Mao Bao Inc.
Parent-only Financial Reports and Independent Auditor's Report
2024 and 2023
(Stock Code: 1732)

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Mao Bao Inc.
Parent-only Financial Reports and Independent Auditor's Report for the Fiscal Year 2024 and 2023
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Independent **Auditor's Report**

(2025) Cai-Shen-Bao-Zhi No. 24005112

To Mao Bao Inc.

Independent auditor's opinion

We have audited the accompanying financial statements of Mao Bao Inc. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for January 1 through December 31, 2024 and 2023, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for January 1 through December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

The auditor conducted the audit in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards in the R.O.C. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matters of the financial statements of the Company for 2024 are as follows:

Estimation of the refund liabilities

Description of the Matter

For the accounting policy of recognizing revenues, please refer to Note 4(23) of the financial statements; for the estimation of refund liabilities, please refer to Note 5(2); for the description of the refund liability account, please refer to Note 6(11). The refund liabilities recognized by the Company as of December 31, 2024 was NT$12,343 thousand.

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

Corresponding Audit Procedures

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

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

investigate and understand the reasons and natures of material differences, and verify the reasonableness of the estimated amount. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements,

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtaining sufficient and appropriate audit evidence regarding the financial information on the forming entity within the Company, to express the opinion of the financial statements. We are responsible for instructing, supervising, and executing the audit on the parent company, as well as forming the auditor's opinion of the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Juanlu, Man-Yu
CPA
Feng, Ming-Chuan

Previous approval reference number of the Financial Supervisory Commission, Executive Yuan: Jin-Guan-Zheng-Shen-Zi No. 0990058257
Previous approval reference number of the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan: Jin-Guan-Zheng-(6)-Zi No. 0960038033

March 12, 2025

Mao Bao Inc.
Parent-only Balance Sheet
December 31, 2024 and 2023

Unit: NT$ thousand

	Asset	Note	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 100,290	16	$ 115,756	18
1136	Financial assets measured at amortized cost - current	6(2) and 8	65,011	10	77,891	12
1150	Notes receivable, net	6(4)	2,662	-	3,777	1
1170	Accounts receivable, net	6(4)	69,095	11	76,000	12
1180	Accounts receivable - related parties, net	7	14,207	2	4,718	1
1210	Other receivables - related parties	7	32,794	5	27,664	4
1220	Income tax assets of the period		257	-	1,723	-
130X	Inventories	6(5)	99,418	15	76,007	12
1479	Other current assets - others		4,067	1	2,101	-
11XX	Total current assets		387,801	60	385,637	60
	Non-current assets					
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(3)	134	-	134	-
1550	Investment adopting the equity method	6(6)	55,618	8	57,553	9
1600	Property, Plant and Equipment	6(7) and 8	175,979	27	166,170	26
1755	Right-of-use assets	6(8)	11,518	2	13,004	2
1780	Intangible assets	6(9)	1,686	-	1,117	-
1840	Deferred tax assets	6(22)	7,910	1	7,971	1
1975	Net defined benefit assets - non-current	6(12)	4,295	1	3,244	1
1990	Other non-current assets - others		4,438	1	8,224	1
15XX	Other non-current assets		261,578	40	257,417	40
1XXX	Total assets		$ 649,379	100	$ 643,054	100

(Continued in next page)

Mao Bao Inc.
Parent-only Balance Sheet
December 31, 2024 and 2023

Unit: NT$ thousand

	Liabilities and Equity	Note	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities					
2130	Contract liabilities - current	6(16)	$ 2,315	-	$ 324	-
2170	Accounts payable		61,317	10	64,508	10
2180	Accounts payable - related parties	7	1,720	-	346	-
2200	Other payables	6(10)	43,341	7	51,343	8
2230	Current tax liabilities		2,017	-	-	-
2280	Lease liabilities - current		1,408	-	1,381	-
2399	Other current liabilities - others	6(11)	13,249	2	17,335	3
21XX	Total current liabilities		125,367	19	135,237	21
	Non-current liabilities					
2570	Deferred tax liabilities	6(22)	18,361	3	17,137	3
2580	Lease liabilities - non-current		10,390	2	11,796	2
2670	Other non-current liabilities - others		1,488	-	1,999	-
25XX	Total non-current liabilities		30,239	5	30,932	5
2XXX	Total Liabilities		155,606	24	166,169	26
	Equity					
	Share capital	6(13)				
3110	Common share capital		424,439	65	424,439	66
	Capital reserve	6(14)				
3200	Capital reserve		2,704	-	2,704	-
	Retained earnings	6(15)				
3310	Statutory reserves		37,636	6	37,636	6
3320	Special reserve		5,530	1	5,530	1
3350	Undistributed earnings		26,009	4	12,615	2
	Other equities					
3400	Other equities		(2,545)	-	(6,039)	(1)
3XXX	Total equity		493,773	76	476,885	74
	Significant Events After Balance Sheet Date	11				
3X2X	Total liabilities and equities		$ 649,379	100	$ 643,054	100

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

Chairman: Wu, Jui-Hua Manager: Chen, Yi-Hung Accounting Officer: Chen, Hsuan-Ju

Mao Bao Inc.
Parent-only Statements of Comprehensive Income
January 1 to December 31, 2024 and 2023

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

	Item	Note	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating Revenue	6(16) and 7	$ 558,212	100	$ 517,896	100
5000	Operating costs	6(5)(12) (21) and 7	(342,289)	(61)	(323,379)	(62)
5900	Gross Profit		215,923	39	194,517	38
5910	Unrealized gain of sales		(7,957)	(1)	(2,412)	(1)
5920	Realized gain of sales		2,413	-	1,494	-
5950	Gross operating profit, net		210,379	38	193,599	37
	Operating expenses	6(12) (21) and 7				
6100	Selling expenses		(161,857)	(29)	(155,992)	(30)
6200	Administrative expenses		(47,523)	(9)	(36,492)	(7)
6300	Research and development expenses		(4,662)	(1)	(5,029)	(1)
6450	Expected credit impairment gains	12(2)	13	-	29	-
6000	Total operating expenses		(214,029)	(39)	(197,484)	(38)
6900	Operating loss		(3,650)	(1)	(3,885)	(1)
	Non-operating Income and Expenses					
7100	Interest revenue	6(17) and 7	3,746	1	3,204	1
7010	Other income	6(18)	8,360	1	1,121	-
7020	Other gains or losses	6(19)	7,130	1	(759)	-
7050	Financial costs	6(20)	(241)	-	(274)	-
7070	Share of the incomes of the subsidiaries, affiliates and joint ventures recognized with the equity method	6(6)	(757)	-	(3,618)	(1)
7000	Total non-operating incomes and expenses		18,238	3	(326)	-
7900	Net income (net loss) before tax		14,588	2	(4,211)	(1)
7950	Income tax expenses	6(22)	(1,969)	-	(1,846)	-
8200	Net income (net loss) for the period		$ 12,619	2	($ 6,057)	(1)
	Other comprehensive income					
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(12)	$ 969	-	$ 1,480	-
8349	Income taxes related to the items not re-classified	6(22)	(194)	-	(296)	-
8310	Total of items not re-classified		775	-	1,184	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		4,366	1	(636)	-
8399	Income tax relating to items that may be reclassified	6(22)	(872)	-	127	-
8360	Total of items that may be reclassified subsequently to profit or loss		3,494	1	(509)	-
8300	Other comprehensive income (loss) for the period (net)		$ 4,269	1	$ 675	-
8500	Total comprehensive income for the period		$ 16,888	3	($ 5,382)	(1)
	Basic earnings (losses) per share	6(23)				
9750	Basic earnings (losses) per share		$ 0.30		($ 0.14)	
	Diluted earnings (losses) per share	6(23)				
9850	Diluted earnings (losses) per share		$ 0.30		($ 0.14)	

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

Chairman: Wu, Rui-Hwa　　Managerial Officer: Chen, Yi-Hung　　Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Parent-only Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NT$ thousand

	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 valuation gains (losses) on financial assets as at fair value through other comprehensive income	Total equity
			Capital reserve			Retained earnings			Other equities		
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		-	-	-	-	-	-	(6,057)	-	-	(6,057)
Other comprehensive income for the period		-	-	-	-	-	-	1,184	(509)	-	675
Total comprehensive income for the period		-	-	-	-	-	-	(4,873)	(509)	-	(5,382)
2022 Earnings Provision and Distribution:	6(15)										
Provided for statutory reserves		-	-	-	-	736	-	(736)	-	-	-
Reversal of special reserve		-	-	-	-	-	(6,332)	6,332	-	-	-
Balance as of December 31, 2023		$ 424,439	$ 2,027	$ 663	$ 14	$ 37,636	$ 5,530	$ 12,615	($ 5,935)	($ 104)	$ 476,885
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		-	-	-	-	-	-	12,619	-	-	12,619
Other comprehensive income for the period		-	-	-	-	-	-	775	3,494	-	4,269
Total comprehensive income for the period		-	-	-	-	-	-	13,394	3,494	-	16,888
Balance as of December 31, 2024		$ 424,439	$ 2,027	$ 663	$ 14	$ 37,636	$ 5,530	$ 26,009	($ 2,441)	($ 104)	$ 493,773

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

Chairman: Wu, Jui-Hua Manager: Chen, Yi-Hung Accounting Officer: Chen, Hsuan-Ju

Mao Bao Inc.
Parent-only Statements of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NT$ thousand

	Note	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from operating activities			
Net income (net loss) before tax for the period		$ 14,588	($ 4,211)
Adjusted items			
Income/expenses items			
Depreciation expense	6(21)	10,403	9,756
Amortization expenses	6(21)	799	529
Expected credit impairment gain	12(2)	(13)	(29)
Interest expenses	6(20)	241	274
Interest revenue	6(17)	(3,746)	(3,204)
Dividend income	6(18)	(22)	-
Share of the incomes of the subsidiaries, affiliates and joint ventures recognized with the equity method	6(6)	757	3,618
Loss from disposal of and scrapping property, plant and equipment	6(19)	-	31
Unrealized gain of sales		5,544	918
Changes in assets/liabilities related the operating activities			
Net changes in assets related the operating activities			
Notes receivable		1,127	2,663
Accounts receivable		6,906	2,119
Accounts receivable - related parties		(9,489)	3,061
Other receivables - related parties		(5,130)	(6,161)
Inventories		(23,411)	12,403
Other current assets - others		(2,041)	740
Net defined benefit assets - non-current		(82)	(88)
Net changes in liabilities related the operating activities			
Contract liabilities		1,991	33
Accounts payable		(3,191)	(3,401)
Accounts payable - related parties		1,374	(721)
(Decrease) increase in other payables		(8,002)	2,458
Other current assets - others		(4,086)	1,813
Other non-current liabilities - others		(511)	1,999
Cash (outflow) inflow from operations		(15,994)	24,600
Interest received		3,821	2,967
Dividends received		22	-
Interest paid		(241)	(274)
Income tax refunded		1,733	639
Net cash (outflows) inflows from operating activities		(10,659)	27,932
Cash flows from investing activities			
Acquisition of financial assets at amortized costs		(65,011)	(3,500)
Disposal of financial assets measured at amortized cost		77,891	15,608
Acquisition of property, plant and equipment	6(7)	(11,306)	(25,635)
Disposal of property, plant and equipment		-	114
Acquisition of intangible assets	6(9)	(1,368)	(1,556)
Increase in refundable deposits		(119)	(9)
Other non-current assets - (increase) decrease of others		(3,515)	3,354
Net cash outflow from investment activities		(3,428)	(11,624)
Cash flows from financing activities			
Repayment of lease liabilities		(1,379)	(1,567)
Net cash outflow from financing activities		(1,379)	(1,567)
Increase (decrease) in cash and cash equivalents in this period		(15,466)	14,741
Beginning balance cash and cash equivalents for the period		115,756	101,015
End balance cash and cash equivalents for the period		$ 100,290	$ 115,756

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

Chairman: Wu, Rui-Hwa Managerial Officer: Chen, Yi-Hung Accounting Officer: Chen, Hsuan-Ru

Mao Bao Inc.
Notes to Parent-only Financial Reports
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 are the processing, manufacturing, transactions, and the other import/export trading of various cleaning products. The Company’s shares started trading at TPEx since October 27, 1999, and officially trading at TWSE since September 17, 2001.

II. Approval Date and Procedures of The Financial Statements

The parent-only financial report was approved by the Board on March 12, 2025 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	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 Company’s financial status and position materially.

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

The following table lists the new, revised, and amended standards and interpretations of International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC) applicable for the year 2025:

New, revised or amended IFRSs	Effective Date Announced by IASB
Amendments to IAS No. 21 "Lack of Convertibility"	January 1, 2025

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

(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	Effective Date Announced by IASB
Amendments to IFRS No. 9 and IFRS No. 7 "Amendment to the classification and measurement of financial instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be 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
IFRS No. 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS - Volume 11	January 1, 2026

Other than the follows, after assessment, the standards and interpretations above do not affect the Company’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 parent-only financial report are descripted as below. Unless explained otherwise, these policies have been applied consistently during all reporting periods.

(I) Compliance Statement

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

(II) Basis of preparation

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

(III) Foreign currency translation

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

The parent only financial report is presented with the Company's functional currency "New Taiwan Dollar."

1. Foreign currency transaction and balance
   (1) Foreign currency transactions are translated to the functional currency at the spot exchange rate of the transaction date or measurement date; the translation differences generated from translating such transactions are recognized as the current profit or loss.
   (2) The balance of monetary assets and liabilities in foreign currency are adjusted with the spot exchange rate valuation of the balance sheet date; the differences generated from translating such adjustments are recognized as the current profit or loss.
   (3) For the balance of non-monetary assets and liabilities in foreign currency, these are measured at FVTPL are adjusted with the spot exchange rate valuation of the balance sheet date, and the differences generated from translating such adjustments are recognized as the current profit or loss; for these not measured at fair value are measured at the historic exchange rate at the initial transaction date.
   (4) All exchange gains and losses are recognized in the "Other gains or losses" in the statement of income.
2. Translation of the foreign operations
   (1) For all the affiliates and the joint agreement with different functional currencies and presentation currencies, their operating results and the financial positions are translated into the presentation currencies via the following manners:
      A The assets and liabilities presented in each balance sheet are translated at the closing exchange rate of the balance sheet date;
      B The incomes and expenses presented in each statement of comprehensive income are translated at the average exchange rate of current period; and
      C All exchange differences generated from the translation are recognized as other comprehensive income.
   (2) Where the foreign operation partially disposed or sold is a subsidiary, the accumulated exchange difference recognized as other comprehensive income are attributed to the non-controlling equity of the concerned foreign operation pro rata. Provided, when the Company loss the control over the subsidiary that is a foreign operation even with partial equity of the previous subsidiary is retained, it is treated as the disposal of all equity of the foreign operations.

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

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

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

2. Any liability meeting one of the following conditions is classified as the current liability:
   (1) Expected to be settled within the entity's normal operating cycle.
   (2) Held primarily for the purpose of trading
   (3) Due to be settled within 12 months from the balance sheet date.
   (4) These without right to defer settlement of liabilities for at least 12 months after the reporting period.

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

(V) Cash equivalents

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

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

1. An irrevocable election at initial recognition to present changes in fair value of the investment in the equity instrument not held for trading in other comprehensive income; or the debt instruments meeting the following conditions at the same time:
   (1) The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows and to sell the assets.
   (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts the trading date accounting for the financial assets measure at FVOCI meeting trading customs.
3. The Company measures such at their fair values plus trading costs at the initial recognition, and at fair value subsequently:
   Where the change in fair value of an equity instrument is recognized at other comprehensive income, the accumulated gains or losses recognized at other comprehensive income must not be subsequently reclassified to profit at its derecognition but transferred to the retained earnings. When the right of receiving the dividend income is established and the economic effect related to the dividends is likely to inflow, and the amount of dividends may be reliably measured, the Company recognizes the dividend income at the profit and loss.

(VII) Financial assets measured at amortized cost

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

they are held during a short period of time, and the effect of discount is immaterial, they are measured at the investment amount.

(VIII) <u>Accounts and notes receivable</u>

1. Refers to the entity has an unconditional contractual right to consideration for goods or services that have been transferred.
2. For the short-term accounts and notes receivable with no interests attached, the effect of discount is immaterial, so they are measured at the original invoice amounts.

(IX) <u>Financial asset impairment</u>

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

(X) <u>Derecognition of financial assets</u>

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

(XI) <u>Inventories</u>

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.

(XII) <u>Investment/subsidiary adopting the equity method</u>

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

(XIII) <u>Property, Plant and Equipment</u>

1. Property, plant and equipment are accounted based on the cost of acquisition.
2. The subsequent costs are only deemed in the carrying amount of an asset or recognized as one single asset when the future economic effect related to the item is very likely to flow into the Company, and the costs of that item may be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other maintenance fees are recognized at the income of the current period when occurring.
3. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost model, and others are depreciated with the straight-line method over its useful life, except that land is not depreciable. Where each component of the property, plant and equipment is material, the depreciation shall be provided individually.
4. The Company review the residual value, useful live, and depreciation of each asset at the end of each fiscal year. If the expected values of the residual value and useful live are different from the previous estimates, or the expected consumption format of the future economic effects included in the asset has changed materially, the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" shall be applied to treat such as the changes in accounting estimates since the occurrence date of change. Useful life of each asset are as below:

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

(XIV) <u>Lease transactions by lessees - right-of-use asset/ lease liabilities</u>

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

   The subsequent measurement adopts the cost model, and the depreciate expense is provided at the earlier between the maturity of the useful life of the right-of-use asset or the expiry of the lease term. When a lease liability is re-valued, the right-of-use asset will adjust any remeasurement of the lease responsibility.
4. For the lease modification reduces the lease scope, the lessee will reduce the carrying amount of the right-of-use asset to reflect all of partial termination of the lease, and recognize the difference between which and the remeasured amount of the lease liability in the profit and loss.

(XV) Intangible assets

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

(XVI) Non financial asset impairment

The Company estimates the recoverable amounts of these assets with impaired signals, and recognizes the impairment loss when the recoverable amounts are lower than the carrying 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 Company 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.

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 Company calculates the income tax of the period based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet in the country where it operates and the taxable income is generated. The management regularly assets the filing of income taxes pursuant to the period specified in the applicable income tax related regulations, and estimate the income tax liabilities based on the taxes expected to be paid to the tax authorities where applicable. For the income taxes levied on the undistributed earning pursuant to the Income Tax Act, are recognized as the income tax expenses of the undistributed earnings in the next year of the year when the earnings generated, based on the actual distributed earnings upon the approval of earning distribution by the shareholders' meeting.
3. The deferred income tax adopts the balance sheet method, recognizes the temporary difference generated between the tax base of the assets and liabilities and their carrying amounts in the balance sheet. 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 Company may control the timing to reverse the temporary difference, and the temporary difference is very unlikely to be reversed in the foreseeable future are not recognized. The deferred income tax adopts the tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet, which is expected to apply upon the realization of the related deferred income tax asset, or the income tax liability is settled.
4. Temporary differences are recognized within the extent where the they may be used to deduct the future taxable incomes, and the unrecognized and recognized deferred income tax assets are re-assessed at each balance sheet date.
5. Where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the current income tax assets and liabilities may be offset; where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and the deferred tax assets and liabilities generated from the taxpayer entity whose income taxes are levied by the same tax collection authority, or generated from different taxpayer entities but each entity, with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the deferred income tax assets and liabilities may be offset.
6. The later part of unused income tax deduction arising from the purchase of equipment or technology, research and development expenditures, and equity investment is recognized within the scope of future taxable income that is likely to be used for unused income tax deduction. Deferred tax assets.

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

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

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

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

(I) Key judgements adopted for accounting policies

None.

(II) Key estimates and assumptions

Estimation of the refund liabilities

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

On December 31, 2024, the refund liability recognized by the Company was $12,343 (under other current assets - others).

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and penny cash	$ 165	$ 165
Checking and demand deposit	34,106	55,869
Time deposit	26,393	-
Cash equivalents - short-term bills	39,626	59,722
	$ 100,290	$ 115,756

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

(II) Financial assets measured at amortized cost - current

Item	December 31, 2024	December 31, 2023
Current item:		
Time deposits with an initial maturity of within three months	$ 65,01	$ 77,891

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

	2024	2023
Revenues of interests from financial assets at amortized costs	$ 2,698	$ 2,410

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

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

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

The Company elects to classify the equity investment for receiving dividend stably as the financial assets measured at FVOCI. The fair values of such investments at December 31, 2024 and 2023 both were NT$134

(IV) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	$ 2,689	$ 3,816
Less: loss allowance	(27)	(39)
	$ 2,662	$ 3,777
Accounts receivable	$ 69,139	$ 76,045
Less: loss allowance	(44)	(45)
	$ 69,095	$ 76,000
Accounts receivable - related parties	$ 14,207	$ 4,718

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
0 - 4 months	$ 83,346	$ 2,689	$ 80,763	$ 3,816
4 - 6 months	-	-	-	-
6- 9 months	-	-	-	-
9 - 12 months	-	-	-	-
More than 1 years	-	-	-	-
	$ 83,346	$ 2,689	$ 80,763	$ 3,816

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

2. On December 31, 2024 and 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$ 84,643.
3. Without considering the collaterals held or other credit enhancement, at December 31, 2024 and 2023, the maximum amount exposed to the credit risk of the notes receivable representing the Company most were $2,662 and $3,777, respectively. The maximum amount exposed to the credit risk of the accounts receivable representing the Company most at December 31, 2024 and 2023, were $69,095 and $76,000, respectively.
4. The Company holds the NCDs and lands as the collaterals for accounts receivable.
5. Please refer to Note 12(2) for the information on credit risk of the related notes and

accounts receivable.

(V) Inventories

	December 31, 2024		
	Cost	Loss allowance	Carrying value
Raw materials	$ 18,274	($ 39)	$ 18,235
Parts	20,062	(269)	19,793
Work in progress	2,825	(16)	2,809
Finished products	54,321	(426)	53,895
Goods	4,696	(10)	4,686
	$ 100,178	($ 760)	$ 99,418

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

The inventory expenses recognized by the Company as expenses:

	2024	2023
Costs of sold inventories	$ 343,143	$ 322,960
Revenues from selling scrapes and wasted materials	(628)	(779)
Gain on reversal of inventories (Note)	(575)	(594)
Inventory (gains) losses	(299)	309
Scrape loss	648	1,483
	$ 342,289	$ 323,379

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

(VI) Investment adopting the equity method

	December 31, 2024	December 31, 2023
Pacific Worldwide Holdings Ltd.	$ 55,618	$ 57,553

1. For the information on subsidiaries, please refer to Note 4(3) of the 2024 Consolidated financial statements.
2. The Company increased the investment in Pacific Worldwide Holdings Ltd. for US$70 thousand (or NT$2,105 thousand) in 2020. As of December 31, 2024, the accumulated invested capital was US$5,000 thousand.
3. The amount of gain and loss from investments recognized with the equity method in 2024 and 2023 were loss of $757 and loss of $3,618.

(VII) Property, Plant and Equipment

	Land	Houses and buildings	Machine and equipment	Other equipment	Total
January 1, 2024					
Cost	$ 98,180	$ 125,044	$ 66,429	$ 28,674	$ 318,327
Accumulated depreciation	-	(80,204)	(53,813)	(18,140)	(152,157)
	$ 98,180	$ 44,840	$ 12,616	$ 10,534	$ 166,170
2024					
January 1	$ 98,180	$ 44,840	$ 12,616	$ 10,534	$ 166,170
Addition	-	7,917	2,867	522	11,306
Reclassification	-	-	7,420	-	7,420
Depreciation expense	-	(3,458)	(3,181)	(2,278)	(8,917)
December 31	$ 98,180	$ 49,299	$ 19,722	$ 8,778	$ 175,979
December 31, 2024					
Cost	$ 98,180	$ 132,961	$ 76,652	$ 28,244	$ 336,037
Accumulated depreciation	-	(83,662)	(56,930)	(19,466)	(160,058)
	$ 98,180	$ 49,299	$ 19,722	$ 8,778	$ 175,979

	Land	Houses and buildings	Machine and equipment	Other equipment	Total
January 1, 2023					
Cost	$ 98,180	$ 111,711	$ 61,581	$ 23,544	$ 295,016
Accumulated depreciation	-	(76,703)	(51,521)	(18,054)	(146,278)
	$ 98,180	$ 35,008	$ 10,060	$ 5,490	$ 148,738
2023					
January 1	$ 98,180	$ 35,008	$ 10,060	$ 5,490	$ 148,738
Addition	-	13,333	5,231	7,071	25,635
Disposal	-	-	(118)	(27)	(145)
Depreciation expense	-	(3,501)	(2,557)	(2,000)	(8,058)
December 31	$ 98,180	$ 44,840	$ 12,616	$ 10,534	$ 166,170
December 31, 2023					
Cost	$ 98,180	$ 125,044	$ 66,429	$ 28,674	$ 318,327
Accumulated depreciation	-	(80,204)	(53,813)	(18,140)	(152,157)
	$ 98,180	$ 44,840	$ 12,616	$ 10,534	$ 166,170

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

(VIII) Lease transaction - lessee

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

	December 31, 2024	2024
	Carrying amount	Depreciation expense
Houses and buildings	$ 11,518	$ 1,486

	December 31, 2023	2023
	Carrying amount	Depreciation expense
Houses and buildings	$ 13,004	$ 1,698

The changes in the right-of-use assets of the Company in 2024 and 2023 are as follows:

	2024	2023
	Houses and buildings	Houses and buildings
January 1	$ 13,004	$ 14,702
Depreciation expense	(1,486)	(1,698)
December 31	$ 11,518	$ 13,004

3. The addition to right-of-use assets of the Company in 2024 and 2023 were NT$0 respectively.
4. The information of profit and loss items related to lease contracts are as below:

	2024	2023
Items affecting the profit and loss of the current period		
Interest expenses of the lease liabilities	$ 241	$ 271
Expenses under the short-term lease contracts	909	703

5. The total of cash outflow from leases in 2024 and 2023 was NT$2,529 and NT$2,541, respectively.

(IX) Intangible assets

	Computer software		Computer software
January 1, 2024		January 1, 2023	
Cost	$ 13,654	Cost	$ 12,098
Accumulated amortization	(12,537)	Accumulated amortization	(12,008)
	$ 1,117		$ 90
2024		2023	
January 1	$ 1,117	January 1	$ 90
Addition - sourced from individual acquisition	1,368	Addition - sourced from individual acquisition	1,556
Amortization expenses	(799)	Amortization expenses	(529)
December 31	$ 1,686	December 31	$ 1,117

December 31, 2024		Computer software	December 31, 2023		Computer software
Cost	$	15,022	Cost	$	13,654
Accumulated amortization	(	13,336)	Accumulated amortization	(	12,537)
	$	1,686		$	1,117

(X) Other payables

	December 31, 2024		December 31, 2023	
Salary and bonus payable	$	16,920	$	16,040
Promotional expenses payable		7,472		7,858
Advertisement expenses payable		3,953		5,717
Freight payable		4,888		6,540
Remunerations to employees, directors, and supervisors payable		1,325		-
Other payables		8,783		15,188
	$	43,341	$	51,343

(XI) Other current assets - others

	December 31, 2024		December 31, 2023	
Refund liabilities	$	12,343	$	15,892
Other current liabilities		906		1,443
	$	13,249	$	17,335

(XII) Pension

1. (1) Pursuant to the provisions of the "Labor Standard Act," the Company has established the retirement procedures as the defined benefits, applicable to the service years of all permanent employees before July 1, 2005 when the "Labor Pension Act" was enacted, and the subsequent service years of these employees elected to apply the Labor Standard Act after the enactment of the "Labor Pension Act." For these employees meeting for the retirement conditions, the payment of their pensions are based on their service years and the average salary of the six months prior to their retirement. Two bases are given for each full year of service rendered for the first 15 years (inclusive), and for the rest of the years over 15 years, one base is given for each full year of service rendered. However, the total number of bases shall be no more than 45. The Company contributed 2% of the total salary to the pension fund every month, and deposits the fund in a dedicated account with the Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor pension reserve account said in the preceding paragraph; where the balance is insufficient to pay the amount of pension calculated as aforesaid to the workers expected qualified for retirement, the Company will contribute the difference in a lump sum before the end of the next March.

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

	December 31, 2024	December 31, 2023

Current value of the defined benefit obligation	$ 23,658	$ 25,674
Fair value of the plan assets	(27,953)	(28,918)
Net defined benefit (assets) liabilities	($ 4,295)	($ 3,244)

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

	Current value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liabilities (assets)
2024			
Balance at January 1	$ 25,674	($ 28,918)	($ 3,244)
Current service cost	345	-	345
Interest expenses (income)	277	(317)	(40)
	26,296	(29,235)	(2,939)
Remeasurement			
Return of plan assets (not including the amount included in the interest income or expenses)	-	(2,616)	(2,616)
Effects of the change in demographic statistic estimate	-	-	-
Effects of the change in financial estimate	(719)	-	(719)
Experience adjustment	2,366	-	2,366
	1,647	(2,616)	(969)
Pension fund contribution	-	(387)	(387)
Pension payment	(4,285)	4,285	-
Balance at December 31	$ 23,658	($ 27,953)	($ 4,295)

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

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

	2024	2023
Current service cost	$ 345	$ 343
Interest expenses	277	339
Interest revenue	(317)	(363)
Current pension expense	$ 305	$ 319

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

	2024	2023
Sales cost	$ 113	$ 118
Selling expenses	114	121
Administrative expenses	68	69
R&D expenditure	10	11
	$ 305	$ 319

(5) The fund assets of the Company's defined benefit retirement plans are the items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, or investment in domestic or foreign real estate and its securitization products) commissioned to Bank of Taiwan as a mandate to operate within the proportion and amount specified in the annual investment utilization plan of the Fund; the related utilization is overseen by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the lowest return on the Fund will not be lower than the interest of the local bank's two-year Time Deposit rate; for any deficit, the National Treasury will compensate upon the approval of the competent authority. Since the Company is not entitled to participate in the operations and management of the Fund, it is unable to disclose the categories of the fair value of plan assets pursuant to Section 142, IAS 19. Please refer to the Annual Labor Pension Fund Utilization Report announced by the government for the fair values composing the total assets of the Fund at December 31, 2024 and 2023.

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

	2024	2023
Discount rate	1.60%	1.15%
Increasing rate of the future wage	2.00%	2.00%

The assumptions of the future mortality rates of 2024 and 2023 were based on the statistics of the 5th and the 6th Experience Life Table of Life Insurance Industry in Taiwan and the experiences.

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

	Discount rate		Increasing rate of the future wage	
	Increase by 0.10%	Decrease by 0.10%	Increase by 0.25%	Decrease by 0.25%
Effect on the present value of defined benefit obligations on December 31, 2024	($ 155)	$ 157	$ 393	($ 385)
Effect on the present value of defined benefit obligations on December 31, 2023	($ 177)	$ 179	$ 447	($ 437)

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

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

(7) The Group is expected to pay $490 as the contribution to the retirement plan in 2025.

(8) As of December 31, 2024, the weighted average duration of the retirement plan is six years.

The maturity analysis of the pension payment is as below:

Less than one year	$	1,536
1-2 years		1,653
2 - 5 years		5,986
More than 5 years		17,004
	$	26,179

2. (1) Since July 1, 2005, the Company established the defined contribution retirement procedures pursuant to the "Labor Pension Act," applicable to Taiwanese employees. For the labor pension defined by the "Labor Pension Act" elected by employees, the Company contribute 6% of the wage to the personal accounts of employees at the Labor Insurance Bureau every month; the payment of employees' pensions is made monthly or in a lump sum based on the amount in the personal pension accounts of employees and the accumulated incomes.
   (2) In 2024 and 2023, the Company recognized NT$4,132 and NT$4,118 as the pension costs pursuant to the aforesaid retirement procedures.

(XIII) Share capital

As of December 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 shared. The Company has fully received payment of all issued shares.

(XIV) Capital reserve

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

(XV) Retained earnings

1. Pursuant to the Company's Articles of Incorporation, for any surplus made, after paying tax and making up for accumulated losses in previous years,10% shall be set aside as legal reserve; if any balance is left, the Board of Directors prepares the proposal of distribution to be submitted to the shareholders' meeting for resolution.
2. 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. When providing the special reserve as required by laws, the insufficient amount provided for "the net deduction from other equity accumulated in previous periods" shall have the equal amount of special reserve provided from the undistributed earnings of the previous period before

distributing earnings. For any further shortage, a provision shall be made from the amount accounted to the undistributed earnings of the period from the current net profit after tax plus items other than the current net profit after tax.

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 June 13, 2024, resolved by the Board of Directors to approve the appropriation of losses for 2023.
8. On March 12, 2025, the earning distribution for 2024 proposed by the Board was as below:

	2024	
	Amount	Dividend per share (NT$)
Provided for statutory reserves	$ 1,339	
Reversal of special reserve	(2,985)	
Cash dividends	21,222	$ 0.50
	$ 19,576	

(XVI) Operating Revenue

	2024	2023
Revenues from customers' contracts	$ 558,212	$ 517,896

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

1. Contract liabilities:

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Contract liabilities - advances on sales	$ 2,315	$ 324	$ 291

2. Beginning contract liabilities Revenues recognized for the current period

	2024	2023
Beginning balance of contract liabilities Revenues recognized for the current period		
Advances of sales	$ 291	$ 258

(XVII) Interest revenue

	2024	2023
Interest from bank deposit	$ 749	$ 530
Revenues of interests from financial assets at amortized costs	2,698	2,410
Other interest incomes	299	264
	$ 3,746	$ 3,204

(XVIII) Other income

	2024	2023
Compensation revenues	$ 448	$ 64
Subsidy revenues	7,446	577
Dividend income	22	-
Other income	444	480
	$ 8,360	$ 1,121

(XIX) Other gains or losses

	2024	2023
Loss from disposal of property, plant and equipment	$ -	($ 31)
Net gain (loss) from foreign currency exchange	7,130	(728)
	$ 7,130	($ 759)

(XX) Financial costs

	2024	2023
Interest of letter of credit	$ -	$ 3
Interests of the lease liabilities	241	271
	$ 241	$ 274

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

By nature \ By function	2024		
	Belonging to operating costs	Belonging to operating expenses	Total
Personnel expenses			
Wage expenses	$ 32,692	$ 62,163	$ 94,855
Labor and health insurance expenses	3,709	6,012	9,721
Pension expenses	1,394	3,043	4,437
Other personnel expenses	927	1,798	2,725
Depreciation expense	7,335	3,068	10,403
Amortization expenses	-	799	799

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

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. The Company posted a loss before tax in 2023, so no remuneration was required to be distributed to employees or directors/supervisors. For 2024, the estimated amount of remuneration to employees was $1,060, and the estimated amount of remuneration to directors/supervisors was $265. The aforementioned amount was listed in the salary expense account.

   In 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.

(XXII) Income tax

1. Income tax expenses

(1) Compositions of the income tax expenses:

	2024	2023
Income tax of the current period:		
Income tax generated from the income of the current period:	$ 2,408	$ 12
Under (over)-estimates of the income tax in previous years	(658)	1,289
Total income tax of the current period	1,750	1,301
Deferred income tax:		
Origin and reversal of the temporary difference	$ 219	$ 545
Total deferred income tax	219	545
Income tax expenses	$ 1,969	$ 1,846

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

	2024	2023
Difference from translation of the foreign operations	$ 872	($ 127)
Remeasurement of defined benefit obligations	194	296
	$ 1,066	$ 169

2. Relationship between the income tax expenses and accounting profits

	2024	2023
Income tax on net (loss) profit before tax calculated at statutory tax rate	$ 2,917	($ 842)
Effects of income tax from the excluded items pursuant to the tax laws	(61)	677
Effects of income tax from investment tax credits	(245)	
Change in the realizability for the deferred income tax assets	-	710
Not to be credited for the withheld tax of offshore income	16	12
(Over) under-estimates of the income tax in previous years	(658)	1,289
Income tax expenses	$ 1,969	$ 1,846

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

	2024			
	January 1	Recognized under profit and loss	Recognized under other comprehensive incomes	December 31
Deferred income tax assets:				
- Temporary difference:				
Difference from exchange of the foreign operations	$ 4,574	$ -	($ 872)	$ 3,702
Employee benefit actuarial income and loss	2,259	-	(194)	2,065
Others	1,126	1,017	-	2,143
Tax loss	12	(12)	-	-
	$ 7,971	$ 1,005	($ 1,066)	$ 7,910
- Deferred tax liabilities:				
Reserve for added value of land	$ 16,036	$ -	$ -	$ 16,036
Unrealized exchange gains	1,101	1,224	-	2,325
	$ 17,137	$ 1,224	$ -	$ 18,361

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

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

December 31, 2024: None

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

5. The profit-seeking enterprise income tax have been approved by the tax collection authority up to 2022.

(XXIII) Earnings (losses) per share

	2024		
	Amount (NT$ thousand)	Number of weighted average outstanding shares (Thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Current net profit	$ 12,619	42,444	$ 0.30
Diluted earnings per share			
Current net profit	12,619	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	-	38	
Net profit of the current period belonging to the holders of common shares plus effects of potential common shares	$ 12,619	42,482	$ 0.30

VII. Related Party Transaction

(I) Parent company and the ultimate controller

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

(II) Names and relationships of related parties

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

Name of related party	Relationship with the Company
Pacific Trading Group Co.,Ltd	Subsidiary

(III) Material transactions with the related parties

1. Processing by providing materials

   In 2024 and 2023, the Company sold raw materials and semi finished products to the subsidiary, Mao Bao Vietnam Inc. for NT$751 and NT$$1,418, respectively, to commission the subsidiary to process and produce products and buy the products back for assembling the products produced by the Company. The revenues from the sales of such raw materials and semi finished products were not included in the Company's operating revenues. The net processing expenses incurred for the materials withdrawal and processing in 2024 and 2023 were NTD 5,227 and NTD 3,674, respectively. The settlement of this transaction was 30 days.

2. Purchase

	2024	2023
Purchase of products		
- Subsidiary	$ 475	$ -

   The products are purchased from related parties with the general business terms and conditions.

3. Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable:		
- Subsidiary	$ 1,720	$ 346

   Payables to related parties are mainly from the processing of materials, purchase, and property transactions.

4. Sales

	2024	2023
Product sales		
- Subsidiary	$ 53,973	$ 24,050

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

5. Accounts receivable

	December 31, 2024	December 31, 2023
Payables of related party		
- Mao Bao (Shanghai) Trading	$ 14,093	$ 4,718
- Subsidiary	114	-
	$ 14,207	$ 4,718

6. Property transaction

   Acquisition of property, plant and equipment

	2024
Mao Bao Vietnam Inc.	$ 1,245

   2023: none of such situation

7. Loaning of funds to a related party

   Lending to a related party

   A Ending Balance (including principal and interest)

	December 31, 2024	December 31, 2023
Mao Bao Vietnam Inc.	$ 32,794	$ 27,664

B Interest revenue

	2024	2023
Mao Bao Vietnam Inc.	$ 299	$ 264

The lending conditions to subsidiaries are repayment in a lump sum or by installment based on the profit. For 2024 and 2023, the interests were accrued at the annual interest rate of 1%.

(IV) Information on the compensations of the major management

	2024	2023
Short-term employee benefits	$ 4,385	$ 4,795
Benefit after retirement	79	79
Total	$ 4,464	$ 4,874

VIII. Pledged Assets

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

	Carrying value		
Asset item	December 31, 2024	December 31, 2023	Purpose of guarantee
Land	$ 98,180	$ 98,180	Limit of bank borrowings
Houses and buildings	49,299	44,840	"
Fixed-term Deposits (Financial Assets Measured at Amortized Cost - Current)	-	3,500	Performance Guarantee for Grant Funds
	$ 147,479	$ 146,520	

IX. Significant Contingent Liabilities and Unrecognized Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Events After Balance Sheet Date

For the earning distribution for 2024 proposed by the Board on March 24, 2025, please refer to Note 6(15).

XII. Others

(I) Capital management

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

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at fair value through other comprehensive profit or loss	$ 134	$ 134
Financial assets measured at amortized cost	$ 284,982	$ 306,610
Financial liabilities		
Financial liabilities measured at amortized cost	$ 106,378	$ 116,197
Lease liabilities	$ 11,798	$ 13,177

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

2. Risk management policy

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

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

3. Natures and degrees of material financial risks

(1) Market risk

Exchange rate risk

A The Company operates cross-countries, so it is exposed to the exchange rate risk generated from transactions denominated in the currencies other than the Company's functional currencies, mainly USD and CNY. The related exchange rate risk comes from the future commercial transactions, recognized assets and liabilities, and the net investment in foreign operations.

B The management has established policies to regulate the exchange rate risk relative to the functional currencies.

C The business engaged in by the Company involves several non-functional currencies (the Company's function currency is TWD), so the Company is subject to exchange rate fluctuation. The information on assets and liabilities of foreign currencies with great influence from exchange rate fluctuation is as below:

	December 31, 2024		
	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)
Financial assets			
Monetary items			
USD: TWD	$ 2,977	32.79	$ 97,601
CNY: TWD	8,221	4.48	36,814
Non-monetary items			
USD: TWD	1,696	32.79	55,618
Financial liabilities			
Monetary items			
USD: TWD	109	32.79	3,574

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

D Because the exchange rate fluctuation had great influence over the Company's monetary items, the summarized amount of all the exchange loss (including realized and unrealized) recognized in 2024 and 2023 were gain of NT$7,130 and loss of NT$728, respectively.

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

	2024 Sensitivity analysis		
	Extent of change	Affecting profit and loss	Affecting other comprehensive income
Financial assets			
Monetary items			
USD: TWD	1%	$ 976	$ -
CNY: TWD	1%	368	-
Non-monetary items			
USD: TWD	1%	-	556
Financial liabilities			
Monetary items			
USD: TWD	1%	36	-

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

Price risk

A The Company's equity instruments exposed to the price risk are the financial assets at fair value through other comprehensive profit or loss. To manage the price risk of the investments in the equity instruments, the Company will diversify the portfolio within the limit set by the Company.

B The Company mainly invests in the equity instruments issued by the domestic companies; prices of such equity instruments are subject to the uncertainty of the future prices for the underlying investments. If the price of such equity instrument increases or decreases by 10%, and all other factors remaining the same, the gain or loss of the investment in equity measured at FVOCI classified under other comprehensive income in 2024 and 2023 were both increased or decreased by NT$13

(2) Credit risk

A The Company's credit risk are the risk of financial loss sustained by the Company due to the failure of performing contractual obligations by customers or counterparties of financial instruments, and mainly are the accounts payable unable to be repaid by transaction counterparties as required by payment terms, and the contractual cash flow measured at amortized costs.

B The Company establishes the management for credit risk from the perspective of the Company. Pursuant to the credit granting policy defined internally, before any operating entity within the Company establishes the payment and delivery terms and conditions with a new customer, such customer shall be managed and the credit risk must be analyzed. The internal risk control is to evaluate the credit quality of a customer by considering its financial position, past experience and other factors. The individual risk limit is set by the Board based on the internal or external rating, and the utilization of credit limit is regularly monitored.

C The Company refers to the actual payments with the transaction counterparties in the past as the basis to determine if the credit risk of a financial asset has significantly increased since the initial recognition.

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

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

E The Company applies the simplified approach for the customers' accounts receivable by customer types, to prepare the matrix as the basis for estimating the ECL.

F The indicators adopted by the Company to determine the credit impairment for debt instruments are as follows:

(A) The issuers have significant financial difficulties, and the probability of entering bankruptcy or other financial restructure increases significantly;

(B) The issuers' financial difficulties result in the disappearance of the active market for the financial asset;

(C) The issuers delay or fail to repay the interests or principals;

(D) Adverse changes of national or regional economic conditions resulting in default of the issuers.

G The Company includes the forward-looking consideration in the economy observation report of Taiwan Institute of Economic Research, to adjust the loss rate established based on the certain historic period and current information, to estimate the loss allowance of the notes and accounts receivable. The matrix prepared at December 31, 2024 and 2023 are as follows:

	Individual	Group A	Group B	Group C	Total
December 31, 2024					
Expected loss rate	100%	0.03%	0.03%~2.03%	0.03%~1.00%	
Total carrying value	$ -	$ 14,207	$ 69,139	$ 2,689	$ 86,035
Loss allowance	$ -	$ -	$ 44	$ 27	$ 71

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

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

	2024	
	Notes receivable	Accounts receivable
January 1	$ 39	$ 45
Reversal of impairment loss	(12)	(1)
December 31	$ 27	$ 44

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

I For the investment in debt instrument at amortized costs accounted (time deposits with an initial maturity of within three months), the rating of credit risk is measured at the 12-month ECL.

(3) Liquidity risk

A The forecast of cash flow is conducted by the Company, and aggregated by the Finance Department. The Finance Department monitors the forecast of required liquidity of the Company, to ensure sufficient funds to support the operating demands, and always maintaining the sufficient un-drawn borrowing commitment limit so that the Company will not breach the related borrowing limits or terms.

B Where the remaining cash held by the Company exceeds the required working capital for the purpose of management, the Finance Department will invest the remaining funds in the time deposits with interests, money market deposit, and marketable securities. The instruments selected have proper maturity or sufficient liquidity to support the aforesaid forecasts with enough level for deployment. As of December 31, 2024 and 2023, the money market position held by the Company were NT$100,125 and NT$115,591, and it is expected to generate cash flow instantly to manage the liquidity risk.

C The undrawn borrowing limit of the Company, NT$110,000 are all expired within a year.

D The following table are the Company's non-derivative liabilities and grouped by the related expiry dates; the non-derivative liabilities are analyzed by the remaining period between the balance sheet date to the contract expiry dates. The contractual cash flows disclosed in the following table are the undiscounted amounts.

Non-derivative liabilities:

Lease liabilities

	December 31, 2024	December 31, 2023
Within a year	$ 1,620	$ 1,620
More than 1 years	10,935	12,555

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

(III) Information on fair value

1. The definition of each level for the valuation technique adopted to measure the fair values of the financial and non-financial instruments are as follows:
   - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Active markets are ones where asset and liability transactions take place with sufficient frequency and volume for pricing information to be provided on the ongoing basis.
   - Level 2: The direct or indirect observable inputs of assets or liabilities, but the quotations included in Level 1 are excluded.
   - Level 3: The unobservable inputs of assets or liabilities. The Company's investments in equity instruments without active market belong to the category.
2. The carrying amount of the Company's cash and cash equivalents, financial assets at amortized costs accounted (time deposits with an initial maturity of within three months, notes receivable, accounts receivable (related parties included), other receivables (related parties included), refundable deposit, accounts payable (related parties included) and other payable are the reasonable approximate value of the fair value financial assets not measured at fair value.
3. For the financial assets measured at fair values, the Company classified them by the natures, characteristics, and risks of assets and liabilities, and the level of fair value. The related information is as below:

December 31, 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				
Repetitive fair value				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	$ -	$ -	$ 134	$ 134

4. During 2024 and 2023, there was no transfer between Level 1 and Level 2.
5. The following table demonstrate the changes in Level 3 during 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	-	-
December 31	$ 134	$ 134

6. During 2024 and 2023, there was no transfer from and to Level 3.
7. The evaluation process for the fair value categorized at Level 3 is that the Financial Department takes the charge of individually verifying the fair value of financial instruments, to have the evaluation results closer to the market conditions via the information from independent sources, and confirm that the information source is independent, reliable, and consistent to other resources, and representing the executable prices, while calibrating the evaluation model regularly, conducting retrospective test, updating the inputs required for the evaluation model, and other necessary adjustment to the fair values, to ensure the evaluation results are reasonable.
8. For the quantified information of material unobservable inputs used in the valuation model adopted for the measurement items of Level 3 fair value, and the sensitivity of changes in the material unobservable inputs, the descriptions are as below:

	Fair value at December 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	2.04	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	Multiples of P/E ratio	2.05	The higher the multiples 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 Company prudentially evaluate and select the evaluation models and evaluation parameters; provided that the evaluation results may be different if the different evaluation models and evaluation parameters are adopted. For the financial assets and liabilities classified as Level 3, if the valuation parameters change, the impacts on the profit and loss or other comprehensive income of the current period are as below:

			December 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)

XIII. Other Disclosures

(I) Information on material transactions

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

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

(II) Information on investee enterprises

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

(III) Information on investment in China

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

(IV) Information on major shareholders

Information on major shareholders: please refer to Table 7.

XIV. Information on Departments

Not applicable.

Mao Bao Inc.

Loaning of funds to others

January 1, 2023 to December 31, 2024

Table 1 Unit: NT$ thousand

(Unless specified otherwise)

Number (Note 1)	Company providing loan	Counterparty of loan	Transaction item (Note)	Related party or not	Highest amount of the period (Note 3)	End balance (Note 8)	Amount actually drafted	Range of interest rate	Nature of loaned fund (Note 4)	Transaction amount (Note 5)	Reason of short-term financing needed (Note 6)	Amount of loss allowance provided	Collateral: Name	Collateral: Value	Loan limit to single counterparty (Note 7)	Total limit of loaned fund (Note 7)	Remarks
0	Mao Bao Inc.	Mao Bao Vietnam Inc.	Other payables	Yes	$ 65,740	$65,570	$ 32,785	1%	Short-term financing	-	Business turnover	-	None	-	$ 123,443	$ 197,509	Note 9
0	Mao Bao Inc.	Pacific Worldwide Holdings Ltd.	Other payables	Yes	$ 9,861	$ 9,836	$ -	1%	Short-term financing	-	Business turnover	-	None	-	$ 123,443	$ 197,509	Note 11
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Other payables	Yes	$ 46,018	$45,899	$ 42,621	1%	Short-term financing	-	Business turnover	-	None	-	$ 60,375	$ 63,553	Note 10

Note 1: Instruction of number column is as below:
(1) Issuer = 0
(2) Investees are numbered from 1 by company sequentially.

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

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

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

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

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

Note 7: The operational procedures for loaning of fund to others, the limit for individual counterparty and the limit for total loaned fund specified in the procedures shall be entered, and explain the calculation method of limit to individual counterparty and the total limit of loaned funds in the remarks column.
According to the Company's Operational Procedures for Loaning of Fund to Others, to the foreign companies in which the Company directly and indirectly holds 100% of shares with voting rights, the funds to be loaned shall not exceed 40% of the Company's net worth in the latest financial statement.
To a single foreign company in which the Company directly and indirectly holds 100% of shares with voting rights, the authorized limit shall not exceed 25% of the Company's net worth in the latest financial statement.
Pursuant to Pacific Worldwide Holdings Ltd.'s Operational Procedures for Loaning of Fund to Others, as the Company loans the fund due to business transaction, the total amount of loaned fund shall not exceed 80% of the Company's net worth in the latest financial statement.
However, for subsidiaries in which the Company directly or indirectly holds 100% of shares with voting right, the amount of loaned fund is not subject to the limit of 80%. For individual counterparty, the limit of loaned fund is 95%, and the limit for the total amount of loaned fund is 100%.

Note 8: If the funds to be loaned are submitted to be resolved by the board meetings one by one as specified in Article 14, paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, while the fund is not yet disbursed, the amounts resolved by the board meetings shall be listed in the announced balance, to disclose the risks assumed. However, after subsequent fund repayment, the remaining balance should be disclosed to reflect risk adjustments. If a public company authorizes its chairman, as per Article 14, Paragraph 2 of the processing guidelines, to make installment loans or revolving drawdowns within a certain quota and period of one year, the balance announced and reported should still be based on the funds loaned approved by the Board of Directors. Even after subsequent fund repayment, considering the possibility of further loans, the balance should still be based on the funds loaned approved by the Board of Directors.

Note 9: The Company, upon the resolution of the board of directors on September 21, 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 December 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 May 9, 2024, loaned a fund within USD1,400 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of December 31, 2024, the drafted amount is USD1,300 thousand.

Note 11: The Company, upon the resolution of the board of directors on July 16, 2024, loaned a fund within USD300 thousand to the subsidiary, Pacific Worldwide Holdings Ltd., at an interest rate of 1% per annum; as of December 31, 2024, the drafted amount is USD0 thousand.

Mao Bao Inc.

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

January 1, 2023 to December 31, 2024

Table 2

Unit: NT$ thousand (Unless specified otherwise)

				End of period				
Company held	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account listed	No. of shares	Carrying amount (Note 3)	Shareholding ratio	Fair value	Remarks (Note 4)
Mao Bao Inc.	Shares of HSIN TUNG YANG Co., LTD.	-	Financial assets at fair value through other comprehensive profit or loss - non-current	22,000	$ 134	-	$ 134	-

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

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

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

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

Mao Bao Inc.
Business relationships and material transactions between the parent company and subsidiaries, or among subsidiaries, and the amount thereof
January 1, 2023 to December 31, 2024

Table 3

Unit: NT$ thousand (Unless specified otherwise)

				Transaction			
Number (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Account	Amount	Transaction conditions	Ratio to consolidated total revenue or total assets (Note 3)
0	The Company	Mao Bao Vietnam Inc.	1	Other receivables (Note 6)	32,794	-	5%
0	The Company	Mao Bao (Shanghai) Trading Ltd.	1	Accounts receivable	14,093	1	2%
0	The Company	Mao Bao (Shanghai) Trading Ltd.	1	Revenue from sales	53,973	1	9%
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	3	Other receivables (Note 6)	42,633	-	6%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:
(1) 0 - parent company
(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

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

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

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

Note 5: The transaction conditions are listed below.
1. The transaction price of the sale from the parent company to a subsidiary is calculated based on the price negotiated by both parties, and the payment term is 180 days with monthly settlement.
2. The transaction price of the sale from a subsidiary to a subsidiary is calculated based on the price negotiated by both parties, and the payment term is to settle and pay in the same month.
3. The parent company calculates the processing fee to the subsidiary based on the price agreed by both parties, and the payment term is to settle and pay in the same month.

Note 6: Including principal and interest of loans granted.

Mao Bao Inc.

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

January 1, 2023 to December 31, 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 loss or gain recognized for the current 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	$ 55,618	($ 757)	($ 757)	
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Vietnam	Production of various cleaning products	94,939	94,939	3,000,000	100.00	(32,477)	(12,622)	(12,622)	
Pacific Worldwide Holdings Ltd.	Pacific Trading Group Co.,Ltd	Vietnam	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export	9,732	-	300,000	100.00	9,814	-	-	

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.

Information on investment in China - basic information

January 1, 2023 to December 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	$ 16,098	100.00	$16,098□ (2)B	$ 31,167	$ -	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	$ 296,264

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 recognition basis of investment profit and loss are divided into the three categories as below, and shall be specified: A. The financial reports audited and attested by an international accounting firm partnered with an accounting firm of the Republic of China; B. The financial reports audited and attested by the CPAs attesting the parent company in Taiwan; and C. Others

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

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

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

Mao Bao Inc.

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

January 1, 2023 to December 31, 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				
	Amount	%	Amount	%	Balance	%	End balance	Purpose	Highest balance	End balance	Range of interest rate	Interest rate of the current period	Others
Mao Bao (Shanghai) Trading Ltd.	$ 53,973	9%	$ -	-	$ 14,093	2%	$ -	-	$ -	$ -	-	$ -	

Mao Bao Inc.

Information on major shareholders

January 1, 2023 to December 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%

Mao Bao Inc.
Statement of Cash and Cash Equivalents
December 31, 2024

Statement 1 Unit: NT$ thousand

Item	Summary	Amount
Working fund		$ 165
Bank deposit		
- Checking deposit		155
- TWD deposit		28,695
- Foreign currency deposit	USD 154,867.29; exchange rate @ 32.785	5,077
	CNY 39,990.23; exchange rate @ 4.478	179
-Time deposit	USD 500,000 at exchange rate @ 32.785, with annual interest rate of 4.45%	16,393
	Interest rate is 1.46% per annum.	10,000
Cash equivalents		
- Short-term bills	The annual interest rate is 0.83% and all of them will expire by January15, 2025.	39,626
		$ 100,290

Mao Bao Inc.
Statement of Accounts Receivable
December 31, 2024

Statement 2 Unit: NT$ thousand

Customer's name	Summary	Amount	Remarks
Non-related party			
A	Sales	$ 20,808	
B	〃	14,573	
Others	〃	33,758	None of sporadic customer's balance exceeding 5% of the amount under the account.
Subtotal		69,139	
Less: loss allowance		(44)	
Total		$ 69,095	
Related party:			
Mao Bao (Shanghai) Trading	Sales	$ 14,093	
Mao Bao Vietnam Inc.	〃	114	
Total		$ 14,207	

Mao Bao Inc.
Statement of Inventories
December 31, 2024

Statement 3 | Unit: NT$ thousand

	Amount		
Item	Cost	Net realizable value	Remarks
Raw materials	$ 18,274	$ 17,933	
Parts	20,062	19,433	
Work in progress	2,825	2,403	
Finished products	54,321	73,933	
Goods	4,696	6,940	
	100,178	$ 120,642	
Less: allowance of inventory falling price and idle loss	(760)		
	$ 99,418		

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

Mao Bao Inc.
Statement of Changes in Investments Accounted Adopting the Equity Method
January 1 to December 31, 2024

Statement 4

Unit: NT$ thousand

	Beginning balance		Increased in the period		Decreased in the period		Others (Note 1)	End balance			Net value of stake		
Name	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	Amount	No. of shares	Shareholding ratio	Amount	Unit price	Total price	Guarantee or pledge provided
Pacific Worldwide Holdings Ltd.	5,000,015	$ 57,553	-	$ -	-	($ 757)	($ 1,178)	5,000,015	100%	$55,618	$ -	$ 55,618	None

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

Mao Bao Inc.
Statement of Accounts Payable
December 31, 2024

Statement 5 Unit: NT$ thousand

Name of supplier	Summary	Amount	Remarks
Non-related party			
A	Sales	6,698	
B	"	5,007	
C	"	3,603	
D	"	3,576	
E	"	3,377	
F	"	3,211	
G	"	3,093	
Others	"	32,752	None of sporadic supplier’s balance exceeding 5% of the amount under the account.
		$ 61,317	

Mao Bao Inc.
Statement of Operating Revenue
2024

Statement 6 Unit: NT$ thousand

Item	Quantity (pcs, set)	Amount	Remarks
Detergent series	4,748,801	$ 338,685	
Domestic cleaning series	3,579,574	235,090	
Personal hygiene and protection series	348,583	51,878	
Others	32,966	1,991	None of sporadic category's balance exceeding 5% of the amount under the account.
		627,644	
Less: returned goods		(5,295)	
Sales discount		(64,137)	
		$ 558,212	

Mao Bao Inc.
Statement of Operating Costs
2024

Statement 7 Unit: NT$ thousand

Item	Subtotal	Amount
Raw materials		$ 142,374
Beginning raw materials	$ 11,614	
Plus: received materials in the period	148,960	
Surplus of raw material at the end of period	56	
Others	482	
Less: end raw materials	(18,274)	
Sales of raw materials	(372)	
Scrape loss	(91)	
Inventory loss	(1)	
Parts		130,045
Beginning materials	13,887	
Plus: received materials in the period	138,646	
Surplus of materials at the end of period	676	
Less: end materials	(20,062)	
Sales of materials	(4)	
Scrape loss	(535)	
Transfer to various expenses	(2,563)	
Direct manpower		11,396
Manufacturing Expenses		58,512
Manufacturing costs		342,327
Beginning work in progress		2,768
Less: end work in progress		(2,825)
Difference of material consumed for production		(885)
Loss of inventories		(4)
Transfer to various expenses		(540)
Costs of finished products		340,841

(continued in next page)

Mao Bao Inc.
Statement of Operating Costs (continue)
2024

Statement 7 | Unit: NT$ thousand

Item	Subtotal	Amount
Beginning finished products		$ 47,670
Plus: purchased finished products		145
Less: end finished products		(54,321)
Sales of finished products		(44,822)
Loss of inventories for finished products		(423)
Scrape loss		(4)
Disaster (other) losses		(270)
Transfer to various expenses		(5,201)
Sales costs of in-house made merchandises		283,615
Sales costs of purchased merchandises		13,675
Plus: beginning merchandises	1,403	
Purchase of the period	17,955	
Less: end merchandises	(4,696)	
Loss of inventories	(6)	
Scrape loss	(18)	
Transfer to various expenses	(963)	
Sales costs of raw materials		372
Sales costs of materials		4
Sales costs of finished products		44,822
Surplus of inventories		(299)
Revenues from selling scrapes and wasted materials		(628)
Gain from recovered inventory price		(575)
Scrape loss		648
Others		655
Operating costs		$ 342,289

Mao Bao Inc.
Manufacturing Expenses
2024

Statement 8 Unit: NT$ thousand

Item	Amount		Remarks
Indirect manpower	$	21,459	
Outsourced processing fee		15,695	
Depreciation		7,335	
Recycling fee of wastes		3,823	
Other expense		10,200	None of the item amount exceeding 5% of the amount under the account.
	$	58,512	

Mao Bao Inc.
Statement of Operating Expenses (Excluding the ECL)
2024

Statement 9 Unit: NT$ thousand

Item	Selling expenses	Administrative expenses	R&D expenditure	Amount
Wage expenditure	$ 40,797	$ 21,357	$ 3,053	$ 65,207
Freight	44,090	52	16	44,158
Promotional expenses	37,787	-	-	37,787
Advertisement expenses	20,093	80	-	20,173
Service expenses	74	13,400	-	13,474
Insurance expenses	3,757	2,423	317	6,497
Depreciation expense	795	2,203	70	3,068
Inspection expenses	-	-	968	968
Other expenses (note)	14,464	8,008	238	22,710
Total	$ 161,857	$ 47,523	$ 4,662	$ 214,042

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

Mao Bao Inc.

Summary Statement of the Employee Benefits, Depreciate, and Amortization Expenses Occurred for the Period (continue)

2024

Statement 10 Unit: NT$ thousand

By Function / By nature	2024 Belonging to operating costs	2024 Belonging to operating expenses	2024 Total	2023 Belonging to operating costs	2023 Belonging to operating expenses	2023 Total
Expenses of employee benefits						
Wage expenses	$ 32,729	$ 60,993	$ 93,722	$ 30,987	$ 56,984	$ 87,971
Labor and health insurance expenses	3,709	6,012	9,721	3,756	5,973	9,729
Pension expenses	1,394	3,043	4,437	1,443	2,994	4,437
Remuneration to directors	-	1,170	1,170	-	1,043	1,043
Other expenses of employee benefits	927	1,798	2,725	968	1,810	2,778
Depreciation expense	7,335	3,068	10,403	6,759	2,997	9,756
Amortization expenses	-	799	799	-	529	529

Note:

1. The number of employees for the year and the previous years were 166 and 171, respectively; the number of directors not concurrently serving as employees were seven and seven, respectively.

Statement 10 Unit: NT$ thousand

2. Where the shares are listed in TWSE or traded OTC, the Company shall disclose the information additionally.
   (1) The average expenses of employee benefits of the year is NT$696 ("the total of expenses of employee benefits - the total of directors' compensations of the year"/ "the number of employee - number of directors not concurrently serving as employees of the year"). The average expenses of employee benefits of the previous year is NT$640 ("the total of expenses of employee benefits - the total of directors' compensations of the previous year"/ "the number of employees - number of directors not concurrently serving as employees of the previous year").
   (2) The average wage expenses of the year is NT$589 ("the total of wage expenses of the year/ "the number of employee- number of directors not concurrently serving as employees of the year"). The average wage expenses of the year is NT$536 ("the total of wage expenses of the previous year/ "the number of employee- number of directors not concurrently serving as employees of the previous year").
   (3) The average change of adjusted employee wage expenses is 9.9% ("the average employee wage expenses of the year/ "the average employee wage expenses of the previous year").
   (4) The remuneration for the supervisors for both the current and previous years was $0. On June 11, 2020, it was resolved by the shareholders' meeting to establish an Audit Committee to replace the supervisors.
   (5) Please specify the remuneration policy of the Company (including directors, supervisors, managerial officers, and employees). The policy, standards, and procedures to establish the remuneration payment are mainly based on the Company's personnel bylaws and the Remuneration Committee Charter. The director remuneration and the employee remuneration are mainly based on provision percentage specified in the Articles of Incorporation (Article 32 of the Articles of Incorporation provides that where the Company makes profit for a year, 5%~8% of the profit before tax and before deducting the remunerations of employees, directors, and supervisors is provided as the employee remuneration), with the approval of the Remuneration Committee, to be submitted to the Board for approval before reported to the shareholders' meeting. The remunerations of directors and managerial officers are referred to the peer level, while considering the personal performance, the Company's operating performance, and the reasonableness of the links to future risks, to seek the balance between the sustainable management and risk control.