| Head of Finance Department and Head of Corporate Governance | Chao, Jia-Ling<br>(Date of appointment of Corporate Governance Director: March 24, 2023)               | 0                                   | 0   | 0                                   | 0   |
| Head of accounting department                               | Chen, Hsuan-Ju   | 0                                   | 0   | 0                                   | 0   |
| Shareholders with 10% shareholding or more                  | Wu, Hsien-Tai  | (78,000)                            | 0   | 0                                   | 0   |
| Chairman  | Pacific Worldwide Investment Co., Ltd.<br>Representative: Wu, Jui-Hua<br>(Discharged on June 20, 2023) | 0                                   | 0   | 0                                   | 0   |

(Note): Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

## 2. Information on Transfers of Shareholding

| Name          | Reason for transfer | Date of transaction | Counterparty | Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholder with 10% or more shareholding | No. of shares | Transaction price |
|---------------|---------------------|---------------------|--------------|---|---------------|-------------------|
| Wu, Rui-Hua   | Received as a gift  | 2024.01.08          | Lin, Ai-Yu   | Mother and daughter   | 83,000        | 29.20             |
| Wu, Hsien-Tai | Gift                | 2023.03.10          | Chen, Pin-Yu | Grandparents and grandchildren  | 78,000        | 31.10             |

## 3. Information on Pledges of Shareholding: none

## IX. Relationship information, if among the company's 10 largest shareholders any one

**is a related party or a relative within the second degree of kinship of another:**

Unit: shares April 15, 2024

| Name  | Shareholding  |                    | Shares held by spouse or minor children |                    | Total shareholding by nominee arrangements |                    | Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree. |                     | Remarks |
|---|---------------|--------------------|---|--------------------|--|--------------------|---|---------------------|---------|
|   | No. of shares | Shareholding ratio | No. of shares                           | Shareholding ratio | No. of shares                              | Shareholding ratio | Title (or name)   | Relationship        |         |
| Pacific Worldwide Investment Co., Ltd.                              | 6,790,856     | 16.00%             | —                                       | —                  | —  | —                  | —   | —                   |         |
| Ling-Yu Investment Co., Ltd.  | 6,450,000     | 15.20%             | —                                       | —                  | —  | —                  | —   | —                   |         |
| Wu, Hsien-Tai   | 3,956,459     | 9.32%              | 1,830,809                               | 4.31%              | 6,450,000                                  | 15.20%             | Lin, Ai-Yu  | Spouse              |         |
|   |               |                    |   |                    |  |                    | Wu, Chao-Wen  | Father and daughter |         |
| Lin, Ai-Yu  | 1,830,809     | 4.31%              | 3,956,459                               | 9.32%              | —  | —                  | Wu, Hsien-Tai   | Spouse              |         |
|   |               |                    |   |                    |  |                    | Wu, Chao-Wen  | Mother and daughter |         |
| Wu, Chao-Wen  | 965,069       | 2.27%              | —                                       | —                  | —  | —                  | Wu, Hsien-Tai   | Father and daughter |         |
|   |               |                    |   |                    |  |                    | Lin, Ai-Yu  | Mother and daughter |         |
| Wang, Wen-Hsiung  | 600,000       | 1.41%              | —                                       | —                  | —  | —                  | —   | —                   |         |
| Wu, Rui-Hua   | 248,613       | 0.59%              | 178,000                                 | 0.42%              | —  | —                  | Chen, Pin-Yu  | Mother and daughter |         |
| Wu, Chiao-Jen   | 200,998       | 0.47%              | —                                       | —                  | —  | —                  | —   | —                   |         |
| Citibank as custodian of Berkeley Capital SBL/PB investment account | 197,000       | 0.46%              | —                                       | —                  | —  | —                  | —   | —                   |         |
| Chen, Pin-Yu  | 178,000       | 0.42%              | —                                       | —                  | —  | —                  | Wu, Rui-Hua   | Mother and daughter |         |

**X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company**

Unit: thousand shares; % March 31, 2024

| Investee enterprise (Note)       | Investment by the Company |                    | Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company |                    | Total investment |                    |
|----------------------------------|---------------------------|--------------------|---|--------------------|------------------|--------------------|
|                                  | No. of shares             | Shareholding ratio | No. of shares   | Shareholding ratio | No. of shares    | Shareholding ratio |
| Pacific Worldwide Holdings Ltd.. | 5,000                     | 100%               | —   | —                  | 5,000            | 100%               |
| Mao Bao Vietnam Inc..            | 3,000                     | 100%               | —   | —                  | 3,000            | 100%               |
| Mao Bao (Shanghai) Trading Ltd.  | 150                       | 100%               | —   | —                  | 150              | 100%               |

Note: Investment adopting the equity method



## Four. Information on capital raising activities

### I. Capital and shares

#### (I) Source of share capital

##### 1. Formation of share capital

Unit: NT\$; share

| Month/year | Issued price | Authorized capital |             | Paid-in capital |             | Remarks   |   |       |
|------------|--------------|--------------------|-------------|-----------------|-------------|---|---|-------|
|            |              | No. of shares      | Amount      | No. of shares   | Amount      | Sources of capital  | Capital paid in by assets other than cash | Other |
| 1978.12    | 1,000        | 2,000              | 2,000,000   | 2,000           | 2,000,000   | Incorporation (cash)  | None                                      | None  |
| 1986.12    | 1,000        | 10,000             | 10,000,000  | 10,000          | 10,000,000  | Cash capital increase by NT\$8,000,000  | None                                      | None  |
| 1991.01    | 10           | 3,800,000          | 38,000,000  | 3,800,000       | 38,000,000  | Cash capital increase by NT\$28,000,000   | None                                      | None  |
| 1993.10    | 10           | 6,300,000          | 63,000,000  | 6,300,000       | 63,000,000  | Cash capital increase by NT\$25,000,000   | None                                      | None  |
| 1997.12    | 10           | 19,840,212         | 198,402,120 | 19,840,212      | 198,402,120 | Cash capital increase by NT\$47,250,000<br>Capital increase from surplus by NT\$54,810,000<br>Capital increase from reserve by NT\$33,342,120 | None                                      | None  |
| 1998.09    | 10           | 65,000,000         | 650,000,000 | 31,328,228      | 313,282,280 | Cash capital increase (Note 1) by NT\$100,000,000<br>Capital increase from surplus (Note 1) by NT\$14,880,160                                 | None                                      | None  |
| 1999.05    | 10           | 65,000,000         | 650,000,000 | 34,461,052      | 344,610,520 | Capital increase from surplus (Note 2) by NT\$25,062,590<br>Capital increase from reserve (Note 2) by NT\$6,265,650                           | None                                      | None  |
| 2000.08    | 10           | 65,000,000         | 650,000,000 | 39,630,211      | 396,302,110 | Capital increase from surplus (Note 3) by NT\$44,799,370<br>Capital increase from reserve (Note 3) by NT\$6,892,220                           | None                                      | None  |
| 2001.07    | 10           | 65,000,000         | 650,000,000 | 41,611,722      | 416,117,220 | Capital increase from reserve (Note 4) by NT\$19,815,110  | None                                      | None  |
| 2003.11    | 10           | 65,000,000         | 650,000,000 | 42,443,957      | 424,439,570 | Capital increase from surplus (Note 5) by NT\$8,322,350   | None                                      | None  |

Note: 1. Dated May 28, 1998, approved by the Securities and Futures Commission, MOF, with Letter (87) Tai-Cai-Zheng (I) No.45331.

2. Dated April 7, 1999, approved by the Securities and Futures Commission, MOF, with Letter (88) Tai-Cai-Zheng (I) No.31051.
3. Dated June 30, 2000, approved by the Securities and Futures Commission, MOF, with Letter (89) Tai-Cai-Zheng (I) No.56229.
4. Dated July 11, 2001, approved by the Securities and Futures Commission, MOF, with Letter (90) Tai-Cai-Zheng (I) No.144008.
5. Dated September 26, 2003, approved by the Securities and Futures Commission, MOF, with Letter (92) Tai-Cai-Zheng (I) No.144651.

2. Type of share

Unit: Share

| Type of share | Authorized capital |                 |            | Remarks            |
|---------------|--------------------|-----------------|------------|--------------------|
|               | Outstanding shares | Unissued shares | Total      |                    |
| Common shares | 42,443,957         | 22,556,043      | 65,000,000 | TWSE listed shares |

(II) Shareholder Composition:

Base date: June 13, 2024

| Shareholder composition<br>Quantity | Government agencies | Financial institutions | Other legal entities | Foreign institutions and foreign individuals | Individuals | Treasury shares | Total      |
|-------------------------------------|---------------------|------------------------|----------------------|--|-------------|-----------------|------------|
|                                     | No. of shareholders | 0                      | 0                    | 164  | 27          | 30,805          | 0          |
| No. of shares held                  | 0                   | 0                      | 13,307,095           | 623,108                                      | 28,513,754  | 0               | 42,443,957 |
| Shareholding ratio                  | 0.00%               | 0.00%                  | 31.35%               | 1.47%  | 67.18%      | 0.00%           | 100.00%    |

## (III) Distribution of Shareholding:

June 13, 2024

| Range of no. of shares held | No. of shareholders | No. of shares held | Shareholding ratio |
|-----------------------------|---------------------|--------------------|--------------------|
| 1 to 999                    | 24,583              | 195,326            | 0.46%              |
| 1,000 to 5,000              | 5,637               | 10,514,939         | 24.78%             |
| 5,001 to 10,000             | 521                 | 4,201,753          | 9.90%              |
| 10,001 to 15,000            | 104                 | 1,352,536          | 3.19%              |
| 15,001 to 20,000            | 50                  | 961,000            | 2.26%              |
| 20,001 to 30,000            | 45                  | 1,154,500          | 2.72%              |
| 30,001 to 40,000            | 18                  | 628,000            | 1.48%              |
| 40,001 to 50,000            | 8                   | 362,643            | 0.85%              |
| 50,001 to 100,000           | 15                  | 1,056,456          | 2.49%              |
| 100,001 to 200,000          | 7                   | 974,000            | 2.29%              |
| 200,001 to 400,000          | 2                   | 449,611            | 1.06%              |
| 400,001 to 600,000          | 1                   | 600,000            | 1.41%              |
| 600,001 to 800,000          | 0                   | 0                  | 0.00%              |
| 800,001 to 1,000,000        | 1                   | 965,069            | 2.27%              |
| 1,000,001 shares or more    | 4                   | 19,028,124         | 44.84%             |
| Total                       | 30,996              | 42,443,957         | 100.00%            |

## (IV) List of Major Shareholders:

June 13, 2024

| Shares  | No. of shares held | Shareholding ratio |
|---|--------------------|--------------------|
| Names of major shareholders   |                    |                    |
| Pacific Worldwide Investment Co., Ltd.                              | 6,790,856          | 16.00%             |
| Ling-Yu Investment Co., Ltd.  | 6,450,000          | 15.20%             |
| Wu, Hsien-Tai   | 3,956,459          | 9.32%              |
| Lin, Ai-Yu  | 1,830,809          | 4.31%              |
| Wu, Chao-Wen  | 965,069            | 2.27%              |
| Wang, Wen-Hsiung  | 600,000            | 1.41%              |
| Wu, Rui-Hua   | 248,613            | 0.59%              |
| Wu, Chiao-Jen   | 200,998            | 0.47%              |
| Citibank as custodian of Berkeley Capital SBL/PB investment account | 197,000            | 0.46%              |
| Chen, Pin-Yu  | 178,000            | 0.42%              |

Shareholders holding 5% or more in the total shares or top 10 shareholders in terms of shareholding

## (V) Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings

per share, dividends per share, and related information

Unit: NT\$

| Item                                  |   | Year                                | 2022     | 2023     | Current year up to<br>March 31, 2024<br>(Note 8) |
|---------------------------------------|---|-------------------------------------|----------|----------|--|
|                                       |   |                                     |          |          |  |
| Market price per<br>share<br>(Note 1) | Highest   |                                     | 53.80    | 38.40    | 38.75  |
|                                       | Lowest  |                                     | 25.65    | 22.75    | 27.15  |
|                                       | Average   |                                     | 43.93    | 31.89    | 33.95  |
| Net worth per<br>share                | Before distribution                             |                                     | 11.36    | 11.24    | 11.39  |
|                                       | After distribution                              |                                     | —        | —        | —  |
| Earnings per<br>share                 | Weighted average shares<br>(Thousand shares)    |                                     | 42,444   | 42,444   | 42,444   |
|                                       | Earnings per share (Note 3)                     |                                     | 0.12     | (0.14)   | 0.11   |
| Dividends per<br>share                | Cash dividends                                  |                                     | (Note 2) | (Note 2) | —  |
|                                       | Share<br>dividends                              | Dividends from<br>retained earnings | —        | —        | —  |
|                                       |   | Dividends from<br>capital reserve   | —        | —        | —  |
|                                       | Accumulated undistributed<br>dividends (Note 4) |                                     | —        | —        | —  |
| Return on<br>investment<br>analysis   | Price/earnings ratio (Note 5)                   |                                     | 284.00   | (195.00) | —  |
|                                       | Price/dividend ratio (Note 6)                   |                                     | (Note 2) | (Note 2) | —  |
|                                       | Cash dividend yield (Note 7)                    |                                     | (Note 2) | (Note 2) | —  |

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: No dividend was distributed by the Company in 2022 and 2023.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: The financial statements as of March 31, 2024 have been reviewed by an accountant.

Company's dividend policy and implementation thereof:

1. The Company's dividend policy is as follows:

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.

The Company's dividend policy is determined by considering the environment where the Company is and the stage of growth, based on the solid financial planning for the sustainable operation, and depending on the operation planning, future capital expenditure budget, and capital requirement; of which, the amount of cash dividends is no lower than 10% of the total shareholder dividends distributed, and the remaining amount may be distributed in shares. The distribution may be exempted if the cash dividend distributed to each share is less than NT\$0.1.

2. The proposed dividend distribution at this shareholders' meeting: At the Board of Directors' meeting on March 12, 2024, a resolution was passed to cover the deficit for the 2023 fiscal year. Due to the loss, no dividends will be distributed. This will be submitted for approval at this shareholders' meeting.

(VI) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

The Company has not disclosed the 2023 financial forecast and no stock dividend distribution, so it is not applicable.

(VII) Remunerations of employees, directors, and supervisors:

1. The information with respect to employee, director, and supervisor compensation, as set forth in the Company's articles of incorporation:

Where the Company makes profit for a year, no more than 2% of the profit before tax shall be provided as the director and supervisor remuneration, and 5%~8% is provided as the employee remuneration; however, the amount for compensation shall be set aside first if there is any accumulated losses. Employees entitled for the remuneration distribution: complying to the Procedures of Employee Remuneration Distribution.

2. The Company estimates of employees, directors and supervisors' remuneration based on the Company's net profit before tax with consideration of the factors including the legal reserves, to multiply by the distribution percentage specified in the articles of incorporation (currently 5-8% and 2%), to be recognized as the operating costs or expenses

for the year; however, for any difference between the actual distributed amount resolved by the shareholders' meeting and the estimates, such difference is recognized as profit or loss for the following year.

3. Information on any approval by the board of directors of distribution of remuneration:
  - (1) Remuneration in cash, shares, and remuneration to directors/supervisors: None.
  - (2) Number of shares to be distributed as employee stock compensation and the ratio of retained earnings to capital increase: None.
  - (3) The estimated earnings per share after considering the proposed distribution of employee remuneration and director remuneration: Not applicable.
  - (4) The Company's employees' remuneration and the directors' remuneration for 2023 have been estimated as the most appropriate amount based on past experience and recognized as expenses for the current year, so there has been no effect on the profit per share for the year.
4. The situation where the earnings of the previous year were used to distribute employees' remuneration, and directors and supervisors' remuneration:

For 2022, the Company distributed NT\$585,000 for the employees' remuneration and there was no remuneration for directors and supervisors.

(VIII) Status of a company repurchasing its own shares: None.

**II. Issuance of corporate bonds: None.**

**III. Issuance of preferred shares: None.**

**IV. Issuance of global depository receipts: None.**

**V. Issuance of employee share subscription warrants: None.**

**VI. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.**

**VII. Implementation of the Company's capital allocation plans**

I. Plan description: None.

II. Implementation: None.

## Five. Overview of operations

### I. Description of the business

#### (I) Scope of business

##### 1. Major lines of business

- (1) Manufacturing, wholesale and retail of cleaners.
- (2) Manufacturing, wholesale and retail of cosmetics.
- (3) International Trade.
- (4) Wholesale and retail of environmental agents .
- (5) Wholesale and retail of daily commodities.
- (6) Wholesale of assist food products.

##### 2. Current major products and the relative weight of each

| Category                 | Ratio % |
|--------------------------|---------|
| Detergent series         | 64.20%  |
| Domestic cleaning series | 28.09%  |
| Long-effect series       | 7.27%   |
| Others                   | 0.44%   |
| Total                    | 100.00% |

##### 3. Current products

| Category                    | Item   |
|-----------------------------|--|
| 1. Laundry Detergent        | Cold water wash, laundry detergent, collar wash/stain remover, softener, bleach, stain remover, and gel stain remover.   |
| 2. Domestic cleaning series | All purpose cleaner, glass cleaner, kitchen cleaner, bathroom cleaner, floor cleaner, washing machine cleaner, dishwashing liquid, the Little one toilet cleaner, water pot cleaner, tea stain remover, plumbing agent, sterilizing cleaner, vegetable and fruit wash, among other products. |
| 3. Long-effect series       | Hand gel, portable antibacterial liquid, household antibacterial liquid, body wash, hand wash, shampoo, and antibacterial hand gel.  |
| 4. Others                   | Mosquito repellent jelly, deodorizing jelly, fragrance hanging box, bamboo fragrance, gloves, dual sponges, mops, magic towel, and scouring pads.  |

4. New products planned for development: general environmental agents and biotech products.

## (II) Overview of the industry

### 1. Current status and development of the industry

As the income and living standards of the nationals are improved, consumers not only emphasize the how clean the household products and cleaning products for household environment would be, but tend to care about the ingredients and safety of cleaning products gradually. With the emphasis on environmental protection, consumers care more and more about the impact of domestic cleaners on the environment, and cleaning products made with biodegradable raw materials have also emerged. The domestic cleaner industry in the future has the following trends:

- (1) Multifunctional products are valued: in addition to the original cleaning function of detergents, consumers also emphasize whether the product has other additional functions; for example, antibacterial, soft, antistatic and other auxiliary functions are very popular among consumers.
- (2) The safety of detergent is a priority: since many cleaning products are in direct contact with the human body, the ingredients and safety of cleaning products have begun to become consumers' major consideration before purchasing.
- (3) Eco-friendly detergents are slowly emerging: due to the improvement of living standards, relative environmental awareness has gradually increased. Therefore, detergents such as biodegradable cleaning products causing no harm to the ecological environment have received the attentions from gradually.
- (4) Disinfection and sterilization products are hot sellers: due to the spread of bird flu, enterovirus, new influenza virus and COVID-19 in recent years, consumers are strongly concerned about the importance of personal hygiene and household cleaning; therefore, the products claiming functions of sterilization, disinfection, and anti-virus are sold very well, and this wave has not subsided yet.

### 2. Various development trends of products

The soap detergent industry includes all soaps and all detergents for household and personal washing. With the subdivision of the global industry, the improvement of human living standards, and stricter requirements on product safety and health, products that were originally categorized as soap cleaners are classified to cosmetics as long as they are applied to the external human body and contact with the skin. Currently, the scope of products and those directly related to the Company are roughly as below:

- (1) Fabric cleaning and care series: Laundry detergents, fabric softeners, laundry bleaches, functional additives such as stain remover, or detergent auxiliary.



- (2) Domestic cleaning series: Dish detergents, vegetables and fruit detergents, kitchen detergents, bathroom detergents, glass and furniture detergents, floor detergents, pipe detergents, and household fragrance.

Due to changes in raw materials, technologies, channels, and markets, several directions of evolution are described as below:

- (A) The market has developed into a buyer's market from a seller's market, and has deteriorated into a price market in recent years.
- (B) The products have evolved from low quality and low added-value to high quality and high added-value due to the benign competition among various brands over the years. However, in the past decade, due to the price market orientation, the products have had the average quality and low added-value.
- (C) The product prices change from homogeneity → diversity → competition → destructiveness.
- (D) The product focus shifted from cleaning, to simultaneous skin care, using natural raw materials, environmental protection, and energy saving and carbon reduction.
- (E) The products of the same manufacturer with single brand have been developed to various brands to meet the needs of the market and various aspects.
- (F) The products have evolved from a single function to a division of functions, and integration into all-in-one again.
- (G) The promotion and marketing approaches have been increasingly diversified, and TV media were the main tool of information. However, in recent years, due to the low added-values of products, advertising has been decreasing gradually.
- (H) As a result of numerous brands, the market segments have been increasingly shrunken, coupled with the weakened brand loyalty of consumers, and the price affects the consumption preference, resulting in strong substitution among brands.
- (I) Due to the low added-value of products, the domestic production conditions are gradually not lagging from competitions, and the products imported from abroad or re-imported by foreign plants have increased significantly.
- (J) Due to fierce market price competition, minimum product profit, and the fact that the hypermarket became the major sales pattern gradually in the decade, manufacturers have been charged a lot of improper fees, resulting in more compressed profit margins; therefore, in the R&D investments were cut, and new multi-functional products have been faded from the mainstream.

### 3. Links between the upstream, midstream, and downstream segments of the industry supply chain

The Company's main products are the fabric cleaning and care series: laundry detergents, fabric softeners, laundry bleaches, functional additives such as stain remover, or detergent auxiliary. Domestic cleaning series: Dish detergents, vegetables and fruit detergents, kitchen detergents, bathroom detergents, glass and furniture detergents, floor detergents, pipe detergents, and household fragrance. The relationship among the up, mid, and downstream in the industry from the supply of raw materials, the production and packaging process to the sale of finished cleaning products is described as below:

(1) Upstream: suppliers to provide raw materials, surfactants, margarine, fragrance, bottles, and labels for fabric cleaning and care and domestic cleaning products. (2) Midstream: mainly selling fabric cleaning and care series and domestic cleaning series through hypermarket channel, benefit product channel, department store and supermarket channel, distributor channels, and export. (3) Downstream: the end consumers actually using fabric cleaning care and domestic cleaning products include the hotel industry, professional laundry industry and the e-commerce channel.

### 4. Competition

As a result of fierce competition among medium and large chain channels, the profits of related suppliers have also been severely eroded. Therefore, the first priority is to effectively expand business and develop new channels. Corresponding to the aforesaid evolution direction, the following trends have emerged in terms of guidelines for production, management, marketing and strategic planning:

- Diversified operation

From the perspective of the entire industry, around the early 1950s, all manufacturers produced laundry detergents and laundry soaps. From the mid-to-late 1950s, manufacturers began to invest in the production of soaps continuously. In the 1960s, synthetic laundry detergents were the key items of diversified operation. Since the 1970s, shampoo (conditioner) and liquid cleansers have become members of the production lines in various manufacturers; during the two oil crises and the economic depression in the 1970s, manufacturers that failed to diversify were mostly unable to escape the fate of elimination. Thus, after the 1980s, the pace of diversification of the industry was accelerated.

- Vertically diversified operation:

Other than the products in the soap and detergent industry, the upstream raw materials for the production, as well as the downstream processed products: glycerin dodecylbenzene, surfactants, margarine, and fragrance.

- Horizontally diversified operation:
  - Raw material related: Production of cosmetics industry.
  - Usage related: Production of styling foam, hairdressing cream, ointment, among other things.
  - Sales channel related: Production of food, diapers, sanitary napkins, among other things.
  - Biotechnology related: Extending the foundation of the major business, and produce high value-added skin care products with high technology.

Regarding the business administration, diversifying risks and pursuing profits are the only ways for any company to seek good fortune and avoid bad luck. In particular, on the ever-changing international economic stage, Taiwanese industries, which lack of abundant resources, extremely tend to fluctuation due to the macro environment. The diversified operations are the important factor to ensure the survival of enterprises.

- Mutual cooperation among industries

For any industry, only the "mass production" meets the economic benefits, and is greatly helpful to technology development and cost reduction. The majority of the soap and detergent industry is concentrated in the domestic market. However, the domestic market has hardly grown in the past decade. Therefore, in the soap and detergent industry, mutual cooperation and commissioned production are very common; productions professional manufacturers to achieve "mass production" via the centralized production approach is quite necessary.

With the technological cooperation with foreign companies first, and then the joint ventures, most Taiwanese manufacturers have moved abroad in recent years. In the early days, the soap and detergent manufacturers and foreign companies were mostly cooperated for technologies. Later, due to the increasing trade deficits of the U.S., the U.S. requested the countries with huge trade surplus and trade barriers as protection measures, to lower tariffs and open markets. Therefore, during only several years, imports of daily necessities have flooded into Taiwan, by taking advantage of the appreciation of the New Taiwan Dollar against the US Dollar and the reduced tariffs.

As mentioned above, Taiwan is a market with high brand substitution and low consumer loyalty for daily necessities. In addition, with the preference of the imported products, the foreign daily necessities enter the market, and inherently the original market has been shared. To avoid such changes threatening the interests, the approach of "turning enemies into friends" is adopted through joint ventures or cooperative relationships, and to produce foreign brand products as an OEM, to mitigate the weakened productivity and marketing power of manufacturers.

(III) Overview of the company's technologies and its research and development work:

1. Research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Unit: NT\$ thousand

| Item \ Year     | 2023  | Current year up to March 31, 2024 |
|-----------------|-------|-----------------------------------|
| R&D expenditure | 5,028 | 1,240                             |

2. Products successfully developed: Deodorizing Laundry Detergent, Antibacterial Low Sudsing Baking Soda Laundry Detergent, Extra Strength All-Purpose Cleaner, Color Enhancing Laundry Detergent, Weihsiang Refrigerator Deodorant, and Weihsiang Fragrance Crystal Balls, Laundry Detergent for Sensitive Skin, 4X Concentrated Antibacterial Fabric softener, 2X Shrink Resistant and Color Guard Cold Water Wash, Compound Stain Remover Gel with Enzyme, 2X Antibacterial Dish Washing Liquid, Baking Soda Dish Washing Liquid, Bamboo Fragrance, Rice Cooker Cleaner, Body Wash for Infant and Toddler, Natural Mosquito Repellent, FEVO Textile Evolution Series, Rice Extra Dish Washing Liquid, PM2.5 Antibacterial Laundry Detergent, Antibacterial Spray, and MaoBao Pet Series, Crystal ball fragrance liquid soap, and Weihsiang antibacterial series, etc. Launched Maobao multi-enzyme clothing stain remover; Launched MaoBao Weiss Antibacterial Laundry Cleanser, and has awarded SNQ certification; Launched Maobao Baking Soda Food and Vegetable Washing Liquid Soap, and has awarded USDA certification.

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

1. Short-term business development plan: due to the fierce competition in chain channels such as supermarkets and hyper markets in recent years, the results of continuous promotions and advertisement of stores with the lowest prices have severely reduced the profits of suppliers. Facing the strong pressure on the channels, the Company has the following short-term business development plan in place:
  - (1) Strictly controlling channel fees: For the increased expenses of promotional activity not in the channel contract, the reasonableness of the expenses and the effect on improving performance will be carefully evaluated.
  - (2) Actively expanding new channels: In recent years, the Company has been actively investing in the development of channels for special sales and direct sales, seeking to mitigate the strong pressure of large chained channels, effectively expand business and improve sales performance.
  - (3) Actively launching new products: The Company will continue to research and innovate, to launch domestic cleaning products meeting the needs of consumers, and

face the fierce market competition with a positive attitude.

2. Long-term business development plan: In addition to the huge pressure on the distribution channels in recent years, the sharp fluctuations in the price of upstream raw materials have also caused the increase in the manufacturing costs of downstream manufacturers. For price compression and cost increase, the Company has the following long-term business development plans:
  - (1) Rebuild the brand image: The Company will actively establish the brand image of Mao Bao, increase the exposure and awareness of the brand, such as the broadcast of media advertisements, blog operations and participation in public welfare activities, to refresh consumers' impression of Mao Bao as an optimal brand, to improve brand loyalty and designation.
  - (2) Effective cost control: Due to the soaring price of crude oil, the prices of raw materials in the petrochemical industry have moved drastically. Therefore, the Company will actively seek suppliers around the world and exert its procurement bargaining power to effectively achieve cost control and further reduce costs.
  - (3) Expand foreign markets: In 2006, an overseas investment company was established to reinvest in Vietnam. The plant was completed in February 2012, and sales in Vietnam began in mid-2013.

While various challenges will be encountered in the future, Mao Bao will insist the concept of sustainable operation, actively expand its business, and continue to create a better future for employees and shareholders.

## **II. Analysis of the market as well as the production and marketing**

### **(I) Market analysis**

1. Geographic areas where the main products of the company are provided

The main sales channels of the Company's products are various domestic hypermarkets, supermarkets, benefit products, special merchandise and cosmetic/drug stores.

2. Demand and supply conditions for the market in the future and the market's growth potential

#### **(1) Analysis of the demand in the market**

Since manufacturers actively invest in the R&D and innovation of new products, the potential needs of consumers will continue to be developed to expand the overall market; in particular, when facing the era of segmentation and micro-profits, products with functional orientation, personalization, and higher added-value meet the needs of consumers better; in addition, with the implementation of environmental protection policies and the awareness of environmental protection is improved in Taiwan, products

with low consumption, low pollution, and less consumables will also become the mainstream of the market. Meanwhile, as the product information is full of market with high product homogeneity, consumers will be influenced when purchasing more by factors such as brand, visibility and promotion.

(2) Analysis of the supply in the market

The suppliers in the detergent market can basically be categorized as two: foreign and local. Foreign manufacturers take advantage of international marketing experiences and abundant marketing resources to capture the market; the local high-quality manufacturers adopt market segmentation policies to provide consumers with unique and high value-added products meeting their needs, to effectively penetrate the market and occupy their positions.

(3) Growth potential

In the future, the cleaner market will enter a period of integration. Other than strengthening the research and development of product functionality, all manufacturers must fully invest in product packaging, brand image building, marketing network establishment, advertisement and promotion, and business performance will be more important. Meanwhile, due to changes in consumption habits and rising awareness of environmental protection, the industry will develop towards personalization, functionality, diversification, high added-value, and clear segmentation. The demand for health, environmental protection, nature, and peace of mind is the direction of appeal.

With the improvement of economic incomes and the increase of elderly population, to provide consumers with better products and quality, the Company has invested a great amount of money and manpower to develop personal and domestic cleaning products that meet consumer needs.

3. Competitive edges, positive and negative factors for future development, and the company's response to such factors

(1) Competitive edges

- a. Optimal brand image, high awareness, and good product quality
- b. Capabilities of research and development for new products
- c. Perfect marketing channel network
- d. Sound financial structure
- e. Excellent management team

- f. Highly digitized enterprises
- (2) Positive and negative factors for future development, and the company's response to such factors

**[Positive factors]**

**A. With the improvement of national income and quality of life, as well as changes in consumption behavior, there is a great potential for product demand.**

The domestic cleaning products produced and sold by the Company will grow steadily along with the increase in the number of residential households of the consumer population in Taiwan, the increase in national income, the change in the cleaning habits of Taiwanese, and the continuous introduction of products with new formula and high added-value emphasizing special functions to stimulate consumer demands.

**B. Excellent brand image deeply recognized by consumers.**

The Company has been creating an excellent brand image with excellent product quality and reputation for a long time. For example, Mao Bao cold water wash for hand-washing high-end clothes is not only a leading brand in the market, but also widely recommended by major clothing brands; additionally, the all-purpose series of laundry detergents and cold water wash are also well-known brands of liquid laundry detergent in Taiwan. Mao Bao softener is the first softener containing natural ingredients and well received by the market. And Mao Bao antibacterial dish washing liquid is the first bottle of antibacterial dish washing liquid certified by a medical institution in Taiwan. It not only became a hot product of the year, but also has triggered an antibacterial trend in the domestic dish washing liquid market, winning the feedbacks and affirmation from consumers. Therefore, the excellent brand image has always been the biggest advantage of the Company's marketing.

**C. Strong research and development capabilities that are able to create demands, and adaptive to changes in the market environment all the time.**

With the improvement of the quality of life and the awareness of environmental protection and health, consumers' demand for cleaning products will gradually transform from the physical demand for cleaning power to the psychological demand for merchandise power and brand power. The Company has outstanding research and development capabilities, and has engaged in product research and innovation for more than three decades to , establish its own brands, such as the Mao Bao series, the all-purpose series, the Color Guard series, the Ultra

series and the Little Thing series. As the strong research and development capabilities have always been committed to the business philosophy of environmental protection, the Company's products always give consumers a positive image of high-end, progressive, safe, reliable and environmentally friendly. Because the products are developed in-house, they are absolutely independent and autonomous, and thus the market competition edges are enhanced.

**D. The well-rounded marketing channels are in the control to establish the enterprise advantages.**

The ability to control channels is actually the key to a company's success. Harmony and effective channel operation and management not only create the competitive advantages owned by an enterprise, but also serve the public to improve the quality of life for the public. The Company has been established for 40 years. Due to the ethical management, it has established a good cooperative relationships with marketing channels for a long time. Therefore, the Company has a well-rounded marketing network. Via the collaboration of distributors and agents, the penetration rate at each channel has been high, with more than 7,000 points of sales in Taiwan. In nutshell, the Company has been able to effectively control the marketing channels. Furthermore, to cooperate with its future launch into an all-rounded business model, it will develop toward a full range of personal and domestic cleaning products, and actively develop special sales channels such as gas stations and gifts to establish corporate advantages.

**E. With an international perspective and the ability to act as an agent to introduce and sell foreign products.**

Responding to the improvement of consumers' consumption levels and ever-changing use habits, Mao Bao began to act as the agent of Spontex, the world's premium and best quality viscose and gloves professional French manufacturer in 1999, providing consumers with more convenient and easier household products. In addition, Mao Bao also actively collects information on foreign products, and contacts and cooperates with excellent foreign manufacturers to introduce products suitable for sales in Taiwan.

**F. Able to develop innovative products and predict market trends.**

The four major business philosophies of Mao Bao are the ethical management, research and innovation, commitment to environmental protection, and feedback to the society. Mao Bao has continued to research and develop products meeting the needs of consumers actively, and led the market to launch Mao Bao washing machine cleaner and natural water pot cleaners, seeking to provide consumers for a cleaner home life.



**[Negative factors and responses]**

**A. Domestic labor costs continue to rise, and labor shortages increase operating costs.**

Countermeasures:

- a. The Company expanded the plant and invested to add the automated production equipment, for reducing production costs, and effectively improving production capacity and warehouse management performance.
- b. The Company actively invests in the production of heavy-duty packs to reduce costs and comply with trends of environmental protection.
- c. In the situation where the Company controls the process formula, technologies and self-owned brand, and commission the manufactures of some products to OEMs to lower the costs.
- d. The Company seeks international raw material suppliers for improving procurement bargaining power to effectively reduce costs.

**B. Responding to the government's vigorous promotion of trade liberalization policies, foreign goods have flooded into Taiwan, resulting in intensified market competition.**

Countermeasures:

- a. The Company is committed to the research and development of products with market niches, and invests in biochemical preparations, personal cleaning and hygiene products, to provide products that better meet the up-close needs of consumers and required for the environmental protection.
- b. Looking for excellent manufacturers locally and at overseas, to serve as an agent to sell their excellent products, while expanding the existing product lines through strategic alliances, to increase profit margins. Currently, it is the agent of the Spontex series products of the French company, Spontex, with humongous response.
- c. Developing manufacturing technologies for related upstream and downstream industries, so that the overall manufacturing processes can enjoy the synergistic effects.

**C. Channel competition and the emergence of pragmatic consumption concept make some related daily cleaning products to become targets of price-cutting**

**competition.**

Countermeasures:

- a. The Company will strengthen the good cooperative relationships with the original channels, and to respond to the characteristics of channels, the Company adopts different packaging specifications as divisions, and actively promotes the cooperative promotion programs, for the mutually benefit and co-prosper with the channels.
- b. The Company will accelerate its entry into professional channels such as pharmacies, cosmetic shops, and beauty material shops, and develop new channels such as gifts, professional usage, and group consumer markets, to reduce the influence from the possibly reducing original channel markets, to expand sales presence, and strive for greater market shares, to obtain higher profits and avoid price competitions.

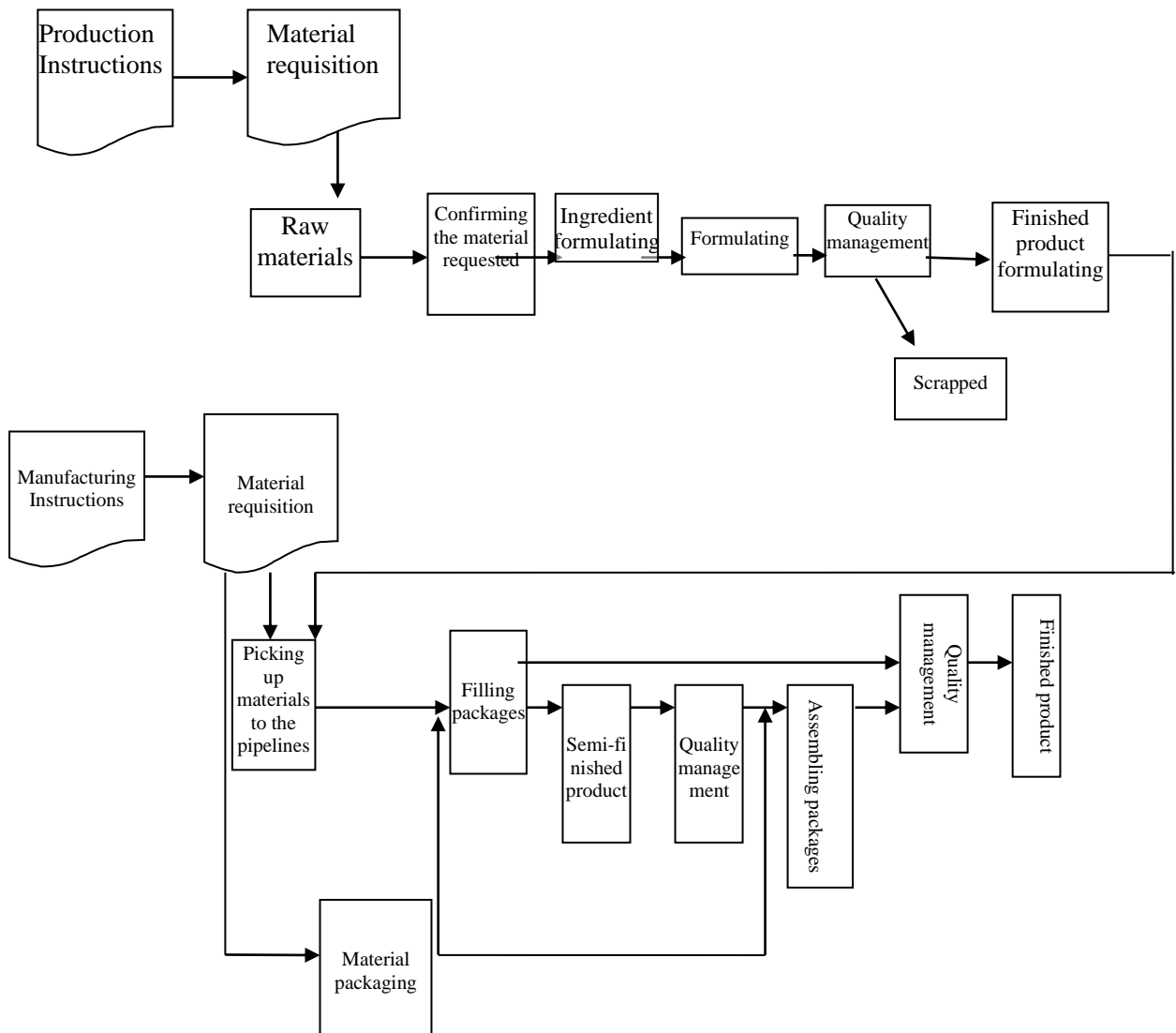
(II) Usage and manufacturing processes for the company's main products

1. Main usage of the main products:

| Product                       | Usage or function  |
|-------------------------------|--|
| Cold water wash               | Used for washing and maintenance of high-end clothes   |
| Collar wash                   | For removing stain at a local position or special maintenance of clothes   |
| Laundry detergent             | Used for washing, color protection and maintenance of clothes  |
| Domestic cleaning products    | Used for cleaning, deodorizing and maintaining the household washing machines, bathroom equipment, kitchens and floors   |
| Dish Washing Liquid           | Used to wash dishes, prevent bacterial infection and protect hands   |
| Long-effect protection series | Obtained the technology transfer contract of the National Taiwan University R&D team, to develop the NTU Nano Bio NO.1 formula Protection Series. The products can form an effective protective film on the surface of objects, effectively avoiding external contamination, and providing consumers with overall and complete protection. |
| Others                        | For domestic cleaning (kitchen and floor), personal cleaning and maintenance   |

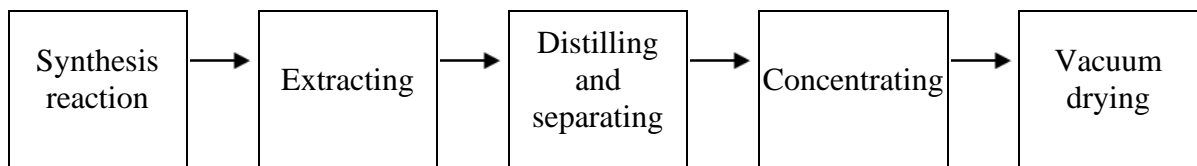
2. Manufacturing processes

- (1) Manufacturing process of laundry detergent, cold water wash, softener, and dish washing liquid.

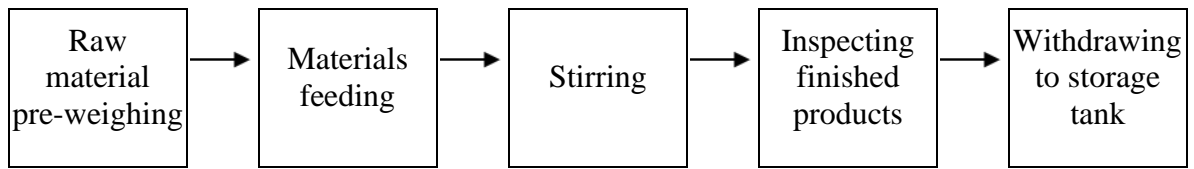


(2) Manufacturing process of synthetic raw materials of NTU Nano Bio NO.1, hand gel, long-effect portable protective liquid, household protective liquid, and long-effect protective concentrated liquid:

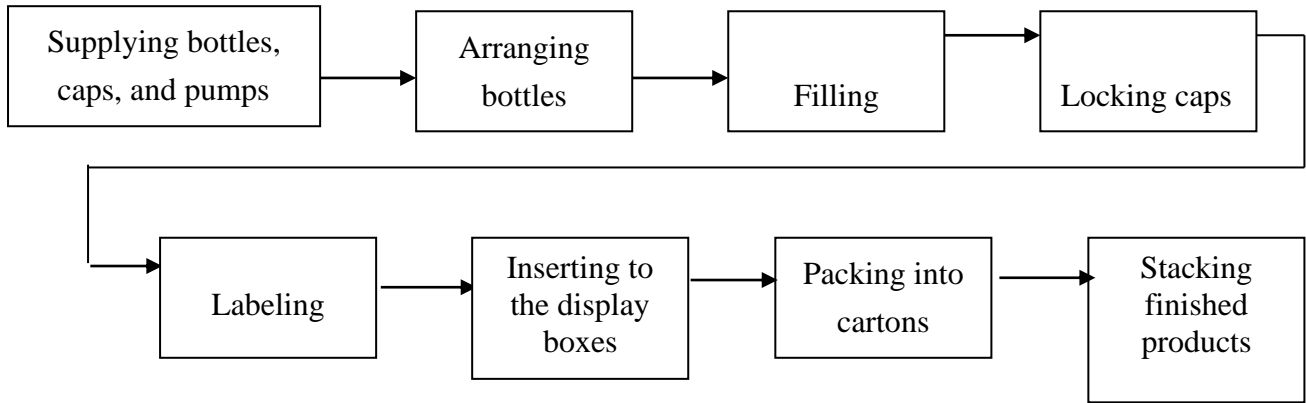
A. Synthesis of raw materials



B. Ingredient formulating:



C. Packaging:



(III) Supply situation for the company's major raw materials

Most of the Company's main raw materials are purchased domestically, and the sources can be fully controlled. The Company has long history of doing business with suppliers, and the quality is maintained at a certain level. Also, due to the bulk purchase, the unit prices of incoming materials are also reduced, and the supply of raw materials is stable.

(IV) List of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years

1. Information on Major Suppliers for the Most Recent 2 Years

Unit: NT\$ thousand

|      | 2022          |         |  |                              | 2023          |         |  |                              | Q1 2024       |        |   |                              |
|------|---------------|---------|--|------------------------------|---------------|---------|--|------------------------------|---------------|--------|---|------------------------------|
| Item | Name          | Amount  | Percentage of annual net purchases (%) | Relationship with the issuer | Name          | Amount  | Percentage of annual net purchases (%) | Relationship with the issuer | Name          | Amount | Percentage of net purchases up to Q1 2024 (%) | Relationship with the issuer |
| 1    | Company A     | 37,241  | 14%                                    | None                         | Company A     | 29,518  | 11%                                    | None                         | Company A     | 8,460  | 12%   | None                         |
| 2    | Company B     | 31,694  | 12%                                    | None                         | Company B     | 19,841  | 8%                                     | None                         | Company B     | 5,544  | 8%  | None                         |
| 3    | Company C     | 16,055  | 6%                                     | None                         | Company C     | 15,589  | 6%                                     | None                         | Company C     | 4,138  | 6%  | None                         |
| 4    | Others        | 198,735 | 68%                                    |                              | Others        | 195,643 | 75%                                    |                              | Others        | 49,675 | 73%   |                              |
|      | Net purchases | 283,725 | 100%                                   |                              | Net purchases | 260,591 | 100%                                   |                              | Net purchases | 67,817 | 100%  |                              |

2. Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NT\$ thousand

|      | 2022      |         |                                    |                              | 2023      |         |                                    |                              | Q1 2024   |         |   |                              |
|------|-----------|---------|------------------------------------|------------------------------|-----------|---------|------------------------------------|------------------------------|-----------|---------|---|------------------------------|
| Item | Name      | Amount  | Percentage of annual net sales (%) | Relationship with the issuer | Name      | Amount  | Percentage of annual net sales (%) | Relationship with the issuer | Name      | Amount  | Percentage of net sales up to Q1 2024 (%) | Relationship with the issuer |
| 1    | Company A | 137,038 | 23%                                | None                         | Company A | 135,509 | 24%                                | None                         | Company A | 33,801  | 23%                                       | None                         |
| 2    | Company B | 67,348  | 11%                                | None                         | Company B | 61,438  | 11%                                | None                         | Company B | 18,834  | 13%                                       | None                         |
| 3    | Company C | 40,691  | 7%                                 | None                         | Company C | 42,840  | 8%                                 | None                         | Company C | 18,070  | 12%                                       | None                         |
| 4    | Others    | 342,024 | 59%                                |                              | Others    | 314,472 | 57%                                |                              | Others    | 78,768  | 52%                                       |                              |
|      | Net sales | 587,101 | 100%                               |                              | Net sales | 554,259 | 100%                               |                              | Net sales | 149,473 | 100%                                      |                              |

- (V) An indication of the production volume and value for the 2 most recent fiscal years

Unit: NT\$ thousand; kg/pack/pcs

| Production volume and value | Year | 2022                |                   |                  | 2023                |                   |                  |
|-----------------------------|------|---------------------|-------------------|------------------|---------------------|-------------------|------------------|
|                             |      | Production capacity | Production volume | Production value | Production capacity | Production volume | Production value |
| Main products               |      |                     |                   |                  |                     |                   |                  |
| Detergent series            |      | —                   | 12,025,818        | 239,450          | —                   | 10,610,884        | 211,381          |
| Domestic cleaning series    |      | —                   | 3,452,080         | 82,754           | —                   | 3,008,650         | 82,961           |
| Long-effect series          |      | —                   | 68,547            | 20,482           | —                   | 52,945            | 19,969           |
| Other                       |      | —                   | 9,487             | 933              | —                   | 2,191             | 274              |
| Total                       |      | —                   | 15,555,932        | 343,619          | —                   | 13,674,670        | 314,585          |

Note: productions of all products are replaceable.

- (VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; kg/pack/pcs

| Sales volume and value   | Year | 2022       |         |         |        | 2023       |         |         |        |
|--------------------------|------|------------|---------|---------|--------|------------|---------|---------|--------|
|                          |      | Local      |         | Export  |        | Local      |         | Export  |        |
|                          |      | Volume     | Value   | Volume  | Value  | Volume     | Value   | Volume  | Value  |
| Main products            |      |            |         |         |        |            |         |         |        |
| Detergent series         |      | 11,916,487 | 360,090 | 361,556 | 15,775 | 10,686,055 | 345,247 | 311,136 | 10,585 |
| Domestic cleaning series |      | 3,160,029  | 144,289 | 319,200 | 19,617 | 3,460,904  | 153,916 | 26,345  | 1,756  |
| Long-effect series       |      | 61,396     | 45,399  | 0       | 0      | 39,048     | 40,305  | 0       | 0      |
| Other                    |      | 5,878      | 1,931   | 0       | 0      | 17,791     | 2,450   | 0       | 0      |
| Total                    |      | 15,143,790 | 551,709 | 680,756 | 35,392 | 14,203,798 | 541,918 | 337,481 | 12,341 |

### III. Number of employees employed

| Year                              |                          | 2022  | 2023  | Current year up to March 31, 2024 |
|-----------------------------------|--------------------------|-------|-------|-----------------------------------|
| Number of employees               | Direct manpower          | 27    | 29    | 28                                |
|                                   | Indirect manpower        | 130   | 133   | 133                               |
|                                   | Total                    | 157   | 162   | 161                               |
| Average age                       |                          | 44.8  | 45.2  | 45.6                              |
| Average years of service          |                          | 10.6  | 10.4  | 10.7                              |
| Education distribution percentage | Ph.D.                    | 0     | 0     | 0                                 |
|                                   | Master's degree          | 9.6%  | 9.3%  | 10.6%                             |
|                                   | College                  | 54.8% | 57.4% | 55.3%                             |
|                                   | Senior high school       | 23.6% | 24.1% | 24.8%                             |
|                                   | Below senior high school | 12.1% | 9.3%  | 9.3%                              |

### IV. Disbursements for environmental protection

- (I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents: None of such situation.
- (II) Future countermeasures and possible expenditures: On the premise of pursuing balanced development and sustainable operation, Mao Bao has promised externally that the Company is determined to protect the environment and maintain community safety. Internally, it requires employees to improve their expertise, and continuously create environmentally friendly products benefitting the public, and take safety, health and environmental protection as the Company's basic considerations for sustainable operation. The deficiencies discovered through the audit by environment and safety personnel are included in the improvement priorities to be continuously improved through the PDCA cycle, to comply with the law and enhance corporate image.

The Company's main types of industrial waste are sludge, waste plastics, and waste containers. There are no harmful industrial waste, and all industrial waste is entrusted to legal cleaning and transportation companies to be sent to legal treatment plants for disposal. Recycling is the main treatment method, never reducing the impact on the environment.

### V. Labor relations

- (I) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests are listed as below:

1. Employee benefit plans

- (1) Gift money for Chinese New Year, three major festivals, childbirth, and birthdays.
- (2) Labor and National Health Insurance.
- (3) Condolence money for hospitalization and funerals.
- (4) Subsidies for group travel.
- (5) Scholarships and education grants for employees and children.
- (6) Others: The disbursement of emergency relief funds and disaster aid have made the Company's employees to feel the Company's care.

## 2. Education and training

The Company values the employee education and training, holds internal education and training and participates in external seminars on related businesses from time to time, to enhance the expertise and competitiveness of employees.

## 3. The retirement system and its implementation

- (1) Old system: based on the employee retirement procedures established pursuant to the Labor Standards Act before June 30, 2005, all permanent employees who have certain service years may receive pensions pursuant to the procedures; the approved contribution rate of 2% is applied on the total monthly salaries to contribute the labor retirement reserves to be deposited in the dedicated account with Bank of Taiwan Bank for custody and utilization.
- (2) New system: based on employee retirement procedures established pursuant to the Labor Pension Act after July 1, 2005 (July 1 inclusive), all permanent employees may receive pensions pursuant to the procedures; pensions are contributed every month to be deposited in the personal labor pension account established by the Labor Insurance Bureau.

## 4. Labor-management negotiation

The Company values the opinions of employees, and the opinions of employees are communicated and coordinated through channels to maintain good labor relations. Therefore, since the incorporation of the Company, there has been no dispute or negotiation.

- (II) Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken are as follows:

The Company has formulated the employee rules and implementation rules, with a comprehensive plan from employment, promotion, until retirement, as the regulations to be conform to by the Company and employees. The Company has not had any labor disputes so far. In the future, the



Company will continue and actively promote various employee welfare measures, so no loss due to labor dispute is expected to be sustained.

## VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

1. Cyber security risk management framework: the Company's information department is an independent department that from units of users. It is responsible for coordinating and implementing information security policies, promoting information security information, improving employees' awareness of information security, and collecting and improving technologies, products or programs of the Company's information security management system. The audit department regularly conducts information security inspections to evaluate the effectiveness of the internal control of the Company's information operations.
2. Cyber security policy: to operate and execute the Company's various information management systems effectively thoroughly, maintain the confidentiality, integrity, and availability of important information systems, to ensure the safe operation and maintenance of information systems and equipment networks, for achieving the goals of sustainable operation. (1) Complying with the information security system and regulating the operating conducts; (2) Building information security equipment and implementing the information security management; (3) Strengthening the education and training to improve information security awareness (4) Doing a good job in emergency response and rapid disaster recovery; (5) Promoting the continuous improvement to ensure sustainable operation.
3. Cyber security management measures

| Type                  | Description  | Related operations   |
|-----------------------|--|--|
| Permission management | Managerial measures for personnel accounts, permission management, and system operating conducts | Personnel account permission management and review<br>Regular inventory of personnel account permissions   |
| Access management     | Controlling measures for access to internal and external systems and data transmission channels  | Internal/external access control measures<br>Operational behavior trace record   |
| External threat       | Potential internal vulnerabilities, infected channels and protective measures                    | Mainframe/computer vulnerability detection and measures of updates<br>Virus protection and malware detection   |
| System availability   | System availability status and treatment service interruptions                                   | System/network availability status monitoring and reporting mechanism<br>Contingency measures for service interruption<br>Information backup measures, local/remote backup mechanism |

| Type | Description | Related operations               |
|------|-------------|----------------------------------|
|      |             | Regular disaster recovery drills |

4. Resources invested in cyber security: each computer has the anti-virus software installed, and internal and external firewalls are also established, with regular information security education and training arranged.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

**VII. Important contracts: None.**

## Six. Overview of Financial Status

### I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby

(I) Condensed balance sheets and statements of comprehensive income - IFRS

Condensed balance sheets - consolidated

Unit: NT\$ thousand

| Year   |                     | Financial Information for the Most Recent 5 Years (Note 1) |         |         |         |         |   |
|--|---------------------|--|---------|---------|---------|---------|---|
|  |                     | 2019   | 2020    | 2021    | 2022    | 2023    | Current year up to March, 2024 (Note 2) |
| Item   |                     |  |         |         |         |         |   |
| Current assets                                     |                     | 376,327  | 437,452 | 456,183 | 427,953 | 413,542 |   |
| Property, Plant and Equipment                      |                     | 186,833  | 184,028 | 182,429 | 181,181 | 197,516 |   |
| Intangible assets                                  |                     | 1,831  | 1,112   | 496     | 277     | 1,221   |   |
| Other assets                                       |                     | 30,729   | 28,030  | 30,719  | 44,677  | 39,649  |   |
| Total assets                                       |                     | 595,720  | 650,622 | 669,827 | 654,088 | 651,928 |   |
| Current liabilities                                | Before distribution | 113,514  | 135,034 | 159,028 | 140,896 | 146,110 |   |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |
| Non-current liabilities                            |                     | 28,143   | 25,067  | 24,953  | 30,925  | 28,933  |   |
| Total Liabilities                                  | Before distribution | 141,657  | 160,101 | 183,981 | 171,821 | 175,043 | 0                                       |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |
| Equity attributed the owners of the parent company |                     | 454,063  | 490,521 | 485,846 | 482,267 | 476,885 | 0                                       |
| Share capital                                      |                     | 424,439  | 424,439 | 424,439 | 424,439 | 424,439 |   |
| Capital reserve                                    |                     | 2,704  | 2,704   | 2,704   | 2,704   | 2,704   |   |
| Retained earnings                                  | Before distribution | 32,971   | 71,829  | 68,151  | 60,654  | 55,781  |   |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |
| Other equities                                     |                     | (6,051)  | (8,451) | (9,448) | (5,530) | (6,039) |   |
| Treasury shares                                    |                     | —  | —       | —       | —       | —       | —                                       |
| Non-controlling interests                          |                     | —  | —       | —       | —       | —       | —                                       |
| Total equity                                       | Before distribution | 454,063  | 490,521 | 485,846 | 482,267 | 476,885 | 0                                       |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |

Note 1: The aforesaid financial information of each year has been audited by CPAs.

Note 2: The Q1 2024 financial information has been audited by CPAs.

Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

| Item   | Year    | Financial Information for the Most Recent 5 Years (Note 1) |         |         |         |   | Current year up to March, 2024 (Note 2) |
|--|---------|--|---------|---------|---------|---|---|
|  | 2019    | 2020   | 2021    | 2022    | 2023    |   |   |
| Operating Revenue  | 596,066 | 620,713  | 619,352 | 587,101 | 554,259 |   |   |
| Gross Profit   | 263,914 | 279,248  | 246,026 | 222,544 | 215,264 |   |   |
| Operating Income   | 29,101  | 46,726   | 17,227  | (3,595) | (7,053) |   |   |
| Non-operating Income and Expenses                            | (82)    | (1,234)  | 6,672   | 12,492  | 3,326   |   |   |
| Profit Before Income Tax                                     | 29,019  | 45,492   | 23,899  | 8,897   | (3,727) |   |   |
| Net income for the period from continuing operations         | 24,858  | 38,595   | 19,409  | 5,167   | (6,057) |   |   |
| Loss from discontinued operations                            | —       | —  | —       | —       | —       | — |   |
| Net income (loss) for the period                             | 24,858  | 38,595   | 19,409  | 5,167   | (6,057) |   |   |
| Other comprehensive income (loss) for the period (net)       | (348)   | (2,137)  | (2,862) | 6,109   | 675     |   |   |
| Total comprehensive income for the period                    | 24,510  | 36,458   | 16,547  | 11,276  | (5,382) |   |   |
| Net income attributable to owners of parent                  | 24,858  | 38,595   | 19,409  | 5,167   | (6,057) |   |   |
| Net income (loss) attributable to non- controlling interests | —       | —  | —       | —       | —       | — |   |
| Comprehensive income attributed to owners of parent company  | 24,510  | 36,458   | 16,547  | 11,276  | (5,382) |   |   |
| Comprehensive income attributed to non-controlling interest  | —       | —  | —       | —       | —       | — |   |
| Earnings per share   | 0.59    | 0.91   | 0.46    | 0.12    | (0.14)  |   |   |

Note 1: The aforesaid financial information of each year has been audited by CPAs.

Note 2: The Q1 2024 financial information has been audited by CPAs.

Condensed balance sheets - parent-only

Unit: NT\$ thousand

| Year   |                     | Financial Information for the Most Recent 5 Years (Note 1) |         |         |         |         | Current year up to March, 2024 (Note 2) |
|--|---------------------|--|---------|---------|---------|---------|---|
|  |                     | 2019   | 2020    | 2021    | 2022    | 2023    |   |
| Item   |                     |  |         |         |         |         |   |
| Current assets                                     |                     | 349,734  | 412,324 | 425,695 | 399,503 | 385,637 | —                                       |
| Property, Plant and Equipment                      |                     | 154,371  | 154,141 | 151,097 | 148,738 | 166,170 | —                                       |
| Intangible assets                                  |                     | 1,805  | 1,014   | 331     | 90      | 1,117   | —                                       |
| Other assets                                       |                     | 86,260   | 79,016  | 84,279  | 100,104 | 90,130  | —                                       |
| Total assets                                       |                     | 592,170  | 646,495 | 661,402 | 648,435 | 643,054 | —                                       |
| Current liabilities                                | Before distribution | 109,964  | 130,907 | 150,603 | 135,243 | 137,236 | —                                       |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |
| Non-current liabilities                            |                     | 28,143   | 25,067  | 24,953  | 30,925  | 28,933  | —                                       |
| Total Liabilities                                  | Before distribution | 138,107  | 155,974 | 175,556 | 166,168 | 166,169 | —                                       |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |
| Equity attributed the owners of the parent company |                     | 454,063  | 490,521 | 485,846 | 482,267 | 476,885 | —                                       |
| Share capital                                      |                     | 424,439  | 424,439 | 424,439 | 424,439 | 424,439 | —                                       |
| Capital reserve                                    |                     | 2,704  | 2,704   | 2,704   | 2,704   | 2,704   | —                                       |
| Retained earnings                                  | Before distribution | 32,971   | 71,829  | 68,151  | 60,654  | 55,781  | —                                       |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |
| Other equities                                     |                     | (6,051)  | (8,451) | (9,448) | (5,530) | (6,039) | —                                       |
| Treasury shares                                    |                     |  |         |         |         |         | —                                       |
| Non-controlling interests                          |                     |  |         |         |         |         | —                                       |
| Total equity                                       | Before distribution | 454,063  | 490,521 | 485,846 | 482,267 | 476,885 | —                                       |
|  | After distribution  | —  | —       | —       | —       | —       | —                                       |

Note 1: The aforesaid financial information of each year has been audited by CPAs.

Note 2: No parent-only financial statement was prepared for Q1 2024.

Condensed statement of comprehensive income - parent-only

Unit: NT\$ thousand

| Item   | Year    | Financial Information for the Most Recent 5 Years (Note 1) |         |         |         |   | Current year up to March, 2024 (Note 2) |
|--|---------|--|---------|---------|---------|---|---|
|  | 2019    | 2020   | 2021    | 2022    | 2023    |   |   |
| Operating Revenue  | 543,040 | 582,654  | 584,417 | 542,587 | 517,896 | — |   |
| Gross Profit   | 219,539 | 244,882  | 221,140 | 198,235 | 194,517 | — |   |
| Operating Income   | 32,931  | 49,915   | 18,759  | (2,063) | (3,885) | — |   |
| Non-operating Income and Expenses                            | (3,982) | (4,483)  | 4,875   | 10,501  | (326)   | — |   |
| Profit Before Income Tax                                     | 28,949  | 45,432   | 23,634  | 8,438   | (4,211) | — |   |
| Net income for the period from continuing operations         | 24,858  | 38,595   | 19,409  | 5,167   | (6,057) | — |   |
| Loss from discontinued operations                            | —       | —  | —       | —       | —       | — |   |
| Net income (loss) for the period                             | 24,858  | 38,595   | 19,409  | 5,167   | (6,057) | — |   |
| Other comprehensive income (loss) for the period (net)       | (348)   | (2,137)  | (2,862) | 6,109   | 675     | — |   |
| Total comprehensive income for the period                    | 24,510  | 36,458   | 16,547  | 11,276  | (5,382) | — |   |
| Net income attributable to owners of parent                  | 24,858  | 38,595   | 19,409  | 5,167   | (6,057) | — |   |
| Net income (loss) attributable to non- controlling interests | —       | —  | —       | —       | —       | — |   |
| Comprehensive income attributed to owners of parent company  | 24,510  | 36,458   | 16,547  | 11,276  | (5,382) | — |   |
| Comprehensive income attributed to non-controlling interest  | —       | —  | —       | —       | —       | — |   |
| Earnings per share   | 0.59    | 0.91   | 0.46    | 0.12    | (0.14)  | — |   |

Note 1: The aforesaid financial information of each year has been audited by CPAs.

Note 2: No parent-only financial statement was prepared for Q1 2024.

(II) Names of CPAs and independent auditor's opinion given thereby

| Year | Name of accounting firm | Name of CPA                           | Independent auditor's opinion |
|------|-------------------------|---------------------------------------|-------------------------------|
| 2019 | PwC Taiwan              | Juanlu, Man-Yu<br>Lin, Ya-Hui         | Unqualified opinion.          |
| 2020 | PwC Taiwan              | Juanlu, Man-Yu<br>Lin, Ya-Hui         | Unqualified opinion.          |
| 2021 | PwC Taiwan              | Juanlu, Man-Yu<br>Lin, Ya-Hui         | Unqualified opinion.          |
| 2022 | PwC Taiwan              | Juanlu, Man-Yu<br>Feng,<br>Ming-Chuan | Unqualified opinion.          |
| 2023 | PwC Taiwan              | Juanlu, Man-Yu<br>Feng,<br>Ming-Chuan | Unqualified opinion.          |

## II. Financial analyses for the past 5 fiscal years

### 1. Financial analysis - consolidated

|                         |   | Year (Note 1)         |        |        |        |        | Current year up to March 2024 (Note 2) |      |
|-------------------------|---|-----------------------|--------|--------|--------|--------|--|------|
|                         |   | 2019                  | 2020   | 2021   | 2022   | 2023   |  |      |
| Item (Note 3)           |   |                       |        |        |        |        |  |      |
| Financial structure (%) | Debt to assets ratio  | 23.78                 | 24.61  | 27.47  | 26.27  | 26.85  | 27.40                                  |      |
|                         | Ratio of long-term capital to property, plant and equipment | 258.09                | 257.64 | 259.03 | 253.77 | 233.46 | 239.86                                 |      |
| Solvency (%)            | Current ratio   | 331.52                | 323.96 | 286.86 | 303.74 | 283.03 | 281.00                                 |      |
|                         | Quick ratio   | 240.36                | 234.84 | 210.06 | 225.86 | 219.88 | 213.92                                 |      |
|                         | Times interest earned                                       | 91.97                 | 192.95 | 119.31 | 45.93  | -12.60 | 91.84                                  |      |
| Operating performance   | Accounts receivable turnover (times)                        | 6.31                  | 6.23   | 5.87   | 5.79   | 5.99   | 6.01                                   |      |
|                         | Average collection days                                     | 58.00                 | 59.00  | 62.00  | 63.00  | 61.00  | 61.00                                  |      |
|                         | Inventory turnover (times)                                  | 3.27                  | 3.24   | 3.23   | 3.25   | 3.46   | 3.82                                   |      |
|                         | Accounts payable turnover (times)                           | 6.26                  | 6.38   | 5.37   | 4.91   | 4.97   | 4.85                                   |      |
|                         | Average days in sales                                       | 112.00                | 113.00 | 113.00 | 112.00 | 105.00 | 96.00                                  |      |
|                         | Property, plant and equipment turnover (times)              | 3.19                  | 3.10   | 3.14   | 2.90   | 2.56   | 2.80                                   |      |
|                         | Total asset turnover (times)                                | 1.00                  | 0.95   | 0.92   | 0.90   | 0.85   | 0.90                                   |      |
| Profitability           | Return on total assets (%)                                  | 4.30                  | 6.22   | 2.96   | 0.80   | -0.89  | 0.70                                   |      |
|                         | Return on equity (%)  | 5.63                  | 8.17   | 3.98   | 1.07   | -1.26  | 0.96                                   |      |
|                         | Ratio of income before tax to paid-in capital (%)           | Operating income      | 6.86   | 11.01  | 4.06   | -0.85  | -1.66                                  | 0.67 |
|                         |   | Net income before tax | 6.84   | 10.72  | 5.63   | 2.10   | -0.88                                  | 1.35 |
|                         | Net profit margin (%)                                       | 4.17                  | 6.22   | 3.13   | 0.88   | -1.09  | 3.07                                   |      |
|                         | Earnings per share (NT\$)                                   | 0.59                  | 0.91   | 0.46   | 0.12   | -0.14  | 0.11                                   |      |
| Cash flow               | Cash flow ratio (%)   | 21.56                 | 35.94  | 27.30  | 19.54  | 21.79  | -6.62                                  |      |
|                         | Cash flow adequacy ratio (%)                                | 227.03                | 214.03 | 204.54 | 209.78 | 166.00 | 125.91                                 |      |
|                         | Cash reinvestment ratio (%)                                 | 4.08                  | 7.58   | 3.43   | 1.94   | 4.84   | -1.52                                  |      |
| Leverage                | Operating leverage  | 8.29                  | 5.51   | 12.92  | -55.97 | -27.89 | 19.80                                  |      |
|                         | Financial leverage  | 1.01                  | 1.01   | 1.01   | 0.95   | 0.96   | 1.02                                   |      |

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years:

1. The times interest earned decreased from the previous period, mainly because the earning of the period decreased.
2. All ratios under the profitability decreased year-on-year, mainly because the earning of the period



decreased.

3. The decrease in cash flow adequacy ratio was mainly due to the increase in capital expenditure; the increase in cash reinvestment ratio was mainly due to the payment of cash dividends in the previous period.
4. The operating leverage increased from the previous period, mainly because the operating income of the period decreased from the previous period.

Note 1: The aforesaid financial information of each year has been audited by CPAs.

Note 2: The Q1 2024 financial information has been audited by CPAs.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
- (2) Average collection days = 365 / accounts receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
- (5) Average days in sales = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
- (7) Total asset turnover = net sales / average total assets.

#### 4. Profitability

- (1) Return on total assets =  $(\text{net income} + \text{interest expenses} * (1 - \text{effective tax rate})) / \text{average total assets}$ .
- (2) Return on equity =  $\text{net income after tax} / \text{average total equity}$ .
- (3) Net profit margin =  $\text{net income after tax} / \text{net sales}$ .
- (4) Earnings per share =  $(\text{income attributable to owners of parent} - \text{preferred stock dividends}) / \text{weighted average number of shares outstanding}$ .

#### 5. Cash flow

- (1) Cash flow ratio =  $\text{net cash flows from operating activities} / \text{current liabilities}$ .
- (2) Net cash flow adequacy ratio =  $5\text{-year sum of net cash flow from operating activities} / 5\text{-year sum of (capital expenditures} + \text{increases in inventory} + \text{cash dividends})$ .
- (3) Cash reinvestment ratio =  $(\text{cash from operating activities} - \text{cash dividends}) / (\text{gross property, plant and equipment} + \text{long-term investments} + \text{other non-current assets} + \text{working capital})$ .

#### 6. Leverage:

- (1) Operating leverage =  $(\text{net operating revenue} - \text{variable operating costs and expenses}) / \text{operating income}$ .
- (2) Financial leverage =  $\text{operating income} / (\text{operating income} - \text{interest expenses})$ .

## 2. Financial analysis - parent-only

| Item (Note 3)           |   | Year (Note 1)         |        |        |        |        | Current year up to March 2024 (Note 2) |   |
|-------------------------|---|-----------------------|--------|--------|--------|--------|--|---|
|                         |   | 2019                  | 2020   | 2021   | 2022   | 2023   |  |   |
| Financial structure (%) | Debt to assets ratio  | 23.32                 | 24.13  | 26.54  | 25.63  | 25.84  | —                                      |   |
|                         | Ratio of long-term capital to property, plant and equipment | 312.37                | 334.49 | 338.06 | 345.03 | 304.40 | —                                      |   |
| Solvency (%)            | Current ratio   | 318.04                | 314.97 | 282.66 | 295.40 | 281.00 | —                                      |   |
|                         | Quick ratio   | 241.04                | 242.87 | 219.46 | 228.52 | 224.70 | —                                      |   |
|                         | Times interest earned                                       | 91.75                 | 192.70 | 118.00 | 43.62  | -14.37 | —                                      |   |
| Operating performance   | Accounts receivable turnover (times)                        | 6.35                  | 6.42   | 6.06   | 5.94   | 6.30   | —                                      |   |
|                         | Average collection days                                     | 57.00                 | 57.00  | 60.00  | 61.00  | 58.00  | —                                      |   |
|                         | Inventory turnover (times)                                  | 3.77                  | 3.89   | 3.94   | 3.79   | 3.93   | —                                      |   |
|                         | Accounts payable turnover (times)                           | 6.23                  | 6.35   | 5.29   | 4.72   | 4.83   | —                                      |   |
|                         | Average days in sales                                       | 97.00                 | 94.00  | 93.00  | 96.00  | 93.00  | —                                      |   |
|                         | Property, plant and equipment turnover (times)              | 3.52                  | 3.78   | 3.87   | 3.65   | 3.12   | —                                      |   |
|                         | Total asset turnover (times)                                | 0.92                  | 0.90   | 0.88   | 0.84   | 0.81   | —                                      |   |
| Profitability           | Return on total assets (%)                                  | 4.34                  | 6.26   | 2.99   | 0.81   | -0.90  | —                                      |   |
|                         | Return on equity (%)  | 5.63                  | 8.17   | 3.98   | 1.07   | -1.26  | —                                      |   |
|                         | Ratio of income before tax to paid-in capital (%)           | Operating income      | 7.76   | 11.76  | 4.42   | -0.49  | -0.92                                  | — |
|                         |   | Net income before tax | 6.82   | 10.70  | 5.57   | 1.99   | -0.99                                  | — |
|                         | Net profit margin (%)                                       | 4.58                  | 6.62   | 3.32   | 0.95   | -1.17  | —                                      |   |
|                         | Earnings per share (NT\$)                                   | 0.59                  | 0.91   | 0.46   | 0.12   | -0.14  | —                                      |   |
| Cash flow               | Cash flow ratio (%)   | 28.01                 | 29.39  | 24.86  | 19.32  | 20.35  | —                                      |   |
|                         | Cash flow adequacy ratio (%)                                | 259.76                | 277.73 | 262.67 | 253.65 | 173.30 | —                                      |   |
|                         | Cash reinvestment ratio (%)                                 | 5.27                  | 6.15   | 2.58   | 1.78   | 4.40   | —                                      |   |
| Leverage                | Operating leverage  | 5.72                  | 4.40   | 10.00  | -75.96 | -41.28 | —                                      |   |
|                         | Financial leverage  | 1.01                  | 1.00   | 1.01   | 0.91   | 0.93   | —                                      |   |

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years:

1. The times interest earned decreased from the previous period, mainly because the earning of the period decreased.
2. All ratios under the profitability decreased year-on-year, mainly because the earning of the period decreased.
3. The decrease in cash flow adequacy ratio was mainly due to the increase in capital expenditure; the increase in cash reinvestment ratio was mainly due to the payment of cash dividends in the previous period.
4. The operating leverage increased from the previous period, mainly because the operating income of the period decreased from the previous period.

Note 1: The aforesaid financial information of each year has been audited by CPAs.

Note 2: No parent-only financial statement was prepared for Q1 2024.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
- (2) Average collection days = 365 / accounts receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
- (5) Average days in sales = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and

equipment.

(7) Total asset turnover = net sales / average total assets.

#### 4. Profitability

(1) Return on total assets = (net income + interest expenses \* (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

#### 5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

#### 6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.

(2) Financial leverage = operating income / (operating income – interest expenses).

### **III. Audit Committee's report for the most recent year's financial statement**

Mao Bao Inc.

#### **Audit Committee's Report**

The board of directors has prepared the 2023 business report, financial statements, and proposal of earning distributions; the financial statements has been audited by PwC Taiwan with the Independent Auditor's Report. The aforesaid business report, financial statements, and proposal of earning distributions have been audit by the Audit Committee and no inconsistency has been found. Thus it is reported as above pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Mao Bao Inc.

Convener of Audit Committee: Su, Liang

March 12, 2024

**IV. Parent-only financial statements for the most recent fiscal year audited by CPAs:**

**Please refer to Page 144-201**

**V. Consolidated financial statements for the most recent fiscal year audited by CPAs:**

**Please refer to Page 202-270**

**VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

## 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.

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            | %                 |            |
| <b>Current assets</b>     |   |                   |                   |                   |                   |            |
| 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                      | <b>Total current assets</b>   |                   | <u>385,637</u>    | <u>60</u>         | <u>399,503</u>    | <u>62</u>  |
| <b>Non-current assets</b> |   |                   |                   |                   |                   |            |
| 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                      | <b>Other non-current assets</b>   |                   | <u>257,417</u>    | <u>40</u>         | <u>248,932</u>    | <u>38</u>  |
| 1XXX                      | <b>Total assets</b>   |                   | <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            | %                 |            |
| <b>Current liabilities</b>                  |                                       |                   |                   |                   |                   |            |
| 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  | <b>Total current liabilities</b>      |                   | <u>137,236</u>    | <u>21</u>         | <u>135,243</u>    | <u>21</u>  |
| <b>Non-current liabilities</b>              |                                       |                   |                   |                   |                   |            |
| 2570  | Deferred tax liabilities              | 6(22)             | 17,137            | 3                 | 17,750            | 3          |
| 2580  | Lease liabilities - non-current       |                   | 11,796            | 2                 | 13,175            | 2          |
| 25XX  | <b>Total non-current liabilities</b>  |                   | <u>28,933</u>     | <u>5</u>          | <u>30,925</u>     | <u>5</u>   |
| 2XXX  | <b>Total Liabilities</b>              |                   | <u>166,169</u>    | <u>26</u>         | <u>166,168</u>    | <u>26</u>  |
| <b>Equity</b>                               |                                       |                   |                   |                   |                   |            |
| 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  | <b>Total equity</b>                   |                   | <u>476,885</u>    | <u>74</u>         | <u>482,267</u>    | <u>74</u>  |
| Significant Events After Balance Sheet Date |                                       |                   |                   |                   |                   |            |
| 3X2X  | <b>Total liabilities and equities</b> |                   | <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 <b>Net income before tax (net loss)</b>   |                    | ( 4,211)          | ( 1)        | 8,438            | 2           |
| 7950 Income tax expenses   | 6(22)              | ( 1,846)          | -           | ( 3,271)         | ( 1)        |
| 8200 <b>Net income (loss) in the current period</b>  |                    | <u>(\$ 6,057)</u> | <u>( 1)</u> | <u>\$ 5,167</u>  | <u>1</u>    |
| <b>Other comprehensive income</b>  |                    |                   |             |                  |             |
| <b>Items not reclassified subsequently to profit or loss</b>   |                    |                   |             |                  |             |
| 8311 Remeasurement of defined benefit programs   | 6(12)              | \$ 1,480          | -           | \$ 2,739         | -           |
| 8349 Income taxes related to the items not re-classified   | 6(22)              | ( 296)            | -           | ( 548)           | -           |
| 8310 Total of items not re-classified  |                    | 1,184             | -           | 2,191            | -           |
| <b>Items that may be reclassified subsequently to profit or loss</b>   |                    |                   |             |                  |             |
| 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 <b>Other comprehensive income of the year (net)</b>   |                    | <u>\$ 675</u>     | <u>-</u>    | <u>\$ 6,109</u>  | <u>1</u>    |
| 8500 <b>Total comprehensive income (loss) for the period</b>   |                    | <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 |              | Unrealized valuation gains (losses) on financial assets as at fair value through other comprehensive income |
| <u>2022</u>                                      |       |                      |                                    |  |                                 |                    |                 |                        |  |              |   |
| Balance as of January 1, 2022                    |       | \$ 42                | \$ 2,066                           | \$ 66  | \$ 14                           | \$ 35              | \$ 10           | \$ 2                   | \$ 9   | \$ 104       | \$ 48   |
| 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                  |       | \$ 42                | \$ 2,066                           | \$ 66  | \$ 14                           | \$ 36              | \$ 11           | \$ 1                   | \$ 5   | \$ 104       | \$ 48   |
| <u>2023</u>                                      |       |                      |                                    |  |                                 |                    |                 |                        |  |              |   |
| Balance as of January 1, 2023                    |       | \$ 42                | \$ 2,066                           | \$ 66  | \$ 14                           | \$ 36              | \$ 11           | \$ 1                   | \$ 5   | \$ 104       | \$ 48   |
| 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                    | -  | -            | -   |

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 |
| Reversal of special reserve     |      | -                    | -                                  | -  | -                               | -                  | 6,332           | 6,332                  | -  | -            | -   |
| Balance as of December 31, 2023 |      | \$ 42                | \$ 2,066                           | \$ 66  | \$ 14                           | \$ 37              | \$ 5,411        | \$ 1                   | \$ 5,411   | \$ 104       | \$ 47   |

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<br>31, 2023 | January 1 to December<br>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<br>joint ventures recognized with the equity method | 6(6)  | 3,618                             | 3,322                             |
| Loss from disposal of and scrapping property, plant and<br>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<br>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<br>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<br/>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<br/>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 continues to recognize 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 assesses 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 earnings 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 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> |

2.The Company provides financial assets measured at amortized cost as collateral, please refer to Note 8 for details.

3.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                                      | ( <u>104</u> )           | ( <u>104</u> )           |
| Total   | \$ <u>134</u>            | \$ <u>134</u>            |

1.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

2.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.

3.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 | ( <u>39</u> )            | ( <u>65</u> )            |
|                      | \$ <u>3,777</u>          | \$ <u>6,414</u>          |
| Accounts receivable  | \$ 76,045                | \$ 78,164                |
| Less: loss allowance | ( <u>45</u> )            | ( <u>48</u> )            |
|                      | \$ <u>76,000</u>         | \$ <u>78,116</u>         |

1.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 | -                          | -                       | -                          | -                       |

\$ 76,045      \$ 3,816      \$ 78,164      \$ 6,479

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>\$</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>\$</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>         |

1. For the information on subsidiaries, please refer to Note 4(3) of the 2023 Consolidated financial statements.
2. 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.
3. 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>      |                   |



\$ 98,180   \$ 35,008   \$ 10,060   \$ 5,490   \$ 148,738

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 | <u>( 1,698)</u>             | <u>( 1,666)</u>             |
| 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                       | ( 12,008)                | Accumulated amortization                       | ( 11,346)                |
|  | <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                          | ( 529)                   | Amortization expenses                          | ( 662)                   |
| 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                       | ( 12,537)                | Accumulated amortization                       | ( 12,008)                |
|  | <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<br/>defined benefit obligation</u> | <u>Fair value of the plan<br/>assets</u> | <u>Net defined benefit liabilities<br/>(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>                                   |

|  | Current value of the<br>defined benefit obligation | Fair value of the plan<br>assets | Net defined benefit liabilities<br>(assets) |
|--|--|----------------------------------|---|
| 2022   |  |                                  |   |
| 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<br>the amount included in the interest<br>income or expenses) | -  | ( 2,304)                         | ( 2,304)                                    |
| Effects of the change in<br>demographic statistic estimate   | -  | -                                | -   |
| Effects of the change in financial<br>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<br>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>\$ 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:

2021

|                    | <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> |                                  |

7. 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.

8. 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>      |
|--|------------------|
| Beginning balance of contract liabilities Revenues recognized for the current period |                  |
| Advances of sales  | <u>\$ 258</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   | <u>264</u>      | <u>171</u>      |
|  | <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          | <u>480</u>      | <u>553</u>    |
|                       | <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                        | <u>(728)</u>    | <u>12,027</u>    |
|   | <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 | <u>271</u>    | <u>198</u>    |
|                                    | <u>\$ 274</u> | <u>\$ 198</u> |

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

| By Function<br>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<br>By Function            | 2022                         |                                 |           |
|-------------------------------------|------------------------------|---------------------------------|-----------|
|                                     | Belonging to operating costs | Belonging to operating expenses | Total     |
| Personnel expenses                  |                              |                                 |           |
| 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:

2023

|   | January 1        | Recognized under profit<br>and loss | Recognized under other<br>comprehensive incomes | December 31      |
|---|------------------|-------------------------------------|---|------------------|
| Deferred income tax<br>assets:                      |                  |                                     |   |                  |
| - Temporary difference:                             |                  |                                     |   |                  |
| Exchange difference of<br>the foreign<br>operations | \$ 4,447         | \$ -                                | \$ 127  | \$ 4,574         |
| Employee benefit<br>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<br>value of land                  | \$ 16,036        | \$ -                                | \$ -  | \$ 16,036        |
| Unrealized exchange<br>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> |

2022

|   | January 1        | Recognized under profit<br>and loss | Recognized under other<br>comprehensive incomes | December 31     |
|---|------------------|-------------------------------------|---|-----------------|
| Deferred income tax<br>assets:                      |                  |                                     |   |                 |
| - Temporary difference:                             |                  |                                     |   |                 |
| Exchange difference of<br>the foreign<br>operations | \$ 5,427         | \$ -                                | (\$ 980)  | \$ 4,447        |
| Employee benefit<br>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<br>value of land                  | \$ 16,036        | \$ -                                | \$ -  | \$ 16,036       |
| Unrealized exchange<br>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<br>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<br>occurrence | Reported amount/<br>assessed<br>amount | Amount not<br>credited | Amount not<br>recognized as<br>the deferred<br>income tax<br>assets | Final deduction<br>year |
|-----------------------|--|------------------------|---|-------------------------|
| 2022                  | <u>\$ 2,189</u>                        | <u>\$ 60</u>           | <u>\$ -</u>   | 2032                    |

December 31, 2022

| Year of<br>occurrence | Reported amount/<br>assessed<br>amount | Amount not<br>credited | Amount not<br>recognized as<br>the deferred<br>income tax<br>assets | Final deduction<br>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><br>Number of weighted<br>average outstanding<br>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<br>average outstanding<br>shares | Earnings per<br>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<br>diluting effect   |                        |   |                       |
| Employee remuneration  | <u>-</u>               | <u>15</u>   |                       |
| Net profit of the current period belonging to<br>the holders of common shares plus effects of<br>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<br/>(thousand)</u> | <u>Exchange rate</u> | <u>Carrying amount<br/>(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<br/>(thousand)</u> | <u>Exchange rate</u> | <u>Carrying amount<br/>(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<br/>loss</u> | <u>Affecting other comprehensive<br/>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<br>change | Affecting profit and<br>loss | Affecting other comprehensive<br>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>               |
| <br>                        |                         |                            |
|                             | <u>2022</u>             |                            |
|                             | <u>Notes receivable</u> | <u>Accounts receivable</u> |
| January 1                   | \$ 50                   | \$ 139                     |
| Provision of loss allowance | 15                      | -                          |
| Reversal of impairment loss | <u>-</u>                | <u>( 91)</u>               |

December 31 \$ 65 \$ 48

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.

3.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>  |
|---|----------------|----------------|----------------|---------------|
| <b>Asset</b>  |                |                |                |               |
| <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>  |
|---|----------------|----------------|----------------|---------------|
| <b>Asset</b>  |                |                |                |               |
| <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> |

4.During 2023 and 2022, there was no transfer between Level 1 and Level 2.

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

|                                      | December 31, 2022<br>Fair value | Valuation<br>techniques                                   | Material<br>unobservable<br>inputs                                  | Range<br>(weighted<br>average) | Relationship<br>between inputs<br>and fair values   |
|--------------------------------------|---------------------------------|---|---|--------------------------------|---|
| Non-derivative equity instruments:   |                                 |   |   |                                |   |
| Non TWSE or<br>TPEX listed<br>shares | \$ 134                          | Comparable<br>TWSE or<br>TPEX listed<br>company<br>method | Multiplies of<br>P/E ratio<br><br>Market<br>illiquidity<br>discount | 1.99<br><br>30%                | The higher the<br>multiplies are, the<br>higher the fair<br>value<br><br>The higher the<br>market illiquidity<br>discount is, the<br>lower the fair<br>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 | Favorable change                             | Unfavorable change |
| Equity instruments of financial assets | Market illiquidity discount | ±1%                              | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 1</u>        | <u>(\$ 1)</u>                                |                    |

|  |                             | <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 | Favorable change                             | Unfavorable change |
| Equity instruments of financial assets | Market illiquidity discount | ±1%                              | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 1</u>        | <u>(\$ 1)</u>                                |                    |

### 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: NT\$ thousand

(Unless specified otherwise)

| No.<br>(Note 1) | Company providing loan          | Counterparty of loan | Transaction item<br>(Note 2) | Related party or not | Highest amount of the period<br>(Note 3) | End balance<br>(Note 8) | Amount actually drafted | Range of interest rate | Nature of loaned fund<br>(Note 4) | Transaction amount<br>(Note 5) | Reason of short-term financing needed (Note 6) | Amount of loss allowance provided | Collateral<br>Name Value | Loan limit to single counterparty<br>(Note 7) | Total limit of loaned fund<br>(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<br>(Note 1) | Relationship with the issuer of securities<br>(Note 2) | Account listed  | Number of shares | End of period               |                    | Fair value | Remarks<br>(Note 4) |
|--------------|---|--|---|------------------|-----------------------------|--------------------|------------|---------------------|
|              |   |  |   |                  | Carrying amount<br>(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: NT\$ thousand

(Unless specified otherwise)

| No.<br>(Note 1) | Name of transactor              | Counterparty                      | Relationship with the<br>transactor<br>(Note 2) | Account                    | Amount | Transaction conditions | Ratio to consolidated total<br>revenue or total assets<br>(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<br>(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<br>(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<br>(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.

Declaration of consolidated financial statements of affiliates

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 endorsed by the Financial Supervisory Commission are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2023, (January 1-December 31, 2023) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

It is hereby certified

Company Name: Mao Bao Inc.

Person in Charge: Wu, Rui-Hua

March 12, 2024



Mao Bao Inc. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

Independent Auditor's Report

2024 Financial Review Report No. 23004849

To Mao Bao Inc.

**Independent auditor's opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated 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, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Group 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(9). The refund liabilities recognized by the Group as of December 31, 2023 was NT\$18,713 thousand.

The Group 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 Group.

#### 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(12) 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\$91,888 thousand and NT\$2,370

thousand, respectively.

The Group 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 Group 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.

#### **Others - Parent-only financial reports**

The Company has prepared the stand-alone financial statements for the years ended on December 31, 2023 and 2022, with our Independent Auditor's report of unqualified opinion for the reference.

#### **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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and announced to take effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### **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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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.

Mao Bao Inc. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

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 Group 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 Group, 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

Juanlu, Man-Yu

CPA

Feng, Ming-Chuan

Former Financial Supervisory Commission, Executive Yuan  
Document No. of Approval: Jin-Guan-Zheng-Shen Zhi  
No.0990058257

Former Financial Supervisory Commission, Executive Yuan  
Document No. of Approval: Jin-Guan-Zheng-VI Zhi  
No.0960038033

March 12, 2024

Mao Bao Inc. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

| Assets                    | Note  | December 31, 2023 |                   | December 31, 2022 |                   |            |
|---------------------------|---|-------------------|-------------------|-------------------|-------------------|------------|
|                           |   | Amount            | %                 | Amount            | %                 |            |
| <b>Current assets</b>     |   |                   |                   |                   |                   |            |
| 1100                      | Cash and cash equivalents   | 6(1)              | \$ 146,483        | 22                | \$ 129,255        | 20         |
| 1136                      | Financial assets measured at amortized cost - current                                   | 6(2) and 8        | 77,891            | 12                | 89,999            | 14         |
| 1150                      | Notes receivable, net   | 6(4)              | 3,777             | 1                 | 6,414             | 1          |
| 1170                      | Accounts receivable, net  | 6(4)              | 88,394            | 13                | 86,398            | 13         |
| 1220                      | Income tax assets of the period   |                   | 1,723             | -                 | 3,662             | -          |
| 130X                      | Inventories   | 6(5)              | 89,518            | 14                | 106,189           | 16         |
| 1479                      | Other current assets - others   |                   | 5,756             | 1                 | 6,036             | 1          |
| 11XX                      | <b>Total current assets</b>   |                   | <u>413,542</u>    | <u>63</u>         | <u>427,953</u>    | <u>65</u>  |
| <b>Non-current assets</b> |   |                   |                   |                   |                   |            |
| 1517                      | Financial assets at fair value through other comprehensive profit or loss - non-current | 6(3)              | 134               | -                 | 134               | -          |
| 1600                      | Property, plant and equipment   | 6(6) and 8        | 197,516           | 30                | 181,181           | 28         |
| 1755                      | Right-of-use assets   | 6(7)              | 19,142            | 3                 | 21,046            | 3          |
| 1780                      | Intangible assets   |                   | 1,221             | -                 | 277               | -          |
| 1840                      | Deferred tax assets   | 6(20)             | 7,971             | 1                 | 9,298             | 2          |
| 1975                      | Net defined benefit assets - non-current  | 6(10)             | 3,244             | 1                 | 1,676             | -          |
| 1990                      | Other non-current assets - others   |                   | 9,158             | 2                 | 12,523            | 2          |
| 15XX                      | <b>Other non-current assets</b>   |                   | <u>238,386</u>    | <u>37</u>         | <u>226,135</u>    | <u>35</u>  |
| 1XXX                      | <b>Total assets</b>   |                   | <u>\$ 651,928</u> | <u>100</u>        | <u>\$ 654,088</u> | <u>100</u> |

(Continued in next page)

Mao Bao Inc. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

| Liabilities and Equity                                    | Note  | December 31, 2023 |                   | December 31, 2022 |                   |            |
|---|---|-------------------|-------------------|-------------------|-------------------|------------|
|   |   | Amount            | %                 | Amount            | %                 |            |
| <b>Current liabilities</b>                                |   |                   |                   |                   |                   |            |
| 2130  | Contract liabilities - current                                  | 6(14)             | \$ 588            | -                 | \$ 1,012          | -          |
| 2170  | Accounts payable  |                   | 65,970            | 10                | 70,429            | 11         |
| 2200  | Other payables  | 6(8)              | 55,849            | 9                 | 52,152            | 8          |
| 2230  | Current tax liabilities   |                   | 112               | -                 | 2                 | -          |
| 2280  | Lease liabilities - current                                     |                   | 1,381             | -                 | 1,569             | -          |
| 2399  | Other current liabilities - others                              | 6(9)              | 22,210            | 3                 | 15,732            | 2          |
| 21XX  | <b>Total current liabilities</b>                                |                   | <u>146,110</u>    | <u>22</u>         | <u>140,896</u>    | <u>21</u>  |
| <b>Non-current liabilities</b>                            |   |                   |                   |                   |                   |            |
| 2570  | Deferred tax liabilities  | 6(20)             | 17,137            | 3                 | 17,750            | 3          |
| 2580  | Lease liabilities - non-current                                 |                   | 11,796            | 2                 | 13,175            | 2          |
| 25XX  | <b>Total non-current liabilities</b>                            |                   | <u>28,933</u>     | <u>5</u>          | <u>30,925</u>     | <u>5</u>   |
| 2XXX  | <b>Total Liabilities</b>  |                   | <u>175,043</u>    | <u>27</u>         | <u>171,821</u>    | <u>26</u>  |
| <b>Equity</b>   |   |                   |                   |                   |                   |            |
| <b>Equity attributed the owners of the parent company</b> |   |                   |                   |                   |                   |            |
|   | Share capital   | 6(11)             |                   |                   |                   |            |
| 3110  | Common share capital  |                   | 424,439           | 65                | 424,439           | 65         |
|   | Capital reserve   | 6(12)             |                   |                   |                   |            |
| 3200  | Capital reserve   |                   | 2,704             | -                 | 2,704             | -          |
|   | Retained earnings   | 6(13)             |                   |                   |                   |            |
| 3310  | Statutory reserves  |                   | 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)       |
| 31XX  | <b>Total equity attributed the owners of the parent company</b> |                   | <u>476,885</u>    | <u>73</u>         | <u>482,267</u>    | <u>74</u>  |
| 3XXX  | <b>Total equity</b>   |                   | <u>476,885</u>    | <u>73</u>         | <u>482,267</u>    | <u>74</u>  |
|   | Significant Events After Balance Sheet Date                     | 11                |                   |                   |                   |            |
| 3X2X  | <b>Total liabilities and equities</b>                           |                   | <u>\$ 651,928</u> | <u>100</u>        | <u>\$ 654,088</u> | <u>100</u> |

The accompanying notes to the consolidated reports are an integral part of the consolidated financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc. and Subsidiaries  
Consolidated 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               | 2023              |                | 2022              |              |
|------|--|--------------------|-------------------|----------------|-------------------|--------------|
|      |  |                    | Amount            | %              | Amount            | %            |
| 4000 | Operating Revenue  | 6(14)              | \$ 554,259        | 100            | \$ 587,101        | 100          |
| 5000 | Operating costs  | 6(5)(10)(19)       | ( 338,995)        | ( 61)          | ( 364,557)        | ( 62)        |
| 5900 | Gross Profit   |                    | <u>215,264</u>    | <u>39</u>      | <u>222,544</u>    | <u>38</u>    |
|      | Operating expenses   | 6(10)(19) and<br>7 |                   |                |                   |              |
| 6100 | Selling expenses   |                    | ( 173,874)        | ( 31)          | ( 176,752)        | ( 30)        |
| 6200 | Administrative expenses  |                    | ( 43,454)         | ( 8)           | ( 43,416)         | ( 7)         |
| 6300 | Research and development expenses  |                    | ( 5,028)          | ( 1)           | ( 6,107)          | ( 1)         |
| 6450 | Expected credit impairment gains   | 12(2)              | 39                | -              | 136               | -            |
| 6000 | Total operating expenses   |                    | <u>( 222,317)</u> | <u>( 40)</u>   | <u>( 226,139)</u> | <u>( 38)</u> |
| 6900 | Operating loss   |                    | <u>( 7,053)</u>   | <u>( 1)</u>    | <u>( 3,595)</u>   | <u>-</u>     |
|      | Non-operating Income and Expenses  |                    |                   |                |                   |              |
| 7100 | Interest revenue   | 6(15)              | 3,011             | -              | 971               | -            |
| 7010 | Other income   | 6(16)              | 1,599             | -              | 771               | -            |
| 7020 | Other gains or losses  | 6(17)              | ( 1,010)          | -              | 10,948            | 2            |
| 7050 | Financial costs  | 6(18)              | ( 274)            | -              | ( 198)            | -            |
| 7000 | Total non-operating incomes and expenses   |                    | <u>3,326</u>      | <u>-</u>       | <u>12,492</u>     | <u>2</u>     |
| 7900 | <b>Net income before tax (net loss)</b>  |                    | <u>( 3,727)</u>   | <u>( 1)</u>    | <u>8,897</u>      | <u>2</u>     |
| 7950 | Income tax expenses  | 6(20)              | ( 2,330)          | -              | ( 3,730)          | ( 1)         |
| 8200 | <b>Net income (loss) in the current period</b>                                     |                    | <u>(\$ 6,057)</u> | <u>( 1)</u>    | <u>\$ 5,167</u>   | <u>1</u>     |
|      | <b>Other comprehensive income</b>  |                    |                   |                |                   |              |
| 8311 | Remeasurement of defined benefit programs  | 6(11)              | \$ 1,480          | -              | \$ 2,739          | -            |
| 8349 | Income taxes related to the items not re-classified                                | 6(20)              | ( 296)            | -              | ( 548)            | -            |
| 8310 | Total of items not re-classified   |                    | <u>1,184</u>      | <u>-</u>       | <u>2,191</u>      | <u>-</u>     |
|      | <b>Items that may be reclassified subsequently to profit or loss</b>               |                    |                   |                |                   |              |
| 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(20)              | 127               | -              | ( 980)            | -            |
| 8360 | Total of items that may be reclassified subsequently to profit or loss             |                    | <u>( 509)</u>     | <u>-</u>       | <u>3,918</u>      | <u>1</u>     |
| 8300 | <b>Other comprehensive income of the year (net)</b>                                |                    | <u>\$ 675</u>     | <u>-</u>       | <u>\$ 6,109</u>   | <u>1</u>     |
| 8500 | <b>Total comprehensive income (loss) for the period</b>                            |                    | <u>(\$ 5,382)</u> | <u>( 1)</u>    | <u>\$ 11,276</u>  | <u>2</u>     |
|      | Net profit attributed to:  |                    |                   |                |                   |              |
| 8610 | Owners of the parent company   |                    | <u>(\$ 6,057)</u> | <u>( 1)</u>    | <u>\$ 5,167</u>   | <u>1</u>     |
| 8710 | Comprehensive income attributed to: Owners of the parent company                   |                    | <u>(\$ 5,382)</u> | <u>( 1)</u>    | <u>\$ 11,276</u>  | <u>2</u>     |
|      | Basic earnings (losses) per share  | 6(21)              |                   |                |                   |              |
| 9750 | Basic earnings (losses) per share  |                    | <u>(\$ 0.14)</u>  | <u>\$ 0.12</u> |                   |              |
|      | Diluted earnings (losses) per share  | 6(21)              |                   |                |                   |              |
| 9850 | Diluted earnings (losses) per share  |                    | <u>(\$ 0.14)</u>  | <u>\$ 0.12</u> |                   |              |

The accompanying notes to the consolidated reports are an integral part of the consolidated financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru



Mao Bao Inc. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

|  | Note  | Equity attributed the owners of the parent company |                                    |  |                                 |                    |                  |                        |  | Total equity     |   |
|--|-------|--|------------------------------------|--|---------------------------------|--------------------|------------------|------------------------|--|------------------|---|
|  |       | Capital reserve                                    |                                    |  | Retained earnings               |                    |                  | Other equities         |  |                  |   |
|  |       | 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 gains (losses) on financial assets as at fair value through other comprehensive income |
| <u>2022</u>                                      |       |  |                                    |  |                                 |                    |                  |                        |  |                  |   |
| Balance as of January 1, 2022                    |       | \$ 424,439   | \$ 2,027                           | \$ 663                                       | \$ 14                           | \$ 35,146          | \$ 10,865        | \$ 22,140              | (\$ 9,344 )  | (\$ 104 )        | \$ 485,846  |
| Current net profit                               |       | -  | -                                  | -  | -                               | -                  | -                | 5,167                  | -  | -                | 5,167   |
| Other combined net gains of current 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(13) |  |                                    |  |                                 |                    |                  |                        |  |                  |   |
| 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                  |       | <u>\$ 424,439</u>                                  | <u>\$ 2,027</u>                    | <u>\$ 663</u>                                | <u>\$ 14</u>                    | <u>\$ 36,900</u>   | <u>\$ 11,862</u> | <u>\$ 11,892</u>       | <u>(\$ 5,426 )</u>   | <u>(\$ 104 )</u> | <u>\$ 482,267</u>   |
| <u>2023</u>                                      |       |  |                                    |  |                                 |                    |                  |                        |  |                  |   |
| Balance as of January 1, 2023                    |       | \$ 424,439   | \$ 2,027                           | \$ 663                                       | \$ 14                           | \$ 36,900          | \$ 11,862        | \$ 11,892              | (\$ 5,426 )  | (\$ 104 )        | \$ 482,267  |
| Current net loss                                 |       | -  | -                                  | -  | -                               | -                  | -                | ( 6,057 )              | -  | -                | ( 6,057 )   |
| Other combined net gains of current period       |       | -  | -                                  | -  | -                               | -                  | -                | 1,184                  | ( 509 )  | -                | 675   |
| Total comprehensive income (loss) for the period |       | -  | -                                  | -  | -                               | -                  | -                | ( 4,873 )              | ( 509 )  | -                | ( 5,382 )   |
| 2022 Earnings Provision and Distribution:        | 6(13) |  |                                    |  |                                 |                    |                  |                        |  |                  |   |
| Provided for statutory reserves                  |       | -  | -                                  | -  | -                               | 736                | -                | ( 736 )                | -  | -                | -   |
| Reversal of special reserve                      |       | -  | -                                  | -  | -                               | -                  | ( 6,332 )        | 6,332                  | -  | -                | -   |
| Balance as of December 31, 2023                  |       | <u>\$ 424,439</u>                                  | <u>\$ 2,027</u>                    | <u>\$ 663</u>                                | <u>\$ 14</u>                    | <u>\$ 37,636</u>   | <u>\$ 5,530</u>  | <u>\$ 12,615</u>       | <u>(\$ 5,935 )</u>   | <u>(\$ 104 )</u> | <u>\$ 476,885</u>   |

The accompanying notes to the consolidated reports are an integral part of the consolidated financial statements; please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ru

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

Unit: NT\$ thousand

|  | Note  | January 1 to<br>December 31, 2023 | January 1 to<br>December 31, 2022 |
|--|-------|-----------------------------------|-----------------------------------|
| <u>Cash flows from operating activities</u>                          |       |                                   |                                   |
| Current Net income before tax (net loss)                             |       | (\$ 3,727)                        | \$ 8,897                          |
| Adjusted items   |       |                                   |                                   |
| Income/expenses items  |       |                                   |                                   |
| Depreciation expense   | 6(19) | 11,825                            | 12,171                            |
| Amortization expenses  | 6(19) | 643                               | 772                               |
| Expected credit impairment gain                                      | 12(2) | ( 39 )                            | ( 136 )                           |
| Interest expenses  | 6(18) | 274                               | 198                               |
| Interest revenue   | 6(15) | ( 3,011 )                         | ( 971 )                           |
| Loss from disposal of property, plant and equipment                  | 6(17) | 31                                | 26                                |
| Gains on lease modification  | 6(17) | -                                 | ( 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  |       | ( 1,983 )                         | 18,706                            |
| Inventories  |       | 16,671                            | 12,169                            |
| Other current assets - others  |       | 517                               | 719                               |
| Net defined benefit assets and liabilities - non-current net changes |       | ( 88 )                            | ( 435 )                           |
| Net changes in liabilities related the operating activities          |       |                                   |                                   |
| Contract liabilities - current                                       |       | ( 424 )                           | ( 477 )                           |
| Accounts payable   |       | ( 4,459 )                         | ( 7,775 )                         |
| Other payables   |       | 3,697                             | ( 2,151 )                         |
| Other current liabilities  |       | 6,478                             | ( 7,688 )                         |
| Cash inflow provided by operating activities                         |       | 29,068                            | 32,216                            |
| Interest received  |       | 2,774                             | 581                               |
| Interest paid  |       | ( 274 )                           | ( 198 )                           |
| Income tax refunded (paid)   |       | 264                               | ( 5,062 )                         |
| Net cash inflow from operating activities                            |       | 31,832                            | 27,537                            |
| <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(6)  | ( 26,467 )                        | ( 6,537 )                         |
| Disposal of property, plant and equipment                            | 6(6)  | 114                               | 138                               |
| Acquisition of intangible assets                                     |       | ( 1,587 )                         | ( 539 )                           |
| Decrease (increase) in refundable deposits                           |       | ( 9 )                             | 47                                |
| Other non-current assets - decrease (increase) of others             |       | 3,374                             | ( 7,375 )                         |
| Net cash outflow from investment activities                          |       | ( 12,467 )                        | ( 48,905 )                        |
| <u>Cash flows from financing activities</u>                          |       |                                   |                                   |
| Repayment of lease liabilities                                       |       | ( 1,567 )                         | ( 1,594 )                         |
| Distribution of cash dividends                                       | 6(13) | -                                 | ( 14,855 )                        |
| Net cash outflow from financing activities                           |       | ( 1,567 )                         | ( 16,449 )                        |
| Effects of foreign exchange  |       | ( 570 )                           | 1,702                             |
| Current Net Increase (Decrease) in Cash and Cash Equivalents         |       | 17,228                            | ( 36,115 )                        |
| Beginning balance cash and cash equivalents for the period           |       | 129,255                           | 165,370                           |
| End balance cash and cash equivalents for the period                 |       | \$ 146,483                        | \$ 129,255                        |

The accompanying notes to the consolidated reports are an integral part of the consolidated financial statements;  
please read together.

Chairman: Wu, Rui-Hwa

Managerial Officer: Chen, Yi-Hung

Accounting Officer: Chen,  
Hsuan-Ru

Mao Bao Inc. and the subsidiaries

Notes to Consolidated 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 of the Company and subsidiaries (collectively “the Group”) 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 consolidated 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 IFRIC</u>   | <u>Effective Date<br/>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 Group’s financial status and position materially.

(II) Impact of newly approved, revised, or amended International Financial Reporting Standards (IFRS) not yet adopted by the Financial Supervisory Commission (FSC)

The following table lists the new, revised, and amended standards and interpretations of International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC) applicable for the year 2024:

| <u>New, revised or amended IFRSs</u>  | <u>Effective Date<br/>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 Group’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<br/>Announced by IASB</u> |
|--|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets To be confirmed by IASB between an Investor and its Associate or Joint Venture” |   |
| 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 Group’s financial status and position materially.

#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance Statement

The consolidated financial report was prepared pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission.

##### (II) Basis of preparation

1. Other than the following important items, the consolidated financial report was prepared based on 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. To prepare the IFRS-compliant financial reports, some important accounting estimates are required. And the management’s judgements required during the process of applying the Group’s accounting policies. For the items involving high judgement or complexity, or involving the material assumptions and estimates of the consolidated financial reports, please refer to Note 5.

##### (III) Basis of consolidation

1. Principles of preparing consolidated financial reports
  - (1) The Group includes all subsidiaries as the entities of consolidated financial reports. Subsidiaries refers to entities controlled by the Group (including the structural entities). When the Group is exposed to the variable return participated by the entity, or entitled to the variable return, and the Group is able to influence such return through the power over the entity, the Group controls that entity. Subsidiaries are included in the consolidated financial reports since the date when the Group obtains the control until the date of losing control.

- (2) The material transactions, balance, and unrealized profit and loss among companies of the Group are written off. The accounting policies of subsidiaries have been adjusted as necessary to be consistent to these adopted by the Group.
- (3) The components of profit and loss and other comprehensive income are attributed to the owners of parent company and non-controlling equity; the total comprehensive income is also attributed to the owners of parent company and non-controlling equity, even the loss balance is resulted in non-controlling equity.
- (4) Where the change in the shareholding in the subsidiary does not result in loss of control (the transaction with the non-controlling equity), it is treated as an equity transaction, i.e. the transactions among owners. The difference between the adjusted amount of the non-controlling equity and the fair value of the consideration paid or received is directly recognized in equity.

2. Subsidiaries included in the consolidated financial report:

| Name of investment company      | Name of subsidiary              | Business nature   | Percentage of shareholders held (%) |                   |
|---------------------------------|---------------------------------|---|-------------------------------------|-------------------|
|                                 |                                 |   | December 31, 2023                   | December 31, 2022 |
| The Company                     | Pacific Worldwide Holdings Ltd. | Overseas holding companies  | 100                                 | 100               |
| Pacific Worldwide Holdings Ltd. | Mao Bao Vietnam Inc.            | Production of various cleaning products   | 100                                 | 100               |
| Pacific Worldwide Holdings Ltd. | Mao Bao (Shanghai) Trading Ltd. | Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export | 100                                 | 100               |

3. Subsidiary not included in the consolidated financial report: none.
4. Adjustment and treatment for subsidiaries with different fiscal period: none.
5. Material restrictions: none
6. Subsidiaries having material non-controlling equity in the Group: none.

#### (IV) Foreign currency translation

The items listed in the financial report of each entity of the Group are measured at the currencies of the major economic environment where the entity operates (i.e functional currencies). The consolidated 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 entities of the Group, 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 Group loses 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.

(V) 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 those restricted for exchange or settle liabilities within 12 months from the balance sheet date.

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

(VI) 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.

(VII) 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 Group adopts the trading date accounting for the financial assets measure at FVOCI meeting trading customs.

3.The Group 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 Group recognize the dividend income at the profit and loss.

#### (VIII) 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 Group adopts the trading date accounting for the financial assets measure at amortized costs meeting trading customs.

3.The Group 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 Group 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.

(IX) 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 receivable with no interests attached, the effect of discount is immaterial, so they are measured at the original invoice amounts.

(X) 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.

(XI) Derecognition of financial assets

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

(XII) 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.

(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 Group, 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 Group 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  | 3 - 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 Group 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 Group’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 3 to 5 years.

(XV) Non financial asset impairment

The Group 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 Group 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 Group 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 assesses 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 earnings 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 earnings 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. If the deferred tax arises from the initial recognition of assets or liabilities in transactions (excluding business combinations) and does not affect accounting profit or taxable income (tax loss) at the time of the transaction, nor does it result in equivalent taxable and deductible temporary differences, it shall not be recognized. Where an investee subsidiary generates a temporary difference, the Group may control the timing to reverse the temporary difference, and the temporary difference 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 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.

(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 Group 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 Group 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 Group 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 Group 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 Group, the government grants are recognized as the current profit and loss on the systematic basis during the period when the related expenses incur.

(XXIV) Operating Departments

The information on the operating departments and the internal management report furnished to the major operation decision-makers are reported in the consistent manner. The major operation decision-makers are responsible for allocating resources to operating department to evaluate the performance, and the Board is identified as the major operation decision-makers of the Group.

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

When preparing the consolidated financial reports, the management has applied the judgement to decide the accounting policies adopted, and made the accounting estimates and assumptions based on the situations and the reasonable expectations 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 of such situation.

(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 Group regularly review the reasonableness of the estimated refund liabilities.

On December 31, 2023, the refund liability recognized by the Company was \$18,713 (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 Group 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 Group 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\$89,518.

## 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         | \$ 207                   | \$ 140                   |
| Checking and demand deposit         | 86,554                   | 69,302                   |
| Cash equivalents - short-term bills | <u>59,722</u>            | <u>59,813</u>            |
|                                     | <u>\$ 146,483</u>        | <u>\$ 129,255</u>        |

1. The financial institutions dealing with the Group have good credit quality, and the Group have business with many financial institutions to diversify the credit risk, and the probability of default is expected extremely low.
2. The Group 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>   |
|---|-----------------|---------------|
| Financial assets measured at amortized cost |                 |               |
| Interest revenue                            | \$ <u>2,410</u> | \$ <u>648</u> |

2. The Group provides financial assets measured at amortized cost as collateral, please refer to Note 8 for details.
3. The banks and financial institutions dealing with the Group have good credit quality, rated at least “A” from independent rating agencies and the probability of default is expected to be 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                                      | ( <u>104</u> )           | ( <u>104</u> )           |
| Total   | \$ <u>134</u>            | \$ <u>134</u>            |

1. The Group 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
2. 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.
3. 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>\$</u>                | <u>3,777</u>  | <u>\$</u>                | <u>6,414</u>  |
| Accounts receivable  | \$                       | 88,500        | \$                       | 86,517        |
| Less: loss allowance | (                        | 106)          | (                        | 119)          |
|                      | <u>\$</u>                | <u>88,394</u> | <u>\$</u>                | <u>86,398</u> |

1. Aging analysis of accounts and notes receivable are as below:

|                    | <u>December 31, 2023</u>       |                             | <u>December 31, 2022</u>       |                             |
|--------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
|                    | <u>Accounts<br/>receivable</u> | <u>Notes<br/>receivable</u> | <u>Accounts<br/>receivable</u> | <u>Notes<br/>receivable</u> |
| 0 - 4 months       | \$ 88,419                      | \$ 3,816                    | \$ 86,257                      | \$ 6,479                    |
| 4 - 6 months       | 27                             | -                           | 26                             | -                           |
| 6- 9 months        | 1                              | -                           | -                              | -                           |
| 9 - 12 months      | -                              | -                           | 5                              | -                           |
| More than one year | 53                             | -                           | 229                            | -                           |
|                    | <u>\$ 88,500</u>               | <u>\$ 3,816</u>             | <u>\$ 86,517</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\$110,220.
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\$88,394 and NT\$86,398, respectively.
4. The Group holds the NCDs and lands as collateral 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 amount</u> |
| Raw materials     | \$ 13,814                | (\$ 78)               | \$ 13,736              |
| Parts             | 16,037                   | ( 629)                | 15,408                 |
| Work in progress  | 2,768                    | ( 78)                 | 2,690                  |
| Finished products | 57,841                   | ( 1,523)              | 56,318                 |
| Goods             | <u>1,428</u>             | <u>( 62)</u>          | <u>1,366</u>           |
|                   | <u>\$ 91,888</u>         | <u>(\$ 2,370)</u>     | <u>\$ 89,518</u>       |
|                   | <u>December 31, 2022</u> |                       |                        |
|                   | <u>Cost</u>              | <u>Loss allowance</u> | <u>Carrying amount</u> |
| Raw materials     | \$ 19,718                | (\$ 636)              | \$ 19,082              |
| Parts             | 18,955                   | ( 1,138)              | 17,817                 |
| Work in progress  | 1,806                    | -                     | 1,806                  |
| Finished products | 66,318                   | ( 1,272)              | 65,046                 |
| Goods             | <u>2,521</u>             | <u>( 83)</u>          | <u>2,438</u>           |
|                   | <u>\$ 109,318</u>        | <u>(\$ 3,129)</u>     | <u>\$ 106,189</u>      |

The inventory expenses recognized by the Group as expenses:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Costs of sold inventories                          | \$ 338,741        | \$ 366,027        |
| Revenues from selling scrapes and wasted materials | ( 779)            | ( 846)            |
| Gain on reversal of inventories (Note)             | ( 759)            | ( 1,773)          |
| Inventory of losses (gains)                        | 309               | ( 759)            |
| Scrape loss  | <u>1,483</u>      | <u>1,908</u>      |
|  | <u>\$ 338,995</u> | <u>\$ 364,557</u> |

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

(VI) 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        | \$ 154,382                  | \$ 75,272                    | \$ 27,095              | \$ 354,929        |
| Accumulated depreciation | <u>-</u>         | <u>( 89,066)</u>            | <u>( 63,425)</u>             | <u>( 21,257)</u>       | <u>( 173,748)</u> |
|                          | <u>\$ 98,180</u> | <u>\$ 65,316</u>            | <u>\$ 11,847</u>             | <u>\$ 5,838</u>        | <u>\$ 181,181</u> |

|                            | <u>Land</u>      | <u>Houses and buildings</u> | <u>Machine and equipment</u> | <u>Other equipment</u> | <u>Total</u>      |
|----------------------------|------------------|-----------------------------|------------------------------|------------------------|-------------------|
| <u>2023</u>                |                  |                             |                              |                        |                   |
| January 1                  | \$ 98,180        | \$ 65,316                   | \$ 11,847                    | \$ 5,838               | \$ 181,181        |
| Addition                   | -                | 13,333                      | 5,426                        | 7,708                  | 26,467            |
| Disposal                   | -                | -                           | ( 118)                       | ( 27)                  | ( 145)            |
| Depreciation expense       | -                | ( 4,523)                    | ( 3,161)                     | ( 2,237)               | ( 9,921)          |
| Net difference of exchange | -                | -                           | -                            | ( 66)                  | ( 66)             |
| December 31                | <u>\$ 98,180</u> | <u>\$ 74,126</u>            | <u>\$ 13,994</u>             | <u>\$ 11,216</u>       | <u>\$ 197,516</u> |

December 31, 2023

|                          |                  |                  |                  |                  |                   |
|--------------------------|------------------|------------------|------------------|------------------|-------------------|
| Cost                     | \$ 98,180        | \$ 167,715       | \$ 80,315        | \$ 32,491        | \$ 378,701        |
| Accumulated depreciation | -                | ( 93,589)        | ( 66,321)        | ( 21,275)        | ( 181,185)        |
|                          | <u>\$ 98,180</u> | <u>\$ 74,126</u> | <u>\$ 13,994</u> | <u>\$ 11,216</u> | <u>\$ 197,516</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        | \$ 149,964                  | \$ 70,641                    | \$ 26,567              | \$ 345,352        |
| Accumulated depreciation | -                | ( 84,045)                   | ( 58,923)                    | ( 19,955)              | ( 162,923)        |
|                          | <u>\$ 98,180</u> | <u>\$ 65,919</u>            | <u>\$ 11,718</u>             | <u>\$ 6,612</u>        | <u>\$ 182,429</u> |

2022

|                            |           |              |            |           |              |
|----------------------------|-----------|--------------|------------|-----------|--------------|
| January 1                  | \$ 98,180 | \$ 65,919    | \$ 11,718  | \$ 6,612  | \$ 182,429   |
| Addition                   | -         | 1,134        | 3,687      | 1,716     | 6,537        |
| Disposal                   | -         | -            | ( 17)      | ( 147)    | ( 164)       |
| Depreciation expense       | -         | ( 4,148)     | ( 3,718)   | ( 2,433)  | ( 10,299)    |
| Net difference of exchange | -         | <u>2,411</u> | <u>177</u> | <u>90</u> | <u>2,678</u> |

|                             | <u>Land</u>      | <u>Houses and<br/>buildings</u> | <u>Machine and<br/>equipment</u> | <u>Other<br/>equipment</u> | <u>Total</u>      |
|-----------------------------|------------------|---------------------------------|----------------------------------|----------------------------|-------------------|
| December 31                 | <u>\$ 98,180</u> | <u>\$ 65,316</u>                | <u>\$ 11,847</u>                 | <u>\$ 5,838</u>            | <u>\$ 181,181</u> |
| December 31, 2022           |                  |                                 |                                  |                            |                   |
| Cost                        | \$ 98,180        | \$ 154,382                      | \$ 75,272                        | \$ 27,095                  | \$ 354,929        |
| Accumulated<br>depreciation | <u>-</u>         | <u>( 89,066)</u>                | <u>( 63,425)</u>                 | <u>( 21,257)</u>           | <u>( 173,748)</u> |
|                             | <u>\$ 98,180</u> | <u>\$ 65,316</u>                | <u>\$ 11,847</u>                 | <u>\$ 5,838</u>            | <u>\$ 181,181</u> |

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

(VII) Lease transaction - lessee

1. The underlying assets leased by the Group are lands (right of use for lands), and the lease terms are between 4 to 50 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>December 31, 2022</u>                      |
|--------|---|---|
|        | <u>Carrying amount</u>                        | <u>Carrying amount</u>                        |
| Land   | \$ 6,138                                      | \$ 6,344                                      |
| Houses | <u>13,004</u>                                 | <u>14,702</u>                                 |
|        | <u>\$ 19,142</u>                              | <u>\$ 21,046</u>                              |
|        | <u>Depreciation Expense for the Year 2023</u> | <u>Depreciation expense for the Year 2022</u> |
| Land   | \$ 206  | \$ 206  |
| Houses | <u>1,698</u>                                  | <u>1,666</u>                                  |
|        | <u>\$ 1,904</u>                               | <u>\$ 1,872</u>                               |

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

|                      | <u>2023</u>     |                                 |                  |
|----------------------|-----------------|---------------------------------|------------------|
|                      | <u>Land</u>     | <u>Houses and<br/>buildings</u> | <u>Total</u>     |
| January 1            | \$ 6,344        | \$ 14,702                       | \$ 21,046        |
| Depreciation expense | ( 206)          | ( 1,698)                        | ( 1,904)         |
| December 31          | <u>\$ 6,138</u> | <u>\$ 13,004</u>                | <u>\$ 19,142</u> |

|                               | <u>2022</u>     |                                 |                  |
|-------------------------------|-----------------|---------------------------------|------------------|
|                               | <u>Land</u>     | <u>Houses and<br/>buildings</u> | <u>Total</u>     |
| January 1                     | \$ 6,046        | \$ 8,724                        | \$ 14,770        |
| Addition                      | -               | 14,862                          | 14,862           |
| Lease modification            | -               | ( 7,218)                        | ( 7,218)         |
| Depreciation expense          | ( 206)          | ( 1,666)                        | ( 1,872)         |
| Net difference of<br>exchange | <u>504</u>      | <u>-</u>                        | <u>504</u>       |
| December 31                   | <u>\$ 6,344</u> | <u>\$ 14,702</u>                | <u>\$ 21,046</u> |

3. The addition to right-of-use assets of the Group in 2023 and 2022 were NT\$0 and 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<br/>the current period</u> |             |             |
| Interest expenses of the lease<br>liabilities                        | \$ 271      | \$ 198      |
| Expenses under the short-term lease<br>contracts                     | 1,192       | 1,157       |
| Gains on lease modification  | -           | 337         |

5. The total of cash outflow from leases in 2022 and 2021 were NT\$3,030 and NT\$2,949, respectively.

(VIII) Other payables

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Salary and bonus payable  | \$ 16,731                | \$ 16,018                |
| Promotional expenses payable                                      | 7,857                    | 6,687                    |
| Freight payable   | 6,540                    | 7,031                    |
| Advertisement expenses payable                                    | 5,717                    | 5,519                    |
| Remunerations to employees, directors,<br>and supervisors payable | -                        | 600                      |
| Other payables  | <u>19,004</u>            | <u>16,297</u>            |

|  |    |        |    |        |
|--|----|--------|----|--------|
|  | \$ | 55,849 | \$ | 52,152 |
|--|----|--------|----|--------|

(IX) Other current assets - others

|                           | December 31, 2023 |  | December 31, 2022 |
|---------------------------|-------------------|--|-------------------|
| Refund liabilities        | \$ 18,713         |  | \$ 15,200         |
| Other current liabilities | 3,497             |  | 532               |
|                           | \$ 22,210         |  | \$ 15,732         |

(X) Pension

1. (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:

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

(3) Changes in the net defined benefit (assets) liabilities 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>                               |

|  | <u>Current value of the defined benefit obligation</u> | <u>Fair value of the plan assets</u> | <u>Net defined benefit liabilities (assets)</u> |
|--|--|--------------------------------------|---|
| 2022   |  |                                      |   |
| 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 expenses in the statement of comprehensive income:

|                         | <u>2023</u>   | <u>2022</u>  |
|-------------------------|---------------|--------------|
| Current service cost    | \$ 343        | \$ -         |
| Interest costs          | 339           | 191          |
| Interest revenue        | <u>(363)</u>  | <u>(183)</u> |
| Current pension expense | <u>\$ 319</u> | <u>\$ 8</u>  |

The details of various costs, expenses and incomes of the aforesaid 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>\$</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</u><br><u>0.10%</u> | <u>Decrease by</u><br><u>0.10%</u> | <u>Increase by</u><br><u>0.25%</u>        | <u>Decrease by</u><br><u>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>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 staff. 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) The subsidiary hiring employees in Vietnam complies with the defined contribution retirement plan conducted by the local governmental agency to contribute the social insurance at a certain percentage of the total employee wages and the pension of each

employee is coordinated and arranged by the local government.

(3) Mao Bao (Shanghai) Trading Ltd. contributes the pension insurance at a certain percentage of the total local employees' wages every month pursuant to the pension insurance system stipulated by the PRC government. The pension of each employee is coordinated and arranged by the government, and the Group has no other obligations other than monthly contributions.

(4) In 2023 and 2022, the Group recognized NT\$5,454 and NT\$5,236 as the pension costs pursuant to the aforesaid retirement procedures.

(XI) 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.

(XII) 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.

(XIII) 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. With the net profit after settlement each year by the Company; payable taxes shall be estimated and retained; prior deficits shall be offset; the remuneration to directors and that to employees shall be estimated and retained; and then 10% may be set aside to be the statutory surplus reserve, unless the statutory surplus reserve has reached the paid-in capital size. Secondly, if necessary, the special surplus reserve is to be set aside or reversed as required by law. In cases of further earnings, the balance shall be combined

in prior accumulated undistributed balance. The Board of Directors is to prepare the distribution proposal. When the distribution is done through issuance of new shares, the requirements in Article 240 of the Company Act shall be followed. When it is done in cash, the Board of Directors is authorized to approve it with a majority vote of attending directors in a meeting attended by at least two-thirds of all directors and report it to the shareholders' meeting.

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 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>Amount</u>    | <u>2021</u><br><u>Dividend per share</u><br><u>(NT\$)</u> |
|--------------------|------------------|---|
| Statutory reserves | \$ 1,754         |   |
| Special reserve    | 997              |   |
| Cash dividends     | <u>14,855</u>    | \$ 0.35   |
|                    | <u>\$ 17,606</u> |   |

7. 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.

8. The Company, on March 12, 2024, resolved by the Board of Directors to approve the appropriation of losses for the year 2023.

(XIV) Operating Revenue

|                                    | <u>2023</u>       | <u>2022</u>       |
|------------------------------------|-------------------|-------------------|
| Revenues from customers' contracts | \$ <u>554,259</u> | \$ <u>587,101</u> |

The Group's revenues all sourced from the provision of products transferred at some time point. Please refer to Note 14 for the geographic areas of divided revenues.

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 |                          |                          |                        |
| - advances on sales  | \$ <u>588</u>            | \$ <u>1,012</u>          | \$ <u>1,489</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>965</u> | \$ <u>1,426</u> |

(XV) Interest revenue

|  | <u>2023</u>     | <u>2022</u>   |
|--|-----------------|---------------|
| Interest from bank deposit                                     | \$ 601          | \$ 323        |
| Revenues of interests from financial assets at amortized costs | <u>2,410</u>    | <u>648</u>    |
|  | <u>\$ 3,011</u> | <u>\$ 971</u> |

(XVI) Other income

|                         |    |             |              |             |            |
|-------------------------|----|-------------|--------------|-------------|------------|
|                         |    | <u>2023</u> |              | <u>2022</u> |            |
| Compensation revenues   | \$ |             | 64           | \$          | 30         |
| Subsidy revenues        |    |             | 577          |             | -          |
| Other revenues - others |    |             | 958          |             | 741        |
|                         | \$ |             | <u>1,599</u> | \$          | <u>771</u> |

(XVII) Other gains and losses

|   |     |             |               |             |               |
|---|-----|-------------|---------------|-------------|---------------|
|   |     | <u>2023</u> |               | <u>2022</u> |               |
| Loss from disposal of property, plant and equipment | (\$ |             | 31)           | (\$         | 26)           |
| Gains on lease modification                         |     |             | -             |             | 337           |
| Foreign exchange gain (loss)                        | (   |             | 640)          |             | 10,949        |
| Miscellaneous                                       | (   |             | 339)          | (           | 312)          |
|   | (\$ |             | <u>1,010)</u> | \$          | <u>10,948</u> |

(XVIII) 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> |

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

| By nature \<br>By Function          | 2023                         |                                 |            |
|-------------------------------------|------------------------------|---------------------------------|------------|
|                                     | Belonging to operating costs | Belonging to operating expenses | Total      |
| Expenses of employee benefits       |                              |                                 |            |
| Wage expenses                       | \$ 33,612                    | \$ 68,932                       | \$ 102,544 |
| Labor and health insurance expenses | 3,840                        | 6,284                           | 10,124     |
| Pension expenses                    | 1,901                        | 3,872                           | 5,773      |
| Other personnel expenses            | 1,181                        | 2,055                           | 3,236      |
| Depreciation expense                | 8,508                        | 3,317                           | 11,825     |
| Amortization expenses               | -                            | 643                             | 643        |



| By nature \ By Function             | 2022                         |                                 |           |
|-------------------------------------|------------------------------|---------------------------------|-----------|
|                                     | Belonging to operating costs | Belonging to operating expenses | Total     |
| Expenses of employee benefits       |                              |                                 |           |
| Wage expenses                       | \$ 32,843                    | \$ 67,021                       | \$ 99,864 |
| Labor and health insurance expenses | 3,575                        | 6,188                           | 9,763     |
| Pension expenses                    | 1,690                        | 3,554                           | 5,244     |
| Other personnel expenses            | 1,524                        | 2,026                           | 3,550     |
| Depreciation expense                | 8,605                        | 3,566                           | 12,171    |
| Amortization expenses               | -                            | 772                             | 772       |

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 Company's fiscal year 2022, the estimated amounts for employee compensation and director and supervisor remuneration were NT\$480 and NT\$120, respectively, and these amounts were recorded under the 'salaries and wages expense' account. For the fiscal year 2023, the Company incurred a pre-tax loss, therefore there is no need to allocate for employee compensation and director and supervisor remuneration.

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.

(XX) 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: | \$ 496          | \$ | 467          |
| 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>1,785</u>    |    | <u>2,222</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>\$ 2,330</u> | \$ | <u>3,730</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 (loss) profit before tax calculated at statutory tax rate | (\$ 358)        | \$ | 2,147        |
| 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>\$ 2,330</u> | \$ | <u>3,730</u> |

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

|   | <u>2023</u>      |   |   |                    |
|---|------------------|---|---|--------------------|
|   | <u>January 1</u> | <u>Recognized under<br/>profit and loss</u> | <u>Recognized under other<br/>comprehensive incomes</u> | <u>December 31</u> |
| Deferred tax assets                                   |                  |   |   |                    |
| - Temporary difference:                               |                  |   |   |                    |
| Difference from exchange of<br>the foreign operations | \$ 4,447         | \$ -  | \$ 127  | \$ 4,574           |
| Employee benefit actuarial<br>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<br>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>   |
| <br><u>2022</u><br>                                   |                  |   |   |                    |
|   | <u>January 1</u> | <u>Recognized under<br/>profit and loss</u> | <u>Recognized under other<br/>comprehensive incomes</u> | <u>December 31</u> |
| Deferred tax assets                                   |                  |   |   |                    |
| - Temporary difference:                               |                  |   |   |                    |
| Difference from exchange of<br>the foreign operations | \$ 5,427         | \$ -  | (\$ 980)  | \$ 4,447           |
| Employee benefit actuarial<br>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<br>land                  | \$ 16,036        | \$ -  | \$ -  | \$ 16,036          |
| Unrealized exchange gains                             | <u>-</u>         | <u>1,714</u>                                | <u>-</u>  | <u>1,714</u>       |
|   | <u>\$ 16,036</u> | <u>\$ 1,714</u>                             | <u>\$ -</u>   | <u>\$ 17,750</u>   |

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

December 31, 2023: None.

| <u>Credit item</u>                   | <u>December 31, 2022</u>        |   |                          |
|--------------------------------------|---------------------------------|---|--------------------------|
|                                      | <u>Balance not yet credited</u> | <u>Amount of deferred income tax assets</u> | <u>Final credit year</u> |
| 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:

| <u>Year of occurrence</u> | <u>Reported amount/ assessed amount</u> | <u>December 31, 2023</u>   |  |                             |
|---------------------------|---|----------------------------|--|-----------------------------|
|                           |   | <u>Amount not credited</u> | <u>Amount not recognized as the deferred income tax assets</u> | <u>Final deduction year</u> |
| 2022                      | <u>\$ 2,189</u>                         | <u>\$ 60</u>               | <u>\$ -</u>  | 2032                        |

| <u>Year of occurrence</u> | <u>Reported amount/ assessed amount</u> | <u>December 31, 2022</u>   |  |                             |
|---------------------------|---|----------------------------|--|-----------------------------|
|                           |   | <u>Amount not credited</u> | <u>Amount not recognized as the deferred income tax assets</u> | <u>Final deduction year</u> |
| 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.

(XXI) Earnings (losses) per share

|   | <u>2023</u>                   |  |                              |
|---|-------------------------------|--|------------------------------|
|   | <u>Amount (NT\$ thousand)</u> | <u>Number of weighted average outstanding shares (Thousand shares)</u> | <u>Loss per share (NT\$)</u> |
| <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>             |

2022

|   | Amount                 | Number of weighted average<br>outstanding shares | Earnings per<br>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<br>shares with diluting effect  |                        |  |                       |
| Employee remuneration   | <u>-</u>               | <u>15</u>  |                       |
| Net profit of the current period<br>belonging to the holders of<br>common shares plus effects of<br>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) Information on the compensations of the major management

|                              | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------|-------------|
| Short-term employee benefits | \$ 6,998    | \$ 6,773    |
| Benefit after retirement     | <u>80</u>   | <u>79</u>   |

Total \$ 7,078    \$ 6,852

VIII. Pledged Assets

The details of the Group’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<br>(Financial Assets<br>Measured at Amortized<br>Cost - Current) | <u>3,500</u>             | <u>-</u>                 | Performance Guarantee<br>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

For the earning distribution for 2023 approved upon the resolution adopted by the Board on March 12, 2024, please refer to Note 6(13).

XII. Others

(I) Capital management

The target of the Group’s capital management is to protect the Group for the continuous operation, maintain the best capital structure to lower capital costs, and provide returns to shareholders. To maintain or adjust the capital structure, the Group 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>                          |                          |                          |
| Through other comprehensive income at fair value |                          |                          |
| Financial assets measured by value               | \$ <u>134</u>            | \$ <u>134</u>            |
| Financial assets measured at amortized cost      | \$ <u>319,405</u>        | \$ <u>314,642</u>        |
|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| <u>Financial liabilities</u>                     |                          |                          |
| Financial liabilities measured at amortized cost | \$ <u>121,819</u>        | \$ <u>122,581</u>        |
| Lease liabilities                                | \$ <u>13,177</u>         | \$ <u>14,744</u>         |

The Group, based on the IFRS 9, is classified as financial assets measured at amortized cost include cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable, other receivables 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 Group 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 Group's Finance Department pursuant to the policies approved by the Board. The Group's 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, 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 Group operates cross-countries, so it is exposed to the exchange rate risk



generated from transactions denominated in the currencies other than the Group's functional currencies, mainly USD and CNY. The related exchange rate risk comes from the future commercial transactions, recognized assets and liabilities.

- B. The Group's management has established policies to regulate the companies within the Group to manage the exchange rate risk relative to the functional currencies.
- C. The business engaged in by the Group involves several non-functional currencies (the Company's function currency is TWD, and functional currencies of some subsidiaries are CNY and VND), so the Company is subject to the 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>Sensitivity analysis</u> |                  |                           |
|                              | Foreign currencies<br>(NT\$ thousand) | Exchange rate | Carrying amount (NTD)       | Extent of change | Affecting profit and loss |
| <u>Financial assets</u>      |                                       |               |                             |                  |                           |
| <u>Monetary items</u>        |                                       |               |                             |                  |                           |
| USD: TWD                     | \$ 2,198                              | 30.71         | \$ 67,490                   | 1%               | \$ 675                    |
| CNY: TWD                     | 5,859                                 | 4.33          | 25,352                      | 1%               | 254                       |
| <u>Financial liabilities</u> |                                       |               |                             |                  |                           |
| <u>Monetary items</u>        |                                       |               |                             |                  |                           |
| USD: TWD                     | 85                                    | 30.71         | 2,610                       | 1%               | 26                        |

| <u>December 31, 2022</u>     |                                       |               |                             |                  |                           |
|------------------------------|---------------------------------------|---------------|-----------------------------|------------------|---------------------------|
|                              |                                       |               | <u>Sensitivity analysis</u> |                  |                           |
|                              | Foreign currencies<br>(NT\$ thousand) | Exchange rate | Carrying amount (NTD)       | Extent of change | Affecting profit and loss |
| <u>Financial assets</u>      |                                       |               |                             |                  |                           |
| <u>Monetary items</u>        |                                       |               |                             |                  |                           |
| USD: TWD                     | \$ 3,092                              | 30.71         | \$ 94,955                   | 1%               | \$ 950                    |
| CNY: TWD                     | 3,388                                 | 4.41          | 14,934                      | 1%               | 149                       |
| <u>Financial liabilities</u> |                                       |               |                             |                  |                           |
| <u>Monetary items</u>        |                                       |               |                             |                  |                           |

USD: TWD                      136              30.71              4,177              1%              42

- D. Due to the impact of exchange rate fluctuations on significant monetary items, the gains (losses) from exchange rate differences (including realized and unrealized) for the fiscal years 2023 and 2022 were a loss of NT\$640 and a gain of NT\$10,949, respectively.

Price risk

- A. The Group'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 Group will diversify the portfolio within the limit set by the Group.
- B. The Group 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 Group's credit risk are the risk of financial loss sustained by the Group 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 Group establishes the management for credit risk from the perspective of the Group. Pursuant to the credit granting policy defined internally, before any operating entity within the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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<br/>the</u> | <u>Group A</u> | <u>Group B</u> | <u>Group C</u> | <u>Total</u> |
|------------------------------|---------------------------|----------------|----------------|----------------|--------------|
| <u>December 31,<br/>2023</u> |                           |                |                |                |              |
| Expected loss rate           | 100%                      | 0.03%          | 0.03%~0.12%    | 0.12%~1.00%    |              |
| Total carrying value         | \$ -                      | \$ -           | \$ 88,500      | \$ 3,816       | \$ 92,316    |
| Loss allowance               | \$ -                      | \$ -           | \$ 106         | \$ 39          | \$ 145       |
|                              | <u>Evaluating<br/>the</u> | <u>Group A</u> | <u>Group B</u> | <u>Group C</u> | <u>Total</u> |
| <u>December 31,<br/>2022</u> |                           |                |                |                |              |
| Expected loss rate           | 100%                      | 0.03%          | 0.03%~0.14%    | 0.03%~1.00%    |              |
| Total carrying               | \$ -                      | \$ -           | \$ 86,517      | \$ 6,479       | \$ 92,996    |

value

Loss allowance \$ - \$ - \$ 119 \$ 65 \$ 184

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

|                             | <u>2023</u>                |                         |
|-----------------------------|----------------------------|-------------------------|
|                             | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| January 1                   | \$ 119                     | \$ 65                   |
| Reversal of impairment loss | ( 13)                      | ( 26)                   |
| December 31                 | <u>\$ 106</u>              | <u>\$ 39</u>            |

|                             | <u>2022</u>                |                         |
|-----------------------------|----------------------------|-------------------------|
|                             | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| January 1                   | \$ 260                     | \$ 50                   |
| Provision of loss allowance | -                          | 15                      |
| Reversal of impairment loss | ( 151)                     | -                       |
| Effects of foreign exchange | 10                         | -                       |
| December 31                 | <u>\$ 119</u>              | <u>\$ 65</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 Group, and aggregated by the Finance Department. The Group's Finance Department monitors the forecast of required liquidity of the Company, to ensure sufficient funds to support the operating demands.
- B. Where the remaining cash held by the Group 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 Group were NT\$146,276 and NT\$129,115, and it is expected to generate cash flow instantly to manage the liquidity risk.
- C. The undrawn borrowing limit of the Group, NT\$110,000 are all expired within a year.

D. The following table are the Group'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.

| <u>Non-derivative liabilities:</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Lease liabilities                  |                          |                          |
| Within a year                      | \$ 1,620                 | \$ 1,837                 |
| More than one year                 | 12,555                   | 14,175                   |

Other than the aforesaid, the Group'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 Group's investments in equity instruments without active market belong to the category.
2. The carrying amount of the Group'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.
3. For the financial assets measured at fair values, the Group 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> |
| <b>Asset</b>  |                |                |                |              |
| <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> |
| <b>Asset</b>  |                |                |                |              |
| <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 in other comprehensive income   |  |  |
| Recognized unrealized gains (losses) on investments in equity instruments as at fair value through other comprehensive income |  |  |
|   | <u>-</u>                                 | <u>-</u>                                 |
| December 31   | <u>\$ 134</u>                            | <u>\$ 134</u>                            |

- During 2023 and 2022, there was no transfer from and to Level 3.
- The evaluation process of the Group 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.
- 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,<br>2023<br>Fair value | Valuation<br>techniques                                   | Material<br>unobservable<br>inputs | Range<br>(Weighted<br>average) | Relationship<br>between inputs<br>and fair values                                      |
|--------------------------------------|------------------------------------|---|------------------------------------|--------------------------------|--|
| Non-derivative equity instruments:   |                                    |   |                                    |                                |  |
| Non TWSE or<br>TPEX listed<br>shares | <u>\$ 134</u>                      | Comparable<br>TWSE or<br>TPEX listed<br>company<br>method | Multiplies of<br>P/B ratio         | 2.05                           | The higher the<br>multiplies are,<br>the higher the<br>fair value                      |
|                                      |                                    |   | Market<br>illiquidity<br>discount  | 30%                            | The higher the<br>market illiquidity<br>discount is, the<br>lower the fair<br>value is |
|                                      | December 31,<br>2022<br>Fair value | Valuation<br>techniques                                   | Material<br>unobservable<br>inputs | Range<br>(Weighted<br>average) | Relationship<br>between inputs<br>and fair values                                      |
| Non-derivative equity instruments:   |                                    |   |                                    |                                |  |
| Non TWSE or<br>TPEX listed<br>shares | <u>\$ 134</u>                      | Comparable<br>TWSE or<br>TPEX listed<br>company<br>method | Multiplies of<br>P/B ratio         | 1.99                           | The higher the<br>multiplies are,<br>the higher the<br>fair value                      |
|                                      |                                    |   | Market<br>illiquidity<br>discount  | 30%                            | The higher the<br>market illiquidity<br>discount is, the<br>lower the fair<br>value is |

9. The Group 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:

| Equity | Input | December 31, 2023 |                                     |                       |   |                       |
|--------|-------|-------------------|-------------------------------------|-----------------------|---|-----------------------|
|        |       | Change            | Recognized under profit<br>and loss |                       | Recognized under other<br>comprehensive incomes |                       |
|        |       |                   | Favorable<br>change                 | Unfavorable<br>change | Favorable<br>change                             | Unfavorable<br>change |
|        |       |                   |                                     |                       |   |                       |

|                                 |                             |     |      |      |      |        |
|---------------------------------|-----------------------------|-----|------|------|------|--------|
| instruments of financial assets | Market illiquidity discount | ±1% | \$ - | \$ - | \$ 1 | (\$ 1) |
|---------------------------------|-----------------------------|-----|------|------|------|--------|

|  |                             | <u>December 31, 2022</u>                |                  |                    |   |                    |
|--|-----------------------------|---|------------------|--------------------|---|--------------------|
|  |                             | <u>Recognized under profit and loss</u> |                  |                    | <u>Recognized under other comprehensive incomes</u> |                    |
|  | 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 Operating Departments

(I) General information

The Group operates business and makes decisions from the perspective of the sales by area and independent cash generation unit, so the management identifies the reportable department with this approach as well.

The Group has three reportable departments: Department A, B, and C. Department A is the Taiwan and overseas holding company; Department B is the Vietnam Area, and Department C is the China Area.

The Group's reportable department is the strategic business unit, to provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, they have to be managed separately.

The corporate components, basis to divide departments, and the measurement basis for the information on departments have not been materially changed during the period.

(II) Information on the departmental income and loss, assets and liabilities

The accounting policies of the Group's operating departments are identical to the summary of the key accounting policies describe in Note 4 of the financial reports. The income and loss of the Group's operating departments are measured at the income and loss before tax, serving as the basis to evaluate the performance of the operating departments. The information on the reportable departments provided to the major operation decision makers are as follows:

|  | <u>2023</u>         |                    |                   |                                |                     |
|--|---------------------|--------------------|-------------------|--------------------------------|---------------------|
|  | Department A        | Department B       | Department C      | Adjustment and<br>cancellation | Total               |
| Revenues   |                     |                    |                   |                                |                     |
| Revenues from external customers                         | \$ 493,846          | \$ 16,185          | \$ 44,228         | \$ -                           | \$ 554,259          |
| Inter-department revenues                                | <u>24,050</u>       | <u>3,602</u>       | <u>-</u>          | <u>( 27,652)</u>               | <u>-</u>            |
| Total revenue  | <u>\$ 517,896</u>   | <u>\$ 19,787</u>   | <u>\$ 44,228</u>  | <u>(\$ 27,652)</u>             | <u>\$ 554,259</u>   |
| Departmental profit and loss                             | <u>(\$ 3,727)</u>   | <u>(\$ 10,080)</u> | <u>\$ 8,629</u>   | <u>\$ 1,451</u>                | <u>(\$ 3,727)</u>   |
| Departmental profit and loss include:                    |                     |                    |                   |                                |                     |
| Interest revenue   | <u>\$ 3,660</u>     | <u>\$ 3</u>        | <u>\$ 41</u>      | <u>(\$ 693)</u>                | <u>\$ 3,011</u>     |
| Financial costs  | <u>(\$ 274)</u>     | <u>(\$ 693)</u>    | <u>\$ -</u>       | <u>\$ 693</u>                  | <u>(\$ 274)</u>     |
| Losses from investment recognized with the equity method | <u>(\$ 3,618)</u>   | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 3,618</u>                | <u>\$ -</u>         |
| Depreciation and amortization                            | <u>(\$ 10,285)</u>  | <u>(\$ 2,178)</u>  | <u>(\$ 5)</u>     | <u>\$ -</u>                    | <u>(\$ 12,468)</u>  |
| Income tax expenses                                      | <u>(\$ 1,846)</u>   | <u>\$ -</u>        | <u>(\$ 484)</u>   | <u>\$ -</u>                    | <u>(\$ 2,330)</u>   |
| Total departmental assets                                | <u>\$ 703,561</u>   | <u>\$ 54,172</u>   | <u>\$ 45,629</u>  | <u>(\$ 151,434)</u>            | <u>\$ 651,928</u>   |
| Total departmental liabilities                           | <u>(\$ 166,710)</u> | <u>(\$ 74,517)</u> | <u>(\$ 9,515)</u> | <u>\$ 75,699</u>               | <u>(\$ 175,043)</u> |

|  | <u>2022</u>         |                    |                   |                                |                     |
|--|---------------------|--------------------|-------------------|--------------------------------|---------------------|
|  | Department A        | Department B       | Department C      | Adjustment and<br>cancellation | Total               |
| Revenues   |                     |                    |                   |                                |                     |
| Revenues from external customers                         | \$ 524,902          | \$ 16,650          | \$ 45,549         | \$ -                           | \$ 587,101          |
| Inter-department revenues                                | <u>17,685</u>       | <u>5,177</u>       | <u>-</u>          | <u>( 22,862)</u>               | <u>-</u>            |
| Total revenue  | <u>\$ 542,587</u>   | <u>\$ 21,827</u>   | <u>\$ 45,549</u>  | <u>(\$ 22,862)</u>             | <u>\$ 587,101</u>   |
| Departmental profit and loss                             | <u>\$ 8,897</u>     | <u>(\$ 9,604)</u>  | <u>\$ 9,177</u>   | <u>\$ 427</u>                  | <u>\$ 8,897</u>     |
| Departmental profit and loss include:                    |                     |                    |                   |                                |                     |
| Interest revenue   | <u>\$ 1,566</u>     | <u>\$ 3</u>        | <u>\$ 34</u>      | <u>(\$ 632)</u>                | <u>\$ 971</u>       |
| Financial costs  | <u>(\$ 198)</u>     | <u>(\$ 632)</u>    | <u>\$ -</u>       | <u>\$ 632</u>                  | <u>(\$ 198)</u>     |
| Losses from investment recognized with the equity method | <u>(\$ 3,322)</u>   | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 3,322</u>                | <u>\$ -</u>         |
| Depreciation and amortization                            | <u>(\$ 10,853)</u>  | <u>(\$ 2,082)</u>  | <u>(\$ 8)</u>     | <u>\$ -</u>                    | <u>(\$ 12,943)</u>  |
| Income tax expenses                                      | <u>(\$ 3,271)</u>   | <u>\$ -</u>        | <u>(\$ 459)</u>   | <u>\$ -</u>                    | <u>(\$ 3,730)</u>   |
| Total departmental assets                                | <u>\$ 713,116</u>   | <u>\$ 59,331</u>   | <u>\$ 38,099</u>  | <u>(\$ 156,458)</u>            | <u>\$ 654,088</u>   |
| Total departmental liabilities                           | <u>(\$ 166,629)</u> | <u>(\$ 69,081)</u> | <u>(\$ 9,477)</u> | <u>\$ 73,366</u>               | <u>(\$ 171,821)</u> |

(III) Information on reconciliation of departmental profit and loss

The revenues from operating departments, profit and loss after taxes, and the incomes in the statement of comprehensive income, as well as the net profit after taxes reported by the Group to the major operation decision makers adopt the consistent measurement method, and thus the reconciliation statement is not applicable.

(IV) Information by products and services

The components of the revenue balance

|                          | <u>2023</u>       | <u>2022</u>       |
|--------------------------|-------------------|-------------------|
| Detergent series         | \$ 355,832        | \$ 375,865        |
| Domestic cleaning series | 155,672           | 163,906           |
| Others                   | <u>42,755</u>     | <u>47,330</u>     |
| Total                    | <u>\$ 554,259</u> | <u>\$ 587,101</u> |

(V) Information by area

The information of the Group for 2023 and 2022 by region are as follows:

|        | <u>2023</u>       |                           | <u>2022</u>       |                           |
|--------|-------------------|---------------------------|-------------------|---------------------------|
|        | <u>Revenues</u>   | <u>Non-current assets</u> | <u>Revenues</u>   | <u>Non-current assets</u> |
| Taiwan | \$ 493,846        | \$ 188,515                | \$ 524,902        | \$ 175,099                |
| Others | <u>60,413</u>     | <u>38,521</u>             | <u>62,199</u>     | <u>39,928</u>             |
| Total  | <u>\$ 554,259</u> | <u>\$ 227,036</u>         | <u>\$ 587,101</u> | <u>\$ 215,027</u>         |

(VI) Information on key customers

The information on key customers of the Group for 2023 and 2022 are as follows:

|            | <u>2023</u>          |                   | <u>2022</u>          |                    |
|------------|----------------------|-------------------|----------------------|--------------------|
|            | <u>Total revenue</u> | <u>Department</u> | <u>Total revenue</u> | <u>Department</u>  |
| Customer A | \$ 135,509           | Department A      | \$ 137,038           | Department A       |
| Customer B | 62,217               | Department A      | 67,348               | Department A       |
| Customer C | 42,911               | Department A      | 60,603               | Department A and C |

Mao Bao Inc. and the subsidiaries

Loaning of funds to others

January 1, 2023 to December 31, 2023

Table 1

Unit: NT\$ thousand

(Unless specified otherwise)

| No.<br>(Note 1) | Company providing loan          | Counterparty of loan | Transaction item<br>(Note 2) | Related party or not | Highest amount of the period<br>(Note 3) | End balance<br>(Note 8) | Amount actually drafted | Range of interest rate | Nature of loaned fund<br>(Note 4) | Transaction amount<br>(Note 5) | Reason of short-term financing needed<br>(Note 6) | Amount of loss allowance provided | Collateral<br>Name Value | Loan limit to single counterparty<br>(Note 7) | Total limit of loaned fund<br>(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, after subsequent fund repayment, the remaining balance should be disclosed to reflect risk adjustments. If a public company authorizes its chairman, as per Article 14, Paragraph 2 of the processing guidelines, to make installment loans or revolving drawdowns within a certain quota and period of one year, the balance announced and reported should still be based on the funds loaned approved by the Board of Directors. Even after subsequent fund repayment, considering the possibility of further loans, the balance should still be based on the funds loaned approved by the Board of Directors.

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. and the subsidiaries

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<br>(Note 1) | Relationship with the issuer of securities<br>(Note 2) | Account listed  | Number of shares | End of period               |                    |            | Remarks<br>(Note 4) |
|--------------|---|--|---|------------------|-----------------------------|--------------------|------------|---------------------|
|              |   |  |   |                  | Carrying amount<br>(Note 3) | Shareholding ratio | Fair value |                     |
| 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. and the subsidiaries

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: NT\$ thousand

(Unless specified otherwise)

| No.<br>(Note 1) | Name of transactor              | Counterparty                      | Relationship with the<br>transactor<br>(Note 2) | Account                    | Amount | Transaction conditions | Ratio to consolidated total<br>revenue or total assets<br>(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. and the subsidiaries

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. and the subsidiaries

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<br>(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<br>(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<br>(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 reviewed by an international accounting firm partnered with an accounting firm of the Republic of China
  - B. The financial reports reviewed 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. and the subsidiaries

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        | 6% | \$ -                 | - | \$ 4,718                      | 1% | \$ -   | -       | \$ -            | \$ -           | -                      | -                                   | \$ -   | - |

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

Table 7

| Names of major shareholders            | Shares             |                    |
|--|--------------------|--------------------|
|  | No. of shares held | 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%              |

## Seven. Financial position and financial performance, and shall assess its risks

### I. Financial position:

#### Comparison Analysis of Financial Position

Unit: NT\$ thousand

| Item \ Year   | 2023           | 2022           | Difference     |               |
|---|----------------|----------------|----------------|---------------|
|   |                |                | Amount         | %             |
| Current assets  | 413,542        | 427,953        | (14,411)       | (3.37)        |
| Property, Plant and Equipment   | 197,516        | 181,181        | 16,335         | 9.02          |
| Other assets  | 40,870         | 44,954         | (4,084)        | (9.08)        |
| <b>Total assets</b>   | <b>651,928</b> | <b>654,088</b> | <b>(2,160)</b> | <b>(0.33)</b> |
| Current liabilities   | 146,110        | 140,896        | 5,214          | 3.70          |
| Non-current liabilities   | 28,933         | 30,925         | (1,992)        | (6.44)        |
| <b>Total Liabilities</b>  | <b>175,043</b> | <b>171,821</b> | <b>3,222</b>   | <b>1.88</b>   |
| Share capital   | 424,439        | 424,439        | 0              | 0.00          |
| Capital reserve   | 2,704          | 2,704          | 0              | 0.00          |
| Retained earnings   | 55,781         | 60,654         | (4,873)        | (8.03)        |
| Other equities  | (6,039)        | (5,530)        | (509)          | 9.20          |
| <b>Total equity of shareholders</b>   | <b>476,885</b> | <b>482,267</b> | <b>(5,382)</b> | <b>(1.12)</b> |
| Description: Increase or decrease between the most recent 2 years is more than 20% with significant amount. |                |                |                |               |
| None of such situation.   |                |                |                |               |

Note: the source is the 2022 and 2023 consolidated financial statements.

## II. Operating Results

### Comparison Analysis of Operating Results

Unit: NT\$ thousand

| Item  | Year      |           | Amount increased (decreased) by | Change ratio % |
|---|-----------|-----------|---------------------------------|----------------|
|   | 2023      | 2022      |                                 |                |
| Net operating revenue   | 554,259   | 587,101   | (32,842)                        | (5.59)         |
| Sales cost  | (338,995) | (364,557) | 25,562                          | (7.01)         |
| Gross Profit  | 215,264   | 222,544   | (7,280)                         | (3.27)         |
| Operating expenses  | (222,317) | (226,139) | 3,822                           | (1.69)         |
| Operating income (loss)   | (7,053)   | (3,595)   | (3,458)                         | 96.19          |
| Non-operating Income and Expenses   | 3,326     | 12,492    | (9,166)                         | (73.37)        |
| Net income (net loss) before tax  | (3,727)   | 8,897     | (12,624)                        | (141.89)       |
| Gain (expense) from income come tax   | (2,330)   | (3,730)   | 1,400                           | (37.53)        |
| Net income (net loss) for the period  | (6,057)   | 5,167     | (11,224)                        | (217.22)       |
| Total of items not re-classified  | 1,184     | 2,191     | (1,007)                         | (45.96)        |
| Total of items that may be reclassified subsequently to profit or loss  | (509)     | 3,918     | (4,427)                         | (112.99)       |
| Total comprehensive income for the period   | (5,382)   | 11,276    | (16,658)                        | (147.73)       |
| <p>Descriptions of changes more than 20%:</p> <p>(I) The decreases in operating income and loss, non-operating income and expenses, income before income tax, and net income for the current period compared to the previous period were mainly due to a decrease in revenue from overseas customers and foreign exchange valuation differences.</p> <p>(II) Total amount of these not re-classified to profit and loss decreased from the previous period, mainly due to the remeasurement of the defined benefit plan adjusted based on the retirement actuarial report.</p> <p>(III) Total amount items that may be reclassified subsequently to profit or loss decreased from the previous period, mainly because the accumulated exchanges changed due to the exchange rate fluctuation.</p> |           |           |                                 |                |

Note: the source is the 2022 and 2023 consolidated financial statements.

### III. Cash flow:

(I) Liquidity analysis of the most recent two years

| Item \ Year   | Year   |        | Increased (decreased) by % |
|---|--------|--------|----------------------------|
|   | 2023   | 2022   |                            |
| Cash flow ratio   | 21.79  | 19.52  | 11.63                      |
| Cash flow adequacy ratio  | 166.00 | 209.75 | (20.86)                    |
| Cash reinvestment ratio   | 4.84   | 1.93   | 150.78                     |
| Descriptions of changes:<br>The decrease in cash flow adequacy ratio was mainly due to the increase in capital expenditure; the increase in cash reinvestment ratio was mainly due to the payment of cash dividends in the previous period. |        |        |                            |

(II) Remedial measures and liquidity analysis for insufficient cash: Not applicable

(III) Liquidity analysis for the coming year

Unit: NT\$ thousand

| Beginning cash balance (1) | Expected net cash flow from operating activities for the whole year (2) | Expected cash outflow for the whole year (3) | Expected amount of cash balance (deficit) (1)+(2)-(3) | Remedial measure of expected cash deficit |                |
|----------------------------|---|--|---|---|----------------|
|                            |   |  |   | Investment plans                          | Treasury plans |
| 146,483                    | 31,832  | 10,534                                       | 167,781   | -   | -              |

### IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year: None

### V. Reinvestment policy for the most recent fiscal year:

| Item \ Description               | Policy                     | Main reason of profit or loss  | Improvement plant  | Other investment plans in the future  |
|----------------------------------|----------------------------|--|--|---------------------------------------|
|                                  |                            |  |  |                                       |
| Pacific Worldwide Holdings Ltd.. | Overseas holding companies | Incomes of Mao Bao Vietnam Inc. and Mao Bao (Shanghai) Trading are recognized with the equity method.  | As below.  | —                                     |
| Mao Bao Vietnam Inc.             | Expanding overseas market  | The construction of Vietnam Plant was completed in February 2012, and the sales in Vietnam started at mid-2013; however, the breakeven has not yet achieved. | The sales channels in Vietnam will be constructed as soon as possible. | Marketing advertisement for channels. |

| Item \ Description              | Policy                    | Main reason of profit or loss   | Improvement plant   | Other investment plans in the future  |
|---------------------------------|---------------------------|---|---|---------------------------------------|
| Mao Bao (Shanghai) Trading Ltd. | Expanding overseas market | Established on May 23, 2012, and it has been committed to the manufacturing, sales, and the local domestic market actively. | The customers in mainland China and channels are to be increased. | Marketing advertisement for channels. |

**VI. For risks, the following matters shall be analyzed and assessed during the most recent fiscal year and as of the date of publication of the annual report:**

- (I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

| Item                             | 2023(NT\$ thousand) |
|----------------------------------|---------------------|
| Net foreign exchange gain (loss) | (640)               |
| Interest expenses                | 274                 |

The Company's interest expenses are mainly related to the interest on lease liabilities from lease contracts, and there is no situation involving bank borrowings. Therefore, interest rate changes have no impact on the company's profit and loss. As for exchange rate fluctuations, the Company closely monitors the trends of major currencies in the international foreign exchange market and non-economic international changes, which is beneficial for judging exchange rate trends and responding promptly, effectively reducing foreign exchange risks. Inflation will lead to an increase in the Company's various operating costs. The Company will closely monitor future inflation situations, adjust management and sales strategies in a timely and appropriate manner, and effectively control costs to reduce the impact of inflation on the Company's profit and loss

- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company does not engage in high-risk, high-leverage investments or derivatives trading. The Company and its subsidiaries comply with relevant laws and regulations when providing funds to companies within the Group, and have established sound internal management policies and operating procedures to control related risks, including the "Operating Procedures for Lending Funds to Others and Making Endorsements/Guarantees" and the "Procedures for Acquisition or Disposal of Assets."

- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work: the household cleaning and personal care products meeting consumers' needs are expected to be launched continuously, with the expected expenditures expected for research and development work for NT\$5.18 million in 2024.
- (IV) Effect on the company's finance and operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: the Company's sales markets are mainly local, and its finance and operations are both compliant with the current regulations of the competent authorities. In the past, and for the near-term, the company's finance and operations neither have been nor are expected to be affected by important policies adopted and changes in the legal environment at home and abroad.
- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: the Company is not a technology advanced company, so the effect is not material. The Company's IT department has prevented and promoted the cyber security risks regularly. The Company has been engaged in product research and innovation, while establishing its own brand for many years. The products are developed in house, so the Company has absolute independence to enhance its market competitiveness.
- (VI) The impact of changes in corporate image on crisis management and corresponding measures: Our company upholds the provision of high-quality products and a positive corporate image to consumers. Therefore, no incidents that could affect the corporate image and lead to a crisis have occurred. If such an incident were to occur, a dedicated task force would be formed by the senior management to address it.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: none.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.
- (IX) Risks faced due to concentrated procurement or sales: In terms of procurement, the company maintains long-term and stable cooperative relationships with its suppliers, ensuring the quality of raw materials and delivery schedules. Therefore, the risk of concentrated procurement is not significant. Regarding sales, the company has established customer credit limits and conducts regular reviews and inspections to control risks.

- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, independent director or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.
- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: involve the company and/or any company director, any independent director, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
- (XIII) Other important risks: None.

**VII. Other important matters: none**

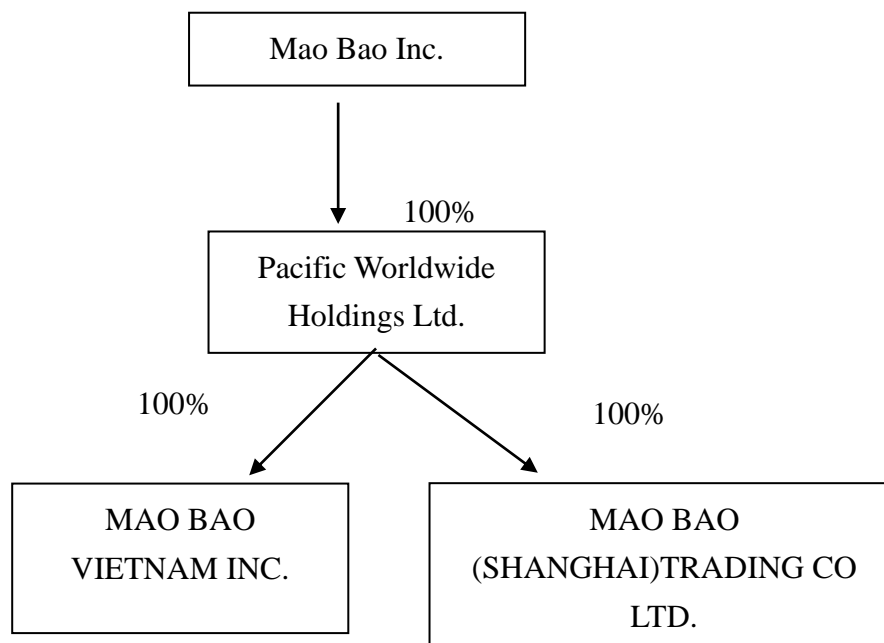


## Eight. Special items to be included

### I. Information related to the company's affiliates

#### (I) Consolidated business report

##### 1. Organizational chart of affiliates



##### 2. Basic information on each affiliate

Unit: NT\$ thousand

| Company name                    | Incorporation date | Address   | Paid-up capital (Note) | Major business  |
|---------------------------------|--------------------|---|------------------------|---|
| Pacific Worldwide Holdings Ltd. | 2006.01.11         | Offshore Chambers, P.O. Box 217, Asia, Samoa  | 153,525                | Overseas holding companies  |
| Mao Bao Vietnam Inc.            | 2006.10.16         | No. 3 road, Longthanh Industrial Zone, Taman Village, Longthanh District, Dongnai Province, Vietnam | 92,115                 | Production of various cleaning products   |
| Mao Bao (Shanghai) Trading Ltd. | 2012.05.23         | 368, Unit 302, No. 211, Fute North Road, China (Shanghai) Pilot Free Trade Zone, China              | 4,606                  | Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export |

(Note) Translated with the exchange rate at the end of 2024.

##### 3. Information of the mutual shareholders of the presumed controlling company and

subordinate companies: None.

4. Information of the directors, supervisors, and presidents of each affiliate:

Unit: thousand shares

| Name of enterprise              | Job title | Name or representative | No. of shares held               |                    |
|---------------------------------|-----------|------------------------|----------------------------------|--------------------|
|                                 |           |                        | No. of shares at the end of year | Shareholding ratio |
| Pacific Worldwide Holdings Ltd. | Director  | Mao Bao Inc.           | -                                | 100%               |
| Mao Bao Vietnam Inc.            | -         | -                      | -                                | 100%               |
| Mao Bao (Shanghai) Trading Ltd. | -         | -                      | -                                | 100%               |

5. Overview of each affiliate's operation

Unit: NT\$ thousand

| Company name                    | Capital | Total assets | Total Liabilities | Net value | Operating Revenue | Operating Income | Income (loss) of the period | Earnings per share (NT\$) |
|---------------------------------|---------|--------------|-------------------|-----------|-------------------|------------------|-----------------------------|---------------------------|
| Pacific Worldwide Holdings Ltd. | 153,525 | 58,004       | 451               | 57,553    | -                 | (2,602)          | (3,618)                     | -                         |
| MaoBao Vietnam Inc.             | 92,115  | 54,632       | 74,517            | (19,885)  | 21,219            | (9,578)          | (10,080)                    | -                         |
| Mao Bao (Shanghai) Trading Ltd. | 4,606   | 45,629       | 9,516             | 36,113    | 44,343            | 8,550            | 8,144                       | -                         |

(II) (Note) Translated with the exchange rate at the end of 2023.

(II) Consolidated financial statements of affiliates

Mao Bao Inc. and the subsidiaries

Declaration of consolidated financial statements of affiliates

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 endorsed by the Financial Supervisory Commission are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2023, (January 1-December 31, 2023) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

It is hereby certified

Company Name: Mao Bao Inc.

Person in Charge: Wu, Rui-Hua

March 12, 2024

(III) Relationship report: none

**II. Any private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

**III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

**IV. Other matters that require additional description: None.**

**V. Any situation might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

**Mao Bao Inc.**

**Chairman: Wu, Jui-Hua**