Mao Bao Inc. and the subsidiaryes

Consolidated Financial Reports and Independent Auditor’s Report

First Quarter, 2024 and 2023

(Stock Code: 1732)

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Mao Bao Inc. and the subsidiaries

Consolidated Financial Reports and Independent Auditor's Review Report for the First Quarter, 2024 and 2023

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Independent Auditor’s Review Report

2024 Financial Review Report No. 24000339

To Mao Bao Inc.

Foreword

We have reviewed the accompanying consolidated financial statements of Mao Bao Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 through March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). It is the responsibility of the Management to prepare the fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting" endorsed by the Financial Supervisory Commission and issued into effect; our responsibility is to draw a conclusion on the consolidated financial statements.

Scope

We conducted the review in accordance with the TWSRE 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” The procedures executed in reviewing the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of a review is significantly smaller than the scope of an audit. We therefore are unable to express an opinion, as all the significant matters that can be identified by an audit may not be detected.

Conclusion

According to the results of our review, we did not find that in all material respects, the preparation of the abovementioned consolidated financial statements fail to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting" endorsed by the Financial Supervisory Commission and issued into effect and would result in the Company and the subsidiaries to be unable fairly present the consolidated financial position as of March 31, 2024 and 2023, and the financial performance and consolidated cash flow for the three months ended March 31, 2024 and 2023.

PwC Taiwan

Juanlu, Man-Yu

CPA

Feng, Ming-Chuan

Former Financial Supervisory Commission, Executive Yuan
Document No. of Approval: Jin-Guan-Zheng-Sheng Zhi No.0990058257
Former Financial Supervisory Commission, Executive Yuan
Document No. of Approval: Jin-Guan-Zheng-VI Zhi No.0960038033

May 6, 2024

Mao Bao Inc. and the subsidiaries
Consolidated Balance Sheet
March 31, 2024, and December 31 and March 31, 2023

Unit: NT$ thousand

	Asset	Note	March 31, 2024 Amount	%	December 31, 2023 Amount	%	March 31, 2023 Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 134,609	20	$ 146,483	22	$ 68,718	11
1136	Financial assets measured at amortized cost - current	6(2) and 8	80,724	12	77,891	12	89,418	15
1150	Notes receivable, net	6(4)	3,262	1	3,777	1	1,695	-
1170	Accounts receivable, net	6(4)	103,441	16	88,394	13	91,090	15
1220	Income tax assets of the period		1,732	-	1,723	-	3,668	1
130X	Inventories	6(5)	99,291	15	89,518	14	105,525	17
1479	Other current assets - others		7,008	1	5,756	1	11,061	2
11XX	**Total current assets**		430,067	65	413,542	63	371,175	61
	Non-current assets							
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(3)	134	-	134	-	134	-
1600	Property, Plant and Equipment	6(6) and 8	195,152	29	197,516	30	193,053	32
1755	Right-of-use assets	6(7)	18,720	3	19,142	3	20,571	3
1780	Intangible assets		1,946	-	1,221	-	698	-
1840	Deferred tax assets		7,567	1	7,971	1	9,250	2
1975	Net defined benefit assets - non-current		3,267	1	3,244	1	1,775	-
1990	Other non-current assets - others		9,196	1	9,158	2	9,886	2
15XX	**Other non-current assets**		235,982	35	238,386	37	235,367	39
1XXX	**Total assets**		$ 666,049	100	$ 651,928	100	$ 606,542	100

(continued in next page)

Mao Bao Inc. and the subsidiaries
Consolidated Balance Sheet
March 31, 2024, and December 31 and March 31, 2023

Unit: NT$ thousand

	Liabilities and Equity	Note	March 31, 2024 Amount	%	December 31, 2023 Amount	%	March 31, 2023 Amount	%
	Current liabilities							
2130	Contract liabilities - current	6(14)	$ 1,204	-	$ 588	-	$ 513	-
2170	Accounts payable		82,810	12	65,970	10	49,438	8
2200	Other payables	6(8)	44,287	7	55,849	9	28,556	5
2230	Current tax liabilities		327	-	112	-	-	-
2280	Lease liabilities - current		1,388	-	1,381	-	1,521	-
2399	Other current liabilities - others	6(9)	23,034	4	22,210	3	16,714	3
21XX	**Total current liabilities**		153,050	23	146,110	22	96,742	16
	Non-current liabilities							
2570	Deferred tax liabilities		18,015	2	17,137	3	17,074	3
2580	Lease liabilities - non-current		11,447	2	11,796	2	12,833	2
25XX	**Total non-current liabilities**		29,462	4	28,933	5	29,907	5
2XXX	**Total Liabilities**		182,512	27	175,043	27	126,649	21
	Equity							
	Equity attributed the owners of the parent company							
	Share capital	6(11)						
3110	Common share capital		424,439	64	424,439	65	424,439	70
	Capital reserve	6(12)						
3200	Capital reserve		2,704	-	2,704	-	2,704	-
	Retained earnings	6(13)						
3310	Statutory reserves		37,636	6	37,636	6	36,900	6
3320	Special reserve		5,530	1	5,530	1	11,862	2
3350	Undistributed earnings		17,205	3	12,615	2	9,708	2
	Other equities							
3400	Other equities		(3,977)	(1)	(6,039)	(1)	(5,720)	(1)
3XXX	**Total equity**		483,537	73	476,885	73	479,893	79
	Significant Events After Balance Sheet Date	11						
3X2X	**Total liabilities and equities**		$ 666,049	100	$ 651,928	100	$ 606,542	100

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
Consolidated Statements of Comprehensive Income
January 1 to March 31, 2024 and 2023

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

	Item	Note	January 1 to March 31, 2024 Amount	%	January 1 to March 31, 2023 Amount	%
4000	Operating Revenue	6(14)	$ 149,473	100	$ 135,320	100
5000	Operating costs	6(5)(10)(19)	(90,224)	(60)	(86,043)	(63)
5900	Gross Profit		59,249	40	49,277	37
	Operating expenses	6(10)(19) and 7				
6100	Selling expenses		(42,730)	(29)	(40,784)	(30)
6200	Administrative expenses		(12,429)	(8)	(10,435)	(8)
6300	Research and development expenses		(1,240)	(1)	(1,244)	(1)
6450	Expected credit impairment gains	12(2)	8	-	45	-
6000	Total operating expenses		(56,391)	(38)	(52,418)	(39)
6900	Operating income (loss)		2,858	2	(3,141)	(2)
	Non-operating Income and Expenses					
7100	Interest revenue	6(15)	830	1	497	-
7010	Other income	6(16)	549	-	256	-
7020	Other gains or losses	6(17)	1,549	1	(261)	-
7050	Financial costs	6(18)	(63)	-	(70)	-
7000	Total non-operating incomes and expenses		2,865	2	422	-
7900	**Net income (net loss) before tax**		5,723	4	(2,719)	(2)
7950	Gain (expense) from income come tax	6(20)	(1,133)	(1)	535	-
8200	**Net income (net loss) for the period**		$ 4,590	3	($ 2,184)	(2)
	Other comprehensive income					
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		$ 2,577	2	($ 238)	-
8399	Income tax relating to items that may be reclassified	6(20)	(515)	(1)	48	-
8360	Total of items that may be reclassified subsequently to profit or loss		2,062	1	(190)	-
8300	**Other comprehensive income (loss) for the period (net)**		$ 2,062	1	($ 190)	-
8500	**Total comprehensive income for the period**		$ 6,652	4	($ 2,374)	(2)
	Net profit attributed to:					
8610	Owners of the parent company		$ 4,590	3	($ 2,184)	(2)
	Comprehensive income attributed to:					
8710	Owners of the parent company		$ 6,652	4	($ 2,374)	(2)
	Basic earnings (losses) per share	6(21)				
9750	Basic earnings (losses) per share		$ 0.11		($ 0.05)	
	Diluted earnings (losses) per share	6(21)				
9850	Diluted earnings (losses) per share		$ 0.11		($ 0.05)	

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
Consolidated Statement of Changes in Equity
January 1 to March 31, 2024 and 2023

Unit: NT$ thousand

	Note	Equity attributed the owners of the parent company									
			Capital reserve			Retained earnings			Other equities		
	Note	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	Total equity
Q1 2023											
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		-	-	-	-	-	-	(2,184)	-	-	(2,184)
Other net comprehensive loss of the period		-	-	-	-	-	-	-	(190)	-	(190)
Total comprehensive income for the period		-	-	-	-	-	-	(2,184)	(190)	-	(2,374)
Balance as of March 31, 2023		$ 424,439	$ 2,027	$ 663	$ 14	$ 36,900	$ 11,862	$ 9,708	($ 5,616)	($ 104)	$ 479,893
Q1 2024											
Balance as of January 1, 2024		$ 424,439	$ 2,027	$ 663	$ 14	$ 37,636	$ 5,530	$ 12,615	($ 5,935)	($ 104)	$ 476,885
Current net profit		-	-	-	-	-	-	4,590	-	-	4,590
Other combined net gains of current period		-	-	-	-	-	-	-	2,062	-	2,062
Total comprehensive income for the period		-	-	-	-	-	-	4,590	2,062	-	6,652
Balance as of March 31, 2024		$ 424,439	$ 2,027	$ 663	$ 14	$ 37,636	$ 5,530	$ 17,205	($ 3,873)	($ 104)	$ 483,537

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
Consolidated Statements of Cash Flows
January 1 to March 31, 2024 and 2023

Unit: NT$ thousand

	Note	January 1 to March 31, 2024	January 1 to March 31, 2023
Cash flows from operating activities			
Net income (net loss) before tax for the period		$ 5,723	($ 2,719)
Adjusted items			
Income/expenses items			
Depreciation expense	6(19)	2,979	2,956
Amortization expenses	6(19)	182	178
Expected credit impairment gain	12(2)	(8)	(45)
Interest expenses	6(18)	63	70
Interest revenue	6(15)	(830)	(497)
Changes in assets/liabilities related the operating activities			
Net changes in assets related the operating activities			
Notes receivable		521	4,767
Accounts receivable		(15,045)	(4,695)
Inventories		(9,773)	664
Other current assets - others		(507)	(4,602)
Net changes in liabilities related the operating activities			
Contract liabilities - current		616	(499)
Accounts payable		16,840	(20,991)
Other payables		(11,562)	(23,596)
Other current liabilities		824	982
Net defined benefit assets and liabilities - non-current net changes		(23)	(99)
Cash outflow provided by operating activities		(10,000)	(48,126)
Interest received		76	74
Interest paid		(63)	(70)
Income tax refunded (paid)		(151)	(54)
Net cash outflow from operating activities		(10,138)	(48,176)
Cash flows from investing activities			
Acquisition of financial assets at amortized costs		(2,833)	-
Disposal of financial assets measured at amortized cost		-	581
Acquisition of property, plant and equipment	6(6)	(192)	(14,421)
Acquisition of intangible assets		(907)	(599)
Increase in refundable deposits		(43)	(307)
Other non-current assets - other decrease		5	2,944
Net cash outflow from investment activities		(3,970)	(11,802)

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
Consolidated Statements of Cash Flows
January 1 to March 31, 2024 and 2023

Unit: NT$ thousand

	Note	January 1 to March 31, 2024	January 1 to March 31, 2023
Cash flows from financing activities			
Rep ayment of lease liabilities		(342)	(390)
Net cash outflow from financing activities		(342)	(390)
Effects of foreign exchange		2,576	(169)
Decrease in cash and cash equivalents in this period		(11,874)	(60,537)
Beginning balance cash and cash equivalents for the period		146,483	129,255
End balance cash and cash equivalents for the period		$ 134,609	$ 68,718

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
First Quarter, 2024 and 2023

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 May 9, 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 2024 approved and issued by the FSC:

New, revised or amended IFRSs and IFRIC	Effective Date Announced by IASB
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.

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

None.

(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:

New, revised or amended IFRSs and IFRIC	Effective Date Announced by IASB
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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
Amendments to IAS No. 21 "Lack of Convertibility"	January 1, 2025

Other than the follows, after assessment, the standards and interpretations above do not affect the Group’s financial status and position materially.

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

IV. Summary of Significant Accounting Polices

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

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

(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. The preparation of financial statements in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed by the Financial Supervisory Commission (FSC), requires the use of some critical accounting estimates. In the process of applying the Group's accounting policies, the management also needed to exercise its judgment. For items requiring meticulous judgment or involving complexity, or involving critical assumptions and estimates in the consolidated financial statements, please refer to Note V for details.

(III) <u>Basis of consolidation</u>

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 (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	Pacific Worldwide Holdings Ltd.	Overseas holding companies	100	100	100
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Production of various cleaning products	100	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	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 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.

(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 these 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) These without right to defer settlement of liabilities for at least 12 months after the reporting period.

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 cots 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 years ～ 60 years
Machine and equipment	2 years ～ 10 years
Other equipment	1 years ～ 13 years

(XIV) 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.

(XV) 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.

(XVI) 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 amount. 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.

(XVII) 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.

(XVIII) Derecognition of financial liabilities

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

(XIX) 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.

D. The pension cost in the interim period is calculated on the basis of the actuarial pension cost rate at the end of the previous fiscal year, from the beginning of the year to the end of the current period. If there is any material market change and major reduction, settlement or other material one-time event after the end date, adjustment is made, and the relevant information is disclosed in accordance with the aforementioned policies.

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.

(XX) 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 assets the filing of income taxes pursuant to the period specified in the applicable income tax related regulations, and estimate the income tax liabilities based on the taxes expected to be paid to the tax authorities where applicable. For the income taxes levied on the undistributed earning pursuant to the Income Tax Act, are recognized as the income tax expenses of the undistributed earnings in the next year of the year when the earnings generated, based on the actual distributed earnings upon the approval of earning distribution by the shareholders' meeting.
3. The deferred income tax adopts the balance sheet method, recognizes the temporary difference generated between the tax base of the assets and liabilities and their carrying amounts in the balance sheet. 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 the they may be used to deduct the future taxable incomes, and the unrecognized and recognized deferred income tax assets are re-assessed at each balance sheet date.

5. Where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the current income tax assets and liabilities may be offset; where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and the deferred tax assets and liabilities generated from the taxpayer entity whose income taxes are levied by the same tax collection authority, or generated from different taxpayer entities but each entity, with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the deferred income tax assets and liabilities may be offset.

6. The income tax expense for the interim period is calculated by applying the estimated average effective tax rate for the previous year to the profit and loss before tax of the interim period, and the relevant information is disclosed in accordance with the aforementioned policies.

(XXI) 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.

(XXII) 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 .

(XXIII) 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.

(XXIV) 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.

(XXV) 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.

(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 March 31, 2024, the refund liability recognized by the Company was $19,981 (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 March 31, 2024, the carrying amount of the inventories was NT$99,291.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and penny cash	$ 187	$ 207	$ 232
Checking and demand deposit	94,736	86,554	58,502
Cash equivalents - short-term bills	39,686	59,722	9,984
	$ 134,609	$ 146,483	$ 68,718

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

Item	March 31, 2024	December 31, 2023	March 31, 2023
Current item:			
Time deposits with an initial maturity of within three months	$ 80,724	$ 77,891	$ 89,418

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Financial assets measured at amortized cost		
Interest revenue	$ 736	$ 445

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

Item	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Equity instruments			
Shares not listed in TWSE, TPex, or emerging stock market	$ 238	$ 238	$ 238
Valuation adjustment	(104)	(104)	(104)
Total	$ 134	$ 134	$ 134

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 March 31, 2024, and March 31 and December 31, 2023 both were NT$134

2. Without considering the collaterals held or other credit enhancement, at March 31, 2024, and March 31 and December 31, 2023, 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

	March 31, 2024		December 31, 2023		March 31, 2023	
Notes receivable	$	3,295	$	3,816	$	1,712
Less: loss allowance	(	33)	(	39)	(	17)
	$	3,262	$	3,777	$	1,695
Accounts receivable	$	103,545	$	88,500	$	91,212
Less: loss allowance	(	104)	(	106)	(	122)
	$	103,441	$	88,394	$	91,090

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

	March 31, 2024		December 31, 2023		March 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
0 - 4 months	$ 103,409	$ 3,295	$ 88,419	$ 3,816	$ 90,782	$ 1,712
4 - 6 months	25	-	27	-	227	-
6- 9 months	30	-	1	-	3	-
9 - 12 months	2	-	-	-	32	-
More than one year	79	-	53	-	168	-
	$ 103,545	$ 3,295	$ 88,500	$ 3,816	$ 91,212	$ 1,712

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 March 31, 2024, and March 31 and December 31, 2023, 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, 2023 was NT$92,996.

3. Without considering the collaterals held or other credit enhancement, at March 31, 2024, and March 31 and December 31, 2023, the maximum amount exposed to the credit risk of the notes receivable representing the Company most were NT$3,262, NT$3,777, and NT$1,695, respectively. The maximum amount exposed to the credit risk of the accounts receivable representing the Company most at March 31, 2024, and March 31 and December 31, 2023, were NT$103,441, NT$88,394, and NT$91,090, 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

	March 31, 2024		
	Cost	Loss allowance	Carrying amount
Raw materials	$ 15,305	($ 136)	$ 15,169
Parts	19,674	(686)	18,988
Work in progress	2,226	(30)	2,196
Finished products	59,402	(827)	58,575
Goods	4,414	(51)	4,363
	$ 101,021	($ 1,730)	$ 99,291

	December 31, 2023		
	Cost	Loss allowance	Carrying amount
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	1,428	(62)	1,366
	$ 91,888	($ 2,370)	$ 89,518

	March 31, 2023		
	Cost	Loss allowance	Carrying amount
Raw materials	$ 19,836	($ 534)	$ 19,302
Parts	18,962	(969)	17,993
Work in progress	2,034	-	2,034
Finished products	65,999	(1,723)	64,276
Goods	2,003	(83)	1,920
	$ 108,834	($ 3,309)	$ 105,525

The inventory expenses recognized by the Group as expenses:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Costs of sold inventories	$ 91,148	$ 85,704
Revenues from selling scrapes and wasted materials	(149)	(142)
Inventory (gain from price recovery) valuation loss (Note)	(640)	180
Inventory (gains) losses	(135)	301
	$ 90,224	$ 86,043

Note: From January 1 to March 31, 2024, the Group recognized a decrease in the cost of sales due to a recovery in the net realizable value of inventories by closing out the inventories.

(VI) Property, Plant and Equipment

	Land	Houses and buildings	Machine and equipment	Other equipment	Total
January 1, 2024					
Cost	$ 98,180	$ 167,715	$ 80,315	$ 32,491	$ 378,701
Accumulated depreciation	-	(93,589)	(66,321)	(21,275)	(181,185)
	$ 98,180	$ 74,126	$ 13,994	$ 11,216	$ 197,516
2024					
January 1	$ 98,180	$ 74,126	$ 13,994	$ 11,216	$ 197,516
Addition	-	-	106	86	192
Depreciation expense	-	(1,112)	(799)	(646)	(2,557)
Net difference of exchange	-	-	-	1	1
March 31	$ 98,180	$ 73,014	$ 13,301	$ 10,657	$ 195,152
March 31, 2024					
Cost	$ 98,180	$ 167,715	$ 80,357	$ 31,694	$ 377,946
Accumulated depreciation	-	(94,701)	(67,056)	(21,037)	(182,794)
	$ 98,180	$ 73,014	$ 13,301	$ 10,657	$ 195,152

	Land	Houses and buildings	Machine and equipment	Other equipment	Total
January 1, 2023					
Cost	$ 98,180	$ 154,382	$ 75,272	$ 27,095	$ 354,929
Accumulated depreciation	-	(89,066)	(63,425)	(21,257)	(173,748)
	$ 98,180	$ 65,316	$ 11,847	$ 5,838	$ 181,181
2023					
January 1	$ 98,180	$ 65,316	$ 11,847	$ 5,838	$ 181,181
Addition	-	12,650	106	1,665	14,421
Depreciation expense	-	(1,152)	(787)	(542)	(2,481)
Net difference of exchange	-	-	-	(68)	(68)
March 31	$ 98,180	$ 76,814	$ 11,166	$ 6,893	$ 193,053
March 31, 2023					
Cost	$ 98,180	$ 167,032	$ 75,378	$ 28,388	$ 368,978
Accumulated depreciation	-	(90,218)	(64,212)	(21,495)	(175,925)

$ 98,180	$ 76,814	$ 11,166	$ 6,893	$ 193,053

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.

	March 31, 2024	December 31, 2023	March 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	$ 6,087	$ 6,138	$ 6,294
Houses	12,633	13,004	14,277
	$ 18,720	$ 19,142	$ 20,571

	January 1 to March 31, 2024	January 1 to March 31, 2023
	Depreciation expense	Depreciation expense
Land	$ 51	$ 50
Houses	371	425
	$ 422	$ 475

The changes in the right-of-use assets of the Group in for the three months ended March 31, 2024 and 2023 are as follows:

	2024		
	Land	Houses and buildings	Total
January 1	$ 6,138	$ 13,004	$ 19,142
Depreciation expense	(51)	(371)	(422)
March 31	$ 6,087	$ 12,633	$ 18,720

	2023		
	Land	Houses and buildings	Total
January 1	$ 6,344	$ 14,702	$ 21,046
Depreciation expense	(50)	(425)	(475)
March 31	$ 6,294	$ 14,277	$ 20,571

3. The addition to right-of-use assets of the Group for the three months ended March 31, 2024 and 2023 both were NT$0.

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Items affecting the profit and loss of the current period		
Interest expenses of the lease liabilities	$ 63	$ 70
Expenses under the short-term lease contracts	317	241

5. The total of cash outflow from leases for the three months ended March 31, 2024 and 2023 were NT$722 and NT$701, respectively.

(VIII) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Salary and bonus payable	$ 12,093	$ 16,731	$ 4,916
Promotional expenses payable	6,734	7,857	5,597
Freight payable	5,968	6,540	5,160
Advertisement expenses payable	4,576	5,717	3,344
Remunerations to employees, directors, and supervisors payable	538	-	600
Other payables	14,378	19,004	8,939
	$ 44,287	$ 55,849	$ 28,556

(IX) Other current assets - others

	March 31, 2024	December 31, 2023	March 31, 2023
Refund liabilities	$ 19,981	$ 18,713	$ 16,153
Other current liabilities	3,053	3,497	561
	$ 23,034	$ 22,210	$ 16,714

(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) For the three months ended March 31, 2024 and 2023, the Group recognized NT$76 and NT$7 as the pension costs pursuant to the aforesaid retirement procedures.

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

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) For the three months ended March 31, 2024 and 2023, the Group recognized NT$1,366 and NT$1,360 as the pension costs pursuant to the aforesaid retirement procedures.

(XI) Share capital

As of March 31, 2024 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 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.

7. 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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Revenues from customers’ contracts	$ 149,473	$ 135,320

1. Contract liabilities:

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

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Contract liabilities-				
Advances of sales	$ 1,204	$ 588	$ 513	$ 1,012

2. Beginning contract liabilities Revenues recognized for the current period

	January 1 to March 31, 2024	January 1 to March 31, 2023
Beginning balance of contract liabilities Revenues recognized for the current period		
Advances of sales	$ 557	$ 954

(XV) Interest revenue

	January 1 to March 31, 2024	January 1 to March 31, 2023
Interest from bank deposit	$ 94	$ 52
Revenues of interests from financial assets at amortized costs	736	445
	$ 830	$ 497

(XVI) Other income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Compensation revenues	$ 5	$ -
Subsidy revenues	386	60
Other revenues - others	158	196
	$ 549	$ 256

(XVII) Other gains or losses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Gain (loss) from foreign currency exchange	$ 1,642	($ 372)
Miscellaneous	(93)	111
	$ 1,549	($ 261)

(XVIII) Financial costs

	January 1 to March 31, 2024	January 1 to March 31, 2023
Interests of the lease liabilities	$ 63	$ 70

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

By Function / By nature	January 1 to March 31, 2024		
	Belonging to operating costs	Belonging to operating expenses	Total
Expenses of employee benefits			
Wage expenses	$ 9,156	$ 18,292	$ 27,448
Labor and health insurance expenses	966	1,697	2,663

Pension expenses	472	970	1,442
Other personnel expenses	290	514	804
Depreciation expense	2,106	873	2,979
Amortization expenses	-	182	182

By Function / By nature	January 1 to March 31, 2023		
	Belonging to operating costs	Belonging to operating expenses	Total
Expenses of employee benefits			
Wage expenses	$ 8,474	$ 17,132	$ 25,606
Labor and health insurance expenses	971	1,621	2,592
Pension expenses	451	916	1,367
Other personnel expenses	296	513	809
Depreciation expense	2,144	812	2,956
Amortization expenses	-	178	178

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 three months ended March 31, 2024, the Company’s estimated amounts for employee compensation and director and supervisor remuneration were NT$430 and NT$108, respectively, and these amounts were recorded under the 'salaries and wages expense' account. For the three months ended March 31, 2024 and 2023, the Company incurred a pre-tax loss, therefore there is no need to allocate for employee compensation and director and supervisor remuneration.

   For the three months ended March 31, 2024, the estimates were made at approximately 7% and 2% based on the profit as of the current period.

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

(XX) Income tax

1. Gain (expense) from income come tax

   (1) Compositions of the income tax expenses (gain):

	January 1 to March 31, 2024	January 1 to March 31, 2023
Income tax of the current period:		
Income tax generated from the income of the current period:	$ 366	$ 46
Under underestimates of the income tax in previous years	-	-
Total income tax of the current period	366	46
Deferred income tax:		
Origin and reversal of the temporary difference	$ 767	($ 581)
Total deferred income tax	767	(581)
Expense (gain) from income come tax	$ 1,133	($ 535)

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Difference from translation of the foreign operations	$ 515	($ 48)

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

(XXI) Earnings (losses) per share

	January 1 to March 31, 2024		
	Amount (NT$ thousand)	Number of weighted average outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Current net profit	$ 4,590	42,444	$ 0.11
Diluted earnings per share			
Current net profit	$ 4,590	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	-	15	
Net loss of the current period belonging to the holders of common shares plus effects of potential common shares	$ 4,590	42,459	$ 0.11

	January 1 to March 31, 2023		
	Amount (NT$ thousand)	Number of weighted average outstanding shares (thousand shares)	Loss per share (NT$)
Basic loss per share (i.e. diluted loss per share)			
Current net loss	($ 2,184)	42,444	($ 0.05)

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits	$ 2,335	$ 2,060
Benefit after retirement	20	20
Total	$ 2,355	$ 2,080

VIII. Pledged Assets

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

	Carrying value			
Asset item	March 31, 2024	December 31, 2023	March 31, 2023	Purpose of guarantee
Land	$ 98,180	$ 98,180	$ 98,180	Limit of bank borrowings
Houses and buildings	43,984	44,840	32,889	"

Fixed-term Deposits (Financial Assets Measured at Amortized Cost - Current)	3,500	3,500	-	Performance Guarantee for Grant Funds
	$ 145,664	$ 146,520	$ 131,069	

IX. Significant Contingent Liabilities and Unrecognized Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Events After Balance Sheet Date

None.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Financial assets at fair value through other comprehensive profit or loss	$ 134	$ 134	$ 134
Financial assets measured at amortized cost	$ 325,628	$ 319,405	$ 254,184

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities			
Financial liabilities measured at amortized cost	$ 127,097	$ 121,819	$ 77,994
Lease liabilities	$ 12,835	$ 13,177	$ 14,354

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

<u>Exchange rate risk</u>

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:

March 31, 2024

	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis: Extent of change	Sensitivity analysis: Affecting profit and loss
Financial assets					
Monetary items					
USD: TWD	$ 2,182	32.00	$ 69,824	1%	$ 698
CNY: TWD	4,251	4.41	18,738	1%	187
Financial liabilities					
Monetary items					
USD: TWD	133	32.00	4,256	1%	43

December 31, 2023

	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis: Extent of change	Sensitivity analysis: Affecting profit and loss
Financial assets					
Monetary items					
USD: TWD	$ 2,198	30.71	$ 67,490	1%	$ 675
CNY: TWD	5,859	4.33	25,352	1%	254
Financial liabilities					
Monetary items					
USD: TWD	85	30.71	2,610	1%	26

March 31, 2023

	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis: Extent of change	Sensitivity analysis: Affecting profit and loss
Financial assets					
Monetary items					
USD: TWD	$ 2,655	30.45	$ 80,845	1%	$ 808
CNY: TWD	3,889	4.431	17,232	1%	172
Financial liabilities					
Monetary items					
USD: TWD	51	30.45	1,553	1%	16

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 three months ended March 31, 2024 and 2023 were a gain of NT$1,642 and a loss of NT$372, 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 for the three months ended March 31, 2024 and 2023 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 March 31, 2024, and March 31 and December 31, 2023 are as follows:

	Evaluating the	Group A	Group B	Group C	Total
March 31, 2024					
Expected loss rate	100%	0.03%	0.03%~0.10%	0.10%~1.00%	
Total carrying value	$ -	$ -	$ 103,545	$ 3,295	$ 106,840
Loss allowance	$ -	$ -	$ 104	$ 33	$ 137

	Evaluating the	Group A	Group B	Group C	Total
December 31, 2023					
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

	Evaluating the	Group A	Group B	Group C	Total
March 31, 2023					
Expected loss rate	100%	0.03%	0.03%~0.13%	0.03%~1.00%	
Total carrying value	$ -	$ -	$ 91,212	$ 1,712	$ 92,924
Loss allowance	$ -	$ -	$ 122	$ 17	$ 139

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:

	2024	
	Accounts receivable	Notes receivable
January 1	$ 106	$ 39
Reversal of impairment loss	(2)	(6)
March 31	$ 104	$ 33

	2023	
	Accounts receivable	Notes receivable
January 1	$ 119	$ 65
Provision of loss allowance	3	-
Reversal of impairment loss	-	(48)
March 31	$ 122	$ 17

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 March 31, 2024, and March 31 and December 31, 2023, the money market position held by the Group were NT$134,422, NT$146,276, and NT$68,486, 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.

Non-derivative liabilities:	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities			
Within a year	$ 1,620	$ 1,620	$ 1,783
More than one year	12,150	12,555	13,770

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:

March 31, 2024	Level 1	Level 2	Level 3	Total
Asset				
Repetitive fair value				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	$ -	$ -	$ 134	$ 134

December 31, 2023	Level 1	Level 2	Level 3	Total
Asset				

	Level 1	Level 2	Level 3	Total
Repetitive fair value				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	$ -	$ -	$ 134	$ 134

March 31, 2023	Level 1	Level 2	Level 3	Total
Asset				
Repetitive fair value				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	$ -	$ -	$ 134	$ 134

4. There was no transfer between level 1 and level 2 fair values in the three months ended March 31, 2024 and 2023.

5. The following table demonstrate the changes in Level 3 during the three months ended March 31, 2024 and 2023:

	2024 Non-derivative equity instruments	2023 Non-derivative equity instruments
January 1	$ 134	$ 134
Profit or loss recognized in other comprehensive income		
Accounted as investments in equity instruments at fair value through other comprehensive profit or loss		
Unrealized valuation gain or loss	-	-
March 31	$ 134	$ 134

6. During the three months ended March 31, 2024 and 2023, there was no transfer from and to Level 3.

7. 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.

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:

	Fair value at March 31, 2024	Valuation techniques	Material unobservable inputs	Range (weighted average)	Relationship between inputs and fair values
Non-derivative equity instruments:					
Non TWSE or TPEx listed shares	$ 134	Comparable TWSE or TPEx listed company method	Multiples of P/B ratio	2.06	The higher the multiplies are, the higher the fair value
			Market illiquidity discount	30%	The higher the market illiquidity discount is, the lower the fair value is

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

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

discount is, the lower the fair 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:

			March 31, 2024			
			Recognized under profit and loss		Recognized under other comprehensive incomes	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Market illiquidity discount	±1%	$ -	$ -	$ 1	($ 1)

			December 31, 2023			
			Recognized under profit and loss		Recognized under other comprehensive incomes	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Market illiquidity discount	±1%	$ -	$ -	$ 1	($ 1)

			March 31, 2023			
			Recognized under profit and loss		Recognized under other comprehensive incomes	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	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 polices 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:

	January 1 to March 31, 2024				
	Department A	Department B	Department C	Adjustment and cancellation	Total
Revenues					
Revenues from external customers	$ 127,634	$ 4,539	$ 17,300	$ -	$ 149,473
Inter-department revenues	11,117	2,297	-	(13,414)	-
Total revenue	$ 138,751	$ 6,836	$ 17,300	($ 13,414)	$ 149,473
Departmental profit and loss	$ 5,723	($ 3,908)	$ 5,650	($ 1,742)	$ 5,723
Departmental profit and loss include:					
Interest revenue	$ 976	$ 1	$ 13	($ 160)	$ 830
Financial costs	($ 63)	($ 185)	$ -	$ 185	($ 63)
Losses from investment recognized with the equity method	$ 901	$ -	$ -	($ 901)	$ -
Depreciation and amortization	($ 2,626)	($ 535)	$ -	$ -	($ 3,161)
Income tax expenses	($ 850)	$ -	($ 283)	$ -	($ 1,133)
Total departmental assets	$ 720,036	$ 57,112	$ 56,408	($ 167,507)	$ 666,049
Total departmental liabilities	($ 173,057)	($ 81,365)	($ 14,198)	$ 86,108	($ 182,512)

	January 1 to March 31, 2023				
	Department A	Department B	Department C	Adjustment and cancellation	Total
Revenues					
Revenues from external customers	$ 121,321	$ 4,233	$ 9,766	$ -	$ 135,320
Inter-department revenues	3,522	(419)	-	(3,103)	-
Total revenue	$ 124,843	$ 3,814	$ 9,766	($ 3,103)	$ 135,320
Departmental profit and loss	($ 2,719)	($ 1,568)	$ 1,811	($ 243)	($ 2,719)
Departmental profit and loss include:					
Interest revenue	$ 644	$ 1	$ 10	($ 158)	$ 497
Financial costs	($ 70)	($ 158)	$ -	$ 158	($ 70)
Losses from investment recognized with the equity method	$ 39	$ -	$ -	($ 39)	$ -
Depreciation and amortization	($ 2,604)	($ 529)	($ 1)	$ -	($ 3,134)
Expense (gain) from income come tax	$ 581	$ -	($ 46)	$ -	$ 535
Total departmental assets	$ 667,156	$ 55,583	$ 32,871	($ 149,068)	$ 606,542
Total departmental liabilities	($ 123,248)	($ 67,415)	($ 2,338)	$ 66,352	($ 126,649)

(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.

Mao Bao Inc. and the subsidiaries

Loaning of funds to others

January 1, 2024 to March 31, 2024

Table 1

Unit: NT$ thousand

(Unless specified otherwise)

No. (Note 1)	Company providing loan	Counterparty of loan	Transaction item (Note 2)	Related party or not	Highest amount of the period (Note 3)	End balance (Note 8)	Amount actually drafted	Range of interest rate	Nature of loaned fund (Note 4)	Transaction amount (Note 5)	Reason of short-term financing needed (Note 6)	Amount of loss allowance provided	Collateral		Loan limit to single counterparty (Note 7)	Total limit of loaned fund (Note 7)	Remarks
													Name	Value			
0	Mao Bao Inc.	Mao Bao Vietnam Inc.	Other payables	Yes	$ 64,000	$64,000	$ 32,000	1%	Short-term financing	-	Business turnover	-	None	-	$ 120,884	$ 193,415	Note 9
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Other payables	Yes	64,000	64,000	$ 44,800	1%	Short-term financing	-	Business turnover	-	None	-	60,275	63,447	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 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, 2020, 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 March 31, 2024, the drafted amount is USD 1,000 thousand.

Note 10: The Company's subsidiary, Pacific Worldwide Holdings Ltd., upon the resolution of the board of directors on December 22, 2010, loaned a fund within USD2,000 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of March 31, 2024, the drafted amount is USD1,400 thousand.

Mao Bao Inc. and the subsidiaries

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

January 1, 2024 to March 31, 2024

Table 2

Unit: NT$ thousand

(Unless specified otherwise)

Company held	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account listed	End of period				Remarks (Note 4)
				No. of shares	Carrying amount (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, 2024 to March 31, 2024

Table 3

Unit: NT$ thousand
(Unless specified otherwise)

No. (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Transaction			
				Account	Amount	Transaction conditions	Ratio to consolidated total revenue or total assets (Note 3)
0	The Company	Mao Bao Vietnam Inc.	1	Other receivables (Note 6)	32,082	-	5%
0	The Company	Mao Bao (Shanghai) Trading Ltd.	1	Accounts receivable	7,829	1	1%
0	The Company	Mao Bao (Shanghai) Trading Ltd.	1	Revenue from sales	11,117	1	7%
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	3	Other receivables (Note 6)	44,925	-	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, 2024 to March 31, 2024

Table 4

Unit: NT$ thousand

(Unless specified otherwise)

Name of investment company	Name of investee (Note 1, 2)	Location	Major business	Original amount invested: End of the current period	Original amount invested: End of last year	Holding at the end of period: No. of shares	Holding at the end of period: Ratio	Holding at the end of period: Carrying amount	Profit/loss of the investee for the period (Note 2(2))	Investment profit/loss recognized for the period (Note 2(3))	Remarks
Mao Bao Inc.	Pacific Worldwide Holdings Ltd.	Samoa	Overseas holding companies	$ 154,012	$ 154,012	5,000,015	100.00	$ 60,034	$ 901	$ 901	
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Vietnam	Production of various cleaning products	94,939	94,939	3,000,000	100.00	(23,911)	(4,043)	(4,043)	

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 valuated 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, 2024 to March 31, 2024

Table 5

Unit: NT$ thousand

(Unless specified otherwise)

Name of investee in China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount of investment remitted from Taiwan to China at the beginning of the period	Investment amount remitted or recovered during the period		Accumulated amount of investment remitted from Taiwan to China at the end of the period	Profit/loss of the investee for the period	The shareholding of the Company through the direct or indirect investment	Investment loss or gain recognized for the current period (Note 2)	Carrying amount of investment at the end of period	Amount of investment gains remitted back to Taiwan as of the period	Remarks
					Remitted	Recovered							
Mao Bao (Shanghai) Trading Ltd.	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export	$ 4,539	(2)	$ 4,539	$ -	$ -	$ 4,539	$ 5,367	100.00	$5,367 (2)B	$ 42,208	$ -	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	$ 290,122

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, 2024 to March 31, 2024

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.	$ 11,117	7%	$ -	-	$ 7,829	1%	$ -	-	$ -	$ -	-	$ -	

Mao Bao Inc. and the subsidiaries

Information on major shareholders

January 1, 2024 to March 31, 2024

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%