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Mao Bao Inc.

2022 Annual Report

Published on May 26, 2023

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- IV. Names of the CPAs who duly audited the annual financial report for the most recent fiscal year
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Website : <http://www.pwc.com/tw>
- V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: the Company does not issue offshore securities.
- VI. Company website:<http://www.maobao.com.tw>

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One. Report to the shareholders

Ladies and gentlemen:

The operating results in the past year, and the business plan for the year (2022) are summarized as below:

I. Business Report of the previous year (2022)

(I) Accomplishments in the Implementation of Business Plan

For the whole year of 2022, the net consolidated operating revenue was NT\$587,101 thousand, a decrease of NT\$32,251 thousand from the NT\$619,352 thousand in 2021. The 2022 consolidated net profit before tax was NT\$8,897 thousand, a decrease of NT\$ 15,002 thousand from the NT\$23,899 thousand in 2021 mainly because of the persistent climbing costs of raw materials and reduced profits from overseas markets.

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

Unit: NT\$ thousand

Item		2022	2021	Amount changed	Note
Financial income and payment	Net cash inflow from operating activities	27,537	43,420	(15,883)	I
	Net cash outflow from investment activities	(48,905)	(49,577)	672	II
	Net cash outflow from financing activities	(16,449)	(22,803)	6,354	III
Note 1: Net cash inflows from operating activities decreased from the previous period due to the decreased net operating profit of the period.					
Note 2: Net cash outflows from investment activities decreased from the previous period due to the difference from time deposits in foreign currencies during the period.					
Note 3: Net cash outflows from fund-raising activities decreased from the previous period due to the difference in cash dividends.					

Item		2022	2021	Changes	
Profitability	Return on the assets (%)	0.80	2.96	(2.16)	
	Return on shareholder's equity (%)	1.07	3.98	(2.91)	
	Percentage in the paid-in capital	Operating income	(0.85)	4.06	(4.91)
		Net income before tax	2.10	5.63	(3.53)
	Net profit margin (%)	0.88	3.13	(2.25)	
	Earnings per share (NT\$)	0.12	0.46	(0.34)	

(III) R&D status

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

II. Overview of the business plan for the year (2023)

(I) Operational Policy

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

(II) Expected sales quantity and basis

Unit: Pcs

Item	2023 Forecast
Detergent series	7,099,686
Domestic cleaning series	3,346,889
Long-effect	391,354
Others	25,227
Total	10,863,156

(III) Production and sales policy

All the employees of the Company will continuously achieve the goal of 2023, to create the better outlook for the Company and shareholders.

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

III. Future development strategy of the Company

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

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

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

Two. Company Profile

I. Incorporation date: December 6, 1978

II. Company History:

Date	Milestone
December 1978	Maobao Organic Chemical Industrial Ltd. was established in Banqiao City, with the capital of NT\$ 2 million
1982	Toilet cleaner, glass cleaner, cold water wash, and kitchen stain remover were developed
September 1982	The director, Wang, Chin-Ming was changed to Wu, Hsien-Tai
1984	Collar wash / stain remover was developed
1985	Floor cleaner was developed
1986	The Ultra all purpose cleaner was developed
December 1986	The capital was changed to NT\$10 million (on December 19, the Construction Department approved the capital change)
1987	Maobao solid toilet cleaner was developed
April 1987	The company was approved to change to Mao Bao Inc.
November 1988	Completion of Hsinchu Plant
May 1990	The all purpose laundry detergent was developed
January 1991	The Ministry of Economic Affairs approved the cash capital increase for NT\$ 28 million in November 1990, and the total capital became NT\$ 38 million
May 1991	Baby cold water wash was developed
August 1991	Iron aid was developed
April 1993	Shampoo was developed
September 1993	Laundry detergent for front loading washing machine was developed
November 1993	The Ministry of Economic Affairs approved the cash capital increase for NT\$ 25 million, and the total capital became NT\$ 63 million
April 1995	Color Guard Laundry Detergent was developed
August 1995	The all purpose cold water wash and the input-style flush cistern cleaner (the Little One) were developed
October 1995	The fluorescent agent-free cold water wash was developed
July 1997	The Ultra kitchen cleaner was developed (Ultra series)
September 1997	The Ultra bathroom cleaner was developed (Ultra series)
September 1997	Signed the early technology license agreement with Development Center for Biotechnology
October 1997	Toilet bowl cleaner was developed
December 1997	The Ministry of Economic Affairs approved the cash capital increase for NT\$47,250,000 million, capital increase from surplus for NT\$54,810,000, and the capital increase from reserve for NT\$33,342,120. The total capital became NT\$198,402,120 million
May 1998	The Securities and Futures Management Commission, MOF approved to make up the public offering
June 1998	The antibacterial dish washing liquid was developed
September 10, 1998	The Ministry of Economic Affairs approved the cash capital increase for NT\$100,000,000, capital increase from surplus for NT\$14,880,160, and the total capital increase became NT\$313,282,280.
February 1999	The antibacterial laundry detergent was developed
April 1999	Sign a contract with Fu-Chu General Contractor to engage it for the additional construction of Phase II, Hsinchu Plant
May 1999	The Ministry of Economic Affairs approved the capital increase from surplus for NT\$25,062,590, capital increase from reserve for NT\$6,265,650, and the total capital increase became NT\$344,610,520
November 1999	OTC agreed the public trading on November 22, 1999.
March 2000	Entered a sole-agent contract in Taiwan with a French company, Spontex
August 8, 2000	The Ministry of Economic Affairs approved the capital increase from surplus for NT\$44,799,370, capital increase from reserve for NT\$6,892,220, and the total capital increase became

	NT\$396,302,110
October 13, 2000	Completion of the additional construction of Phase II, Hsinchu Plant
July 11, 2001	The Ministry of Economic Affairs approved the capital increase from reserve for NT\$19,815,110, and the total capital increase became NT\$416,117,220
September 17, 2001	TWSE agreed the public offering
November 10, 2003	The Ministry of Economic Affairs approved the capital increase from surplus for NT\$8,322,350, and the total capital increase became NT\$424,439,570
November 2003	Completion of the development of NTU Nano Bio NO.1 formula Protection Series
January 12, 2004	Launch of Mao Bao long-effect hand gel
December 2005	Launch of Mao Bao nano antibacterial hand wash
2006	Reinvested to establish the subsidiary, PACIFIC WORLDWIDE HOLDINGS LTD. and the sub-subsidiary MAO BAO VIETNAM INC.
2006	Launch of floor cleaner
2007	Launch of the extra large pack of the washing machine cleaner, and the eco-friendly dish washing liquid
2009	Launch of mosquito repellent jelly, baking soda liquid soap, and oxygen antimicrobial bleach
2010	Launch of the antibacterial hand gel, shampoo, and tea stain remover
2011	Completion of the Vietnam Plant, and the launch of deodorizing gel, plumber detergent, and sterilizing detergent.
2012	Mao Bao (Shanghai) Trading was established; launch of Weihsiang Plant Fragrance (iris and lavender), Weihsiang natural mosquito repellent fragrance (iris and lemongrass), Weihsiang Hanging Plant Fragrance (fresh herbs, clean fruit, and floral), and Mao Bao Natural Fruit & Vegetable Wash
2013	Deodorizing Laundry Detergent, Antibacterial Low Sudsing Baking Soda Laundry Detergent, Extra Strength All-Purpose Cleaner, Color Guard Laundry Detergent, Color Enhancing Laundry Detergent, Weihsiang Refrigerator Deodorant, and Weihsiang Fragrance Crystal Balls
2014	Launch of Laundry Detergent for Sensitive Skin, 4X Concentrated Antibacterial Fabric softener, 2X Shrink Resistant and Color Guard Cold Water Wash, Compound Stain Remover Gel with Enzyme, 2X Antibacterial Dish Washing Liquid, Kitchen Cleaner, and Bamboo Fragrance
2015	Launch of Rice Cooker Cleaner, Magic Fragrance Box (Clean Fruit), Magic Fragrance Box (Lavender), Mao Bao 2 Compound Stain Remover Gel with Enzyme, Deer Hills Herbal Soothing Gel, Deer Hills Mosquito Repellent Dual Effect Lotion, Deer Hills Forcipomyia Repellent Spray, and Deer Hills Mosquito Repellent Stickers
2016	Launch of Mao Bao FEVO (Textile Evolution) Cold Water Wash for Sportswear, Mao Bao FEVO (Textile Evolution) Heavy Duty Deodorizing Additive, Mao Bao FEVO (Textile Evolution) Water Repellent Additive, Mao Bao FEVO (Textile Evolution) Moisture Wicking Additive, Mao Bao FEVO (Textile Evolution) Odor-control Laundry Detergent, Rice Extra Dish Washing Liquid, Tea Tree Floor Cleaner, Mao Bao 2 Extra Laundry Gel, Deer Hills Moisture Sunblock, Deer Hills Moisture Body Wash, Deer Hills Moisture Shampoo, Deer Hills Baby Lotion, and Deer Hills After-Sun Soothing Gel
2017	Launch of Mao Bao FEVO (Textile Evolution) Antibacterial Laundry Detergent, EKO ECO-Label Laundry Detergent, EKO ECO-Label Bathroom Cleaner, EKO ECO-Label Floor Cleaner, Mao Bao Stain Remover, Mao Bao Indoor Cigarette Smell Deodorant, Mao Bao Antibacterial Baking Soda Laundry Detergent, Mao Bao Antibacterial Mildew-proof Laundry Detergent, Deer Hills Mosquito Repellent Dual Effect Lotion, Deer Hills Mosquito Repellent Dual Effect Portable Pack, Deer Hills Hand Sterilizer
2018	Launch of Mao Bao PM2.5 Antibacterial Laundry Detergent, Mao Bao Antibacterial Hand Wash Detergent, Deer Hills Mosquito Repellent Dual Effect Pack, 2X Quick Floor Cleaner, Mao Bao Low Sudsing Plant Soap Laundry Detergent - Long-Effect White Formula, and Ultra Garden Fragrance Laundry Detergent
2019	Launch of Mao Bao PM2.5 Antibacterial Laundry Detergent - Odor-control and Extra Clean, Mao Bao Baking Soda Dish Washing Liquid - Sweet Orange Tea Polyphenols, Mao Bao Baking Soda Plant Extra Soap Laundry Detergent, Deer Hills Grapefruit Seed Antibacterial Spray, Deer Hills Long Lasting Mosquito Repellent Spray, and Deer Hills Long Lasting Forcipomyia Repellent Spray
2020	Launch of Mao Bao Baking Soda Plant Extra Fragrance Liquid Soap, Mao Bao Plus Enzyme Stain Remover, Mao Bao Plus Multi-Enzyme Gel Stain Remover, Mao Bao X-Sport Enzyme Laundry Detergent, AHA Toilet Cleaner, Deer Hills Long Lasting Dual Effect Mosquito Repellent Spray, Deer Hills Antibacterial Spray, Deer Hills Super-Value Mosquito Repellent Pack

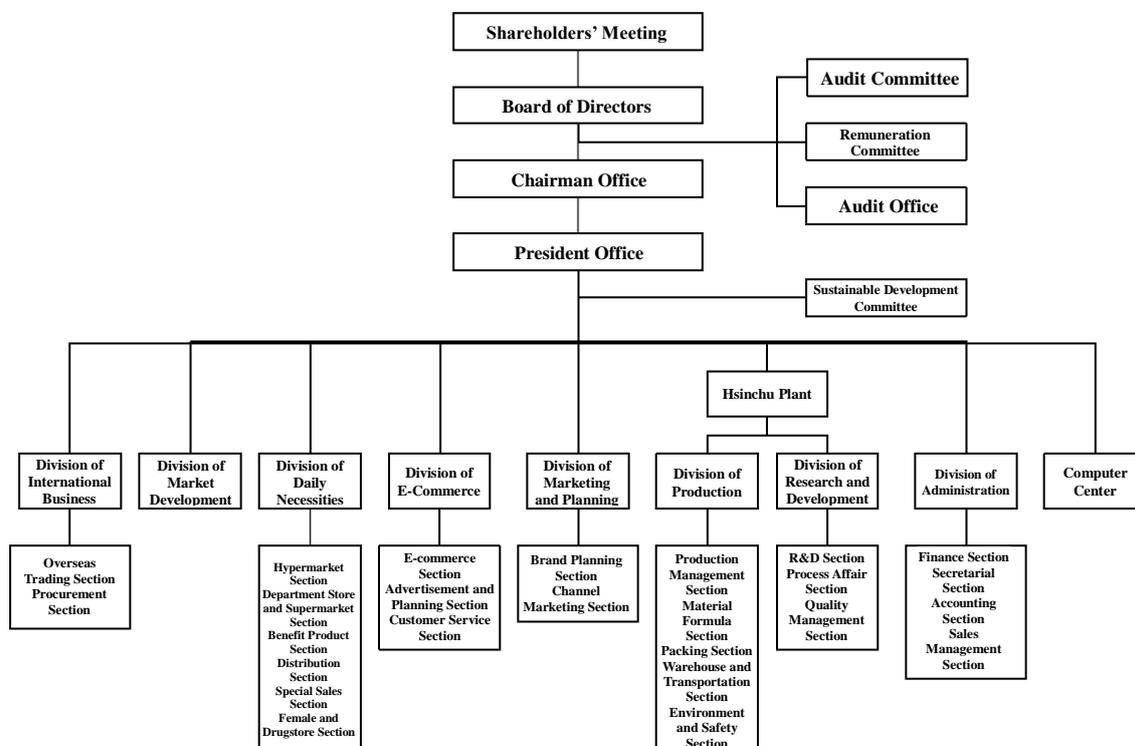
- 2021 Launch of Mao Bao Pet Herbal Antibacterial Floor Cleaner, Mao Bao Pet Baking Soda Plant Extra Dish Washing Liquid, Mao Bao Pet Odor-control and Antibacterial Spray, Mao Bao Pet Enzyme Odor-control Fabric Cleaner, and Deer Hills Lemongrass Mosquito Repellent Sticker.
Collaboration between Mao Bao PM2.5 Antibacterial Laundry Detergent and One Piece
- 2022 Launch of Weiss Antibacterial Detergent, Weiss Magic Cleaner Powder, MaoBao Baking Soda Laundry Liquid Soap, MaoBao Deodorizing & Antibacterial Spray

Three. Corporate Governance Report

I. Organizational system

(1) Organization structure

Organizational Chart of Mao Bao Inc.



Department	Main duties
Audit Office	Taking charge of planning and executing internal audits and the tracking of improvement results.
Division of Production	Taking charge of product manufacturing, process control, raw material and inventory management, and product delivery, among other operations.
Division of Research and Development	Product research and development, functions improvement and enhancement, and sample development.
Division of Market Development	Taking charge of the promotion and development for new markets.
Division of International Business	Responsible for the domestic and overseas procurement of raw materials and the development of new suppliers; the expansion of export markets.
Division of Daily Necessities Business	Taking charge of business promotion in the domestic market, quotations to customer, and product planning, among other operations.
Division of Marketing and Planning	New product development, market information collection, product management, advertising planning and other services, among other operations.
Division of E-Commerce	Taking charge of the promotion and product planning of the domestic B to C market, among other operations.
Division of Administration	Taking charge of HR administrative operations, such as employee appointment, promotion, training, and retirement; procurement of office supplies; the Company's financial operations, accounting operations, and shareholder service operations.
Computer Center	Application system planning and management, operating system management, hardware equipment management and information security management.

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

1. Information on Directors and Supervisors (I)

Unit: shares April 22nd, 2023

Job title	Nationality	Name	Gender Age (Range)	Date of election / appointment to current term	Term of office	Commencement date of first term	Date of appointment Shares held		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Republic of China	Pacific Worldwide Investment Co., Ltd.	Female/ 41-50 years old	June 11, 2020	3 years	November 5, 1997	6,790,856	16.00%	6,790,856	16.00%	0	0.00%	0	0.00%	MA, Duke University Chairman, Mao Bao Inc. Director, Mao Bao Inc.	None	None	None	The president has a expertise of marketing business, so it is necessary to rely on his talents; meanwhile, more than half of the Company's directors are not concurrently serving as employees or managerial officers. In 2023, it is planned to add one more independent director.	
		Representative: Wu, Rui-Hua				June 20, 2014	1,455,613	3.43%	165,613	0.39%	178,000	0.42%	0	0.00%		Executive Director of Mao Bao INC. Director, Pacific Worldwide Investment Co., Ltd. Supervisor, Ling-Yu Investment Co., Ltd.	President	Chen, Yi-Hung		Spouse
Director	Republic of China	Wu, Chao-Wen	Female/ 41-50 years old	June 11, 2020	3 years	June 17, 2011	965,069	2.27%	965,069	2.27%	0	0.00%	0	0.00%	MBA. Baruch College Director, Mao Bao Inc.	Director, Pacific Worldwide Investment Co., Ltd.	Chairman	Wu, Rui-Hua	Sisters	
		Director				Director	Wu, Hsien-Tai	Father and daughter												
Director	Republic of China	Pacific Worldwide Investment Co., Ltd.	Female/ 51-60 years old	June 11, 2020	3 years	November 5, 1997	6,790,856	16.00%	6,790,856	16.00%	0	0.00%	0	0.00%	English Department, FJCU Consultant, Business Department, Tiffany & Co. International, Taiwan Branch Director, Mao Bao Inc.	None	None	None		
		Representative: Wu, Chiao-Jen				June 20, 2002	200,998	0.47%	200,998	0.47%	0	0.00%	0	0.00%		None	None	None		
Director	Republic of China	Pacific Worldwide Investment Co., Ltd.	Male/ 71-80 years old	June 11, 2020	3 years	November 5, 1997	6,790,856	16.00%	6,790,856	16.00%	0	0.00%	0	0.00%	Department of Chemical Engineering, Chung Yuan Christian University Ninth Class of Executive Program, National Chengchi University Director, Mao Bao Inc. Chairman, Mao Bao Inc.	None	Director	Wu, Chao-Wen	Father and daughter	
		Representative: Wu, Hsien-Tai				November 5, 1997 (Discharged on June 20, 2014)	9,294,459	21.90%	3,956,459	9.32%	1,913,809	4.51%	6,450,000	15.20%		Director, Pacific Worldwide Investment Co., Ltd. Supervisor, Ling-Yu Investment Co., Ltd.	Chairman	Wu, Rui-Hua	Father and daughter	

Independent director	Republic of China	Su, Liang	Male/ 71-80 years old	June 11, 2020	3 years	June 15, 2017	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master, Institute of Information Management, Tamkang University Vice President, RITEK CORPORATION Chairman, MiTAC Information Technology Corp.	Independent Director, UNITECH ELECTRONICS CO., LTD. Director, MiTAC Holdings Corporation	None	None	None
Independent director	Republic of China	Huang, Chien-Cheng	Male/ 41-50 years old	June 11, 2020	3 years	June 15, 2017	0	0.00%	0	0.00%	0	0.00%	0	0.00%	LLM, Law School, University of Minnesota Partner Lawyer, Total Solution in One Firm	Independent Director of TACHAN SECURITIES CO.,LTD.	None	None	None
Independent director	Republic of China	Chen, Wei-Zhi	Female/ 41-50 years old	June 11, 2020	3 years	June 11, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Accounting and Management and Decision-Making, Management College, National Taiwan University Bachelor and pre-master program, Accounting Institute, National Tshwane University, South Africa CPA of ROC, the U.S., and South Africa President of Taiwan, VATit (Taiwan) Ltd. Vice President, Audit Division, Taiwan Branch, HSBC	Founder and CEO of JS Linguistics Inc. Independent Director of CloudMile	None	None	None

2. Major Shareholders of Corporate Shareholders

April 22, 2023

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

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

4. Information on Directors and Supervisors (II)

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

Name / Qualifications	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Representative of Pacific Worldwide Investment Co., Ltd.: Wu, Rui-Hua	Graduated from Duke University as MA, specializing in the operation and management of the cleaning and maintenance protective equipment industry, as well as the operational planning and leadership decision-making of overseas subsidiaries. Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and the ability to make policy decisions; currently serving as Chairman/CEO of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.	Not applicable.	Zero
Representative of Pacific Worldwide Investment Co., Ltd.: Wu, Hsien-Tai	Graduated from Department of Chemical Engineering, Chung Yuan Christian University, specializing in the operation and management of the cleaning and maintenance protective equipment industry, as well as the operational planning and leadership decision-making of overseas subsidiaries. Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions, as well as experienced in the industry; currently serving as a director of Mao Bao Inc., and served as Chairman Mao Bao Inc for 35 years.; no circumstance specified in Article 30 of the Company Act.	Not applicable.	Zero
Representative of Pacific Worldwide Investment Co., Ltd.: Wu, Chiao-Jen	Graduated from the English Department of Fu Jen Catholic University and served as a consultant of Business Department, Tiffany & Co. International, Taiwan Branch; specializing in marketing skills, possessing an international market perspective, leadership skills, and decision-making abilities; currently serving as a director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.	Not applicable.	Zero
Wu, Chao-Wen	MBA degree from the Baruch College Possessing the necessary knowledge, skills and literacy for performing duties, with the ability to perform accounting and financial analysis, and knowledge of the industry; currently serving as a Director of Mao Bao Inc; no circumstance specified in Article 30 of the Company Act.	Not applicable.	Zero
Su, Liang	Master's degree from the Institute of Information Management, Tamkang University, specializing in the operation and management of the technology industry, as well as the operational planning and leadership decision-making of multinational corporations. Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability in operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions, as well as experience in the industry as an excellent model in his specialty area; currently serving as a Chairman of MiTAC Information Technology and Independent Director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.	As an independent director, eligible for independence: The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence.	One

Huang, Chien-Cheng	LLM degree from Law School, University of Minnesota, now serving as the partner lawyer of Total Solution in One Firm; possessing the necessary knowledge, skills and literacy for performing duties, with expertise in laws as a professional lawyer, and the comprehensive abilities such as ability to conduct crisis management, knowledge of the industry, and ability to make policy decisions. Currently serving as Partner Lawyer, Total Solution in One Firm and Independent Director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.	As an independent director, eligible for independence: The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence.	One
Chen, Wei-Zhi	Master of Accounting and Management and Decision-Making, Management College, National Taiwan University and Bachelor and pre-master program, Accounting Institute, National Tshwane University, South Africa; currently serving as the Founder and CEO of JS Linguistics Inc.; possessing the necessary knowledge, skills and literacy for performing duties, with expertise in accounting and finance as a qualified CPA in ROC, the U.S. and South Africa, and the comprehensive abilities such as knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions; currently serving as the Independent Director of Mao Bao Inc.; no circumstance specified in Article 30 of the Company Act.	As an independent director, eligible for independence: The independent director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the independent director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; not having received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence.	One

II. Diversity and Independence of the Board of Directors:

(I) Diversity of the board of directors:

Diversity policy:

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

Concrete management objectives:

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

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

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

To strengthen the corporate governance and promote the sound development of the composition and structure of the board of directors, the Company's board member diversity policy takes various needs such as the Company's operating structure, business development direction, and future development trends, and it is advisable to evaluate various

diversity aspects, such as: basic composition, professional experience, professional knowledge and skills. The Company's current Board consists of seven directors, including three independent directors. The members have rich experience and expertise in the fields of accounting and finance, commerce, management and law. There are currently seven directors, including four female directors, with a ratio of 57.14%, more than a half.

(III) Independence of the board of directors:

The Board elects seven directors (including three independent directors, accounting for approximately 43%) pursuant to the Company's Articles of Incorporation, to enhance the independent operation of the Board. The board members are composed of professionals with rich industry experience, as well as in the finance and accounting, legal, and management, to provide guidance in the professional field in the Board; there has been no circumstance specified in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.

The audit management system has been established and perfected through the Audit Committee composed of independent directors, to fully implement the responsibility of supervising the Company's operation and management. The audit unit reports the audit results of the internal control system to the Board every quarter, and holds individual meetings with attesting CPAs and independent directors every year regularly, to communicate about the Company's internal control, finance, and accounting status, and posts the meeting minutes on the official website.

(IV) Directors' Continuing Education Status

Job title	Name	Class date	Organizer	Course	Hours
Director	Wu, Rui-Hua	May 12, 2022	Taiwan Stock Exchange	Online Forum of International Double Summit	2 hours
		July 20, 2022	Taiwan Stock Exchange	Industry Theme of Sustainable Development Path Map	2 hours
		October 19, 2022	Securities & Futures Institute	2022 Publicity and Explanation Meeting on Legal Compliance of Insider Equity Transactions of Listed Companies	3 hours
Director	Wu, Hsien-Tai	May 4, 2022	Taiwan Stock Exchange	Online Forum of International Double Summit	2 hours
		July 13, 2022	Taiwan Stock Exchange	Industry Theme of Sustainable Development Path Map	2 hours
		October 19, 2022	Securities & Futures Institute	2022 Publicity and Explanation Meeting on Legal Compliance of Insider Equity Transactions of Listed Companies	3 hours
Director	Wu, Chao-Wen	May 4, 2022	Taiwan Stock Exchange	Online Forum of International Double Summit	2 hours
		July 7, 2022	Taiwan Stock Exchange	Industry Theme of Sustainable Development Path Map	2 hours
		October 19, 2022	Securities & Futures Institute	2022 Publicity and Explanation Meeting on Legal Compliance of Insider Equity Transactions of Listed Companies	3 hours
Director	Wu, Chiao-Jen	May 12, 2022	Taiwan Stock Exchange	Online Forum of International Double Summit	2 hours
		July 7, 2022	Taiwan Stock Exchange	Industry Theme of Sustainable Development Path Map	2 hours
		October 19, 2022	Securities & Futures Institute	2022 Publicity and Explanation Meeting on Legal Compliance of Insider Equity Transactions of Listed Companies	3 hours
Independent director	Su, Liang	April 29, 2022	Corporation Aggregate for Corporate Governance Association	Behind the Scenes of Corporate Governance: Practical Operations of Corporate Governance Personnel	3 hours
		April 22, 2022	The Taiwan Sustainable Energy Research Foundation	Sustainable Net Zero Summit Forum on Taiwan Future 30-Year - Serious Net-zero Achievements for Sustainable 2030	3 hours
		September 2, 2022	Corporation Aggregate for Corporate Governance Association	Establishment and Operation of the Audit Committee	3 hours
Independent director	Huang, Chien-Cheng	April 13, 2022	Securities Industry Association	The Development Trends and International Standards of Digital Evidence and Digital Forensics	3 hours
		May 11, 2022	Securities Industry Association	The Causes and Prevention Measures of Financial Fraud	3 hours
		May 12, 2022	Taiwan Stock Exchange	Online Forum of International Double Summit	2 hours
Independent director	Chen, Wei-Zhi	May 4, 2022	Taiwan Stock Exchange	Online Forum of International Double Summit	2 hours
		July 13, 2022	Taiwan Stock Exchange	Industry Theme of Sustainable Development Path Map	2 hours
		October 12, 2022	Securities & Futures Institute	2022 Publicity and Explanation Meeting on Legal Compliance of Insider Equity Transactions of Listed Companies	3 hours

5. Information on President(s), Vice President(s), Associate Vice President(s), and Head of Each Department and Branch

April 22, 2023 Unit: shares

Job title	Nationality	Name	Gender	Date of election / appointment to current term	Shares held		Shares held by spouse or minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree kinship		
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship
President	Republic of China	Chen, Yi-Hung	Male	September 1, 2014	0	0.00%	343,613	0.81%	0	0.00%	MBA, Rotterdam School of Management Master of Chemical Engineering, National Chengkung University	None	Chairman	Wu, Rui-Hua	Spouse
CEO	Republic of China	Wu, Rui-Hua	Female	April 1, 2022	165,613	0.39%	178,000	0.42%	0	0.00%	Duke University.MA	None	President	Chen, Yi-Hung	Spouse
Chief of Hsinchu Plant	Republic of China	Lin, Jin-Long	Male	July 17, 2001	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, Tamkang University Manager, Production Department, Procter & Gamble Co.	None	None	None	None
Chief, Division of International Business	Republic of China	Liu, Wen-Wei	Male	June 17, 2011	0	0.00%	965,069	2.27%	0	0.00%	Stevens Institute of Technology	None	Director	Wu, Chao-Wen	Spouse
Head of Finance Department and Head of Corporate Governance	Republic of China	Chao, Jia-Ling	Female	May 1, 2013 (Date of appointment of Corporate Governance Director: March 24, 2023)	0	0.00%	0	0.00%	0	0.00%	Master of Finance, National Taiwan University of Science and Technology	None	None	None	None
Head of accounting department	Republic of China	Chen, Hsuan-Ju	Female	April 1, 2015	0	0.00%	0	0.00%	0	0.00%	Master of Finance, National Taipei University	None	None	None	None

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

1. Remuneration to Ordinary Directors and Independent Directors:

Unit: NT\$ thousand December 31, 2022

Job title	Name	Remuneration to directors										Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)		
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)		Sum of A+B+C+D and ratio to net income		Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)				The Company	All consolidated entities			
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities					
Chairman/CEO	Pacific Worldwide Investment Co., Ltd. Representative of corporate: Wu, Rui-Hua																							
Director	Pacific Worldwide Investment Co., Ltd. Representative of corporate: Wu, Hsien-Tai	-	-	-	-	160	160	360	360	10.06	10.06	2135	2945	-	-	-	-	-	-	-	-	51.38	67.06	Yes
Director	Pacific Worldwide Investment Co., Ltd. Representative of corporate: Wu, Chiao-Jen																							
Director	Wu, Chao-Wen																							
Independent director	Su, Liang																							
Independent director	Huang, Chien-Cheng	-	-	-	-	120	120	540	540	12.77	12.77	-	-	-	-	-	-	-	-	-	12.77	12.77	None	
Independent director	Chen, Wei-Zhi																							

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The Board is authorized to determine the remunerations to directors and independent directors based on their participations in the Company's operation and the values they contribute, while referring to the common level among peers.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company / any consolidated entities / invested enterprises): none.

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

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

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

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

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including travel expenses, special expenses, various allowances, dormitories, vehicle allocation and other physical provision, etc.). When providing houses, cars and other means of transportation or the expenditures of exclusive individuals, the nature and cost of the assets provided, and the actual or fair market value based rent, fuel and other payments shall be disclosed. In addition, if equipped with a driver, please provide an explanation of the relevant amount paid by the company to the driver, but not included in the remuneration.

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

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

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

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

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

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

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

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

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

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

2. Remuneration to Supervisors: the Company established the Audit Committee on July 3, 2020.

3. Remuneration to President(s) and Vice President(s):

Unit: NT\$ thousand December 31, 2022

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount of cash dividends	Amount of share dividends	Amount of cash dividends	Amount of share dividends			
President	Chen, Yi-Hung	1,272	2,061	79	79	318	340	127	-	127	-	34.76	50.45	Yes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unit: NT\$ thousand December 31, 2022

	Job title	Name	Amount of share dividends	Amount of cash dividends	Total	Ratio of total amount to the net income after tax
Managerial Officer	CEO	Wu, Rui-Hua	-	347	347	6.72
	President	Chen, Yi-Hung				
	Chief of Hsinchu Plant	Lin, Jin-Long				
	Chief, Division of International Business	Liu, Wen-Wei				
	Chief of Accounting	Chen, Hsuan-Ju				
	Chief of Finance	Chao, Jia-Ling				

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

- (1) Analysis of the total remuneration paid to directors, independent directors, presidents, and vice presidents, as percentage of net income for the 2 most recent fiscal years:

	Total remuneration to net income as percentage (%)		Increased (decreased) by (%)
	2022	2021	
Director	130.29	34.88	95.41
Independent director			
President and Vice President			

- (2) Policies, Standards, and Combinations for Remuneration: A. Remuneration for Directors and Independent Directors_ When directors and independent directors perform their duties in the company, in accordance with Article 27 of the company's articles of association, regardless of business profits or losses, they shall be paid to them in accordance with the usual standards of the industry. The board of directors is authorized to negotiate based on their participation in the company's operations and contribution value, as well as taking into account the industry market level. In addition, if the company has pre tax net profit for the year, remuneration will be distributed in accordance with the company's articles of association. The remuneration combination of directors and independent directors mainly includes the remuneration and business execution expenses of directors and independent directors. B. Remuneration for General Manager and Deputy General Manager_ The general manager and deputy general manager shall carry out business operations and management in accordance with the orders of the board of directors, and their dismissal, appointment, and remuneration shall be carried out by resolution of the board of directors in accordance with the provisions of the company's articles of association. The standard of remuneration for managers shall be determined based on their personal performance, work contribution, annual company operating results, company policy compliance, and other actual work performance, taking into account the level of the industry market. The remuneration combination for managers mainly includes salary, bonuses, and employee compensation.
- (3) Procedure for setting remuneration: The remuneration policies and systems of our company's directors and managers are evaluated by our company's Remuneration Committee in accordance with our company's "Board of Directors Performance Evaluation Measures" and "Employee Remuneration Measures", and recommendations are made to the board of directors for resolution and approval before proceeding. The Remuneration Committee of our company also regularly reviews the performance and remuneration of directors and managers.
- (4) The correlation with business performance and future risks: The remuneration of directors and managers of our company should refer to the level of the industry market, and be determined based on personal performance, work contribution, and company business results. Moreover, the company's business performance and changes in market conditions are all related to remuneration. When setting the content and amount of compensation for directors and managers in our company, we refer to job performance, but we cannot guide directors and managers to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration.

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

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

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

Job title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】(Note 2)	Remarks
Chairman	Pacific Worldwide Investment Co., Ltd. Representative: Wu, Jui-Hua	4	0	100%	
Director	Wu, Chao-Wen	3	1	75%	
Director	Pacific Worldwide Investment Co., Ltd. Representative: Wu, Chiao-Chen	3	1	75%	
Director	Pacific Worldwide Investment Co., Ltd. Representative: Wu, Hsien-Tai	4	0	100%	
Independent director	Su, Liang	4	0	100%	
Independent director	Huang, Chien-Cheng	4	0	100%	
Independent director	Chen, Wei-Zhi	4	0	100%	

Other information required to be disclosed:

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

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

Board of Directors	Content of the motion and follow-up measures
The 13th session of the 14th Board May 13, 2022	1. Proposal of Q1 2022 financial statements.
	2. Audit result report of January-March 2022 effectiveness of internal control system.
	Resolution: approved by all attended directors.
	Opinions of independent directors: none.
	Measures taken by the Company based on the opinions of the independent directors: none.
The 14th session of the 14th Board August 12, 2022	Resolution: approved by all attended directors.
	1. Proposal of Q2 2022 financial statements.
	2. The compensation committee of our company reviews the 2021 remuneration distribution plan for our managers.
	3. The Remuneration Committee of our company will review the remuneration distribution plan for directors in 2021.
	4. Proposal to determine the base date of dividend distribution for cash dividends, distribution date, and related matters.
	5. Revise the proposal of "Management Measures for Preventing Insider Trading" of our company.
	6. Revise the proposal of "Operating Measures for Operations, Business, and Financial Transactions between Specific Companies and Group Enterprises" of our company.
	7. Revise the proposal of "Related Party Trading Operating Procedures" of our company.
	8. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 1 million.
	Opinions of independent directors: none.
Measures taken by the Company based on the opinions of the independent directors: none.	

	Resolution: approved by all attended directors.
The 15th session of the 14th Board November 10, 2022	1. Proposal of Q3 2022 financial statements.
	2. Audit result report of July-September 2022 effectiveness of internal control system.
	3. 2023 Audit plan.
	4. Proposal of amendments to the Company's "Rules of Procedure for Board of Directors Meetings."
	5. Proposal of amendments the Company's "Internal Major Information Processing Procedure."
	6. Discussion of the proposal of the Remuneration Committee's deliberation for the 2022 performance and the remuneration amount for the directors.
	7. Discussion of the proposal of the Remuneration Committee's deliberation for the 2022 performance and the remuneration amount for the chairman.
	8. Discussion of the proposal of the Remuneration Committee's deliberation for the 2022 performance and the remuneration amount for the managerial officers.
	9. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 annual working plan.
	10. Proposal to increase the fund-loaning limit of the subsidiary of the Company (PACIFIC WORLDWIDE HOLDINGS LTD.) by USD 1 million.
	Opinions of independent directors: none.
	Measures taken by the Company based on the opinions of the independent directors: none.
	Resolution: approved by all attended directors.
	The 16th session of the 14th Board March 24, 2023
2. 2022 Earning distribution.	
3. Proposal of distribution method for the 2022 employee and director remunerations.	
4. Proposal of evaluating the independence and competence of the attesting CPAs.	
5. Propose to pre approve the signing of non assurance services provided by accounting firms and affiliated enterprises to our company and subsidiaries.	
6. Proposal of 2022 "Statement of Internal Control System."	
7. Proposal of amendments to the Company's "Articles of Incorporation."	
8. Proposal of amendments the Company's "Corporate Governance Best Practice Principles."	
9. Proposal of amendments to the Company's "Operating Regulations for Financial Transactions between Related Enterprises."	
10. Proposal to convene the 2023 regular shareholders' meeting.	
11. Proposal to accept the proposals from shareholders with 1% or more shareholding.	
12. Comprehensive Re-election of Directors	
13. Accept matters related to the nomination of candidates for directors (including independent directors).	
14. Proposed list of candidates for directors (including independent directors) nominated by the board of directors. -	
15. Lifting of "business strife limitation" for new directors of the Company.	
16. Discussion of the proposal of the Remuneration Committee's deliberation for the transportation subsidies for the directors to attend the board meetings.	
17. Discussion of the proposal of the Remuneration Committee's deliberation for the transportation subsidies for the directors to attend the shareholder meetings.	
18. Discussion of the proposal of the Remuneration Committee's deliberation for the transportation subsidies for the independent directors to attend the Audit Committee meetings.	
19. Discussion of the proposal of the Remuneration Committee's deliberation for the transportation subsidies for the Remuneration	

	Committee members to attend the Remuneration Committee meetings.
	20. Discussion of the proposal of the Remuneration Committee's deliberation for the compensation for the directors to conduct business.
	21. Discussion of the proposal of the Remuneration Committee's deliberation for the compensation for the independent directors of Audit Committee to conduct business.
	22. Discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the chairman.
	23. Discussion of the establishment of a corporate governance supervisor in our company.
	24. Discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the managerial officers.
	25. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 500 thousand and USD 200 thousand.
	Opinions of independent directors: none.
	Measures taken by the Company based on the opinions of the independent directors: none.
	Resolution: approved by all attended directors.

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

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

Board of Directors	Director	Content of motion	Reason of recusal	Participation of voting
The 15th session of the 14th Board November 10, 2022	Wu, Rui-Hua	1. Deliberation of the 2022 performance and remuneration of the chairman	The motion involving individual director	The involving party recused from the discussion and voting, and other attended directors voted.
The 16th session of the 14th Board March 24, 2023	Wu, Rui-Hua	1. Discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the chairman.	The motion involving individual director	The involving party recused from the discussion and voting, and other attended directors voted.

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

Implementation of Evaluations of the Board of Directors

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Evaluation content (Note 5)
Once per year	The performance of the Board between January 1, 2022 to December 31, 2022 was evaluated.	Performance evaluation of the board as a whole, the individual directors, and the functional committees.	Self-evaluation of board member	1. Performance evaluation of the board of directors: This includes the level of participation in the company's operations, the quality of board decision-making, the composition and structure of the board, the selection and continuous training of directors, and internal control.

				<p>2. Evaluating the performance of the individual board members: including alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.</p> <p>3. Evaluating the performance of functional committees: including participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.</p>
<p>IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.</p> <p>(I) The Company's Corporate Governance Best Practice Principles has established the "Rules of Procedure for Board of Directors Meetings" and enforced since January 1, 2007. And on March 27, 2008, the recusal of directors due to interest conflicts specified in the Board's related proposal was amended to enhance the function of the Board. Actively cooperating with the FSC regulations to amend, to improve the functions of the Board.</p> <p>(II) The Company has adopted the candidate nomination system for directors (including independent directors) since 2020, and three independent directors were elected at the 2020 shareholders' meeting, with the establishment of the Audit Committee. The independent directors elected have legal, accounting and finance expertise and skills, to enhance the legal knowledge and financial analysis ability of the Board, while strengthening the crisis management and policy decision-making ability of the Board.</p> <p>(III) The Company has established the Investor Section on the Company's website to provide relevant information concerned about by investors via the Internet. Disclosing information of finance and operation, and corporate governance is an important responsibility of the Company; the Company has faithfully fulfilled its obligations pursuant to relevant laws and regulations and the stock exchange's requirement.</p> <p>(IV) The Company provides continuing education courses for directors and supervisors from time to time, so that directors and supervisors can easily obtain relevant information. In addition, at the MOPS, the attendance status and continuing education of directors and supervisors are disclosed to the investors to achieve the timely and transparent information disclosure.</p> <p>(V) The Company has established and implemented the spokesperson system, with the spokesperson and the deputy spokesperson in place to speak externally. The unified speaking procedures are specified, and the Company's internal employees are required to keep financial and business secret confidential, and not to spread information arbitrarily. Where the spokesperson and deputy spokesperson is changed, the information disclosure will be handled immediately.</p> <p>(VI) On March 24, 2023, the board of directors of our company appointed Manager Chao, Jia-Ling from the Finance Section as the director of corporate governance. She has more than 3 years of experience in financial and stock management in public companies, which can protect shareholder rights and strengthen the functions of the board of directors.</p> <p>(VII) The 2022 annual board performance evaluation results report and evaluation of implementation (As explained below): Pursuant to the "Rules for Performance Evaluation of Board of Directors," the evaluation of performance for the current year shall be conducted at the end of each year pursuant to the evaluation procedures and indicators; the evaluation period is January 1 to December 31 of the year to be evaluated, and the evaluation shall be completed by the end of Q1 of the next year. The evaluation methods include performance evaluations of the overall board of directors, self-evaluation of individual board members, and functional</p>				

committees. The rating of each evaluation item are: "very poor," "poor," "medium," "good," and "excellent."

The Company has conducted the 2022 self-evaluation of the board performance of the board of directors pursuant to the above-mentioned methods. The results of this evaluation are as follows:

I. Overall board of directors:

1. The measurement items include the following five evaluation indicators for total 20 items:
Participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control.

2. Self-evaluation result: excellent.

II. Individual board members:

1. The measurement items include the following six evaluation indicators for total 20 items:
Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.

2. Self-evaluation result: excellent.

III. Functional committees:

1. The measurement items include the following five evaluation indicators for total 20 items:
Participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.

2. Self-evaluation result: excellent.

2. The state of operations of the audit committee or the state of participation in board meetings by the supervisors:

I. Authority and Work Focus of the Audit Committee:

1. The audit committee of our company is composed of three independent directors. The purpose of the audit committee is to assist the board of directors in overseeing the quality and integrity of the company's execution of accounting, inspections and reviews, financial reporting processes, and financial controls. The authority of this committee are as follows:

- (1) Establish or amend internal control systems in accordance with Article 14-1 of the Securities and Exchange Law.
- (2) Assess the effectiveness of internal control systems.
- (3) According to Article 316-1 of the Securities and Exchange Law, establish or revise the handling procedures for major financial business activities such as acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, endorsing or providing guarantees for others.
- (4) Matters involving the interests of the directors themselves.
- (5) Significant asset or derivative transactions.
- (6) Significant funding loans, endorsements, or guarantees provided.
- (7) Offer, issue, or privately place securities with equity nature.
- (8) Appointment, dismissal, or remuneration of certified public accountants.
- (9) Appointment and removal of financial, accounting, or internal audit supervisors.
- (10) The annual financial report signed or stamped by the chairman, manager, and accounting supervisor, as well as the second quarter financial report that must be verified and signed by an accountant.
- (11) Other major matters specified by the company or regulatory authority.

2. The annual work focus includes:

- (1) Meeting arrangements
- (2) Implement and track matters according to meeting requirements
- (3) Provide relevant assistance required by the board of directors
- (4) Compliance with laws and regulations
- (5) Related party transaction review
- (6) Various financial risk control measures, etc.

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

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remarks
Independent director	Su, Liang	4	0	100%	
Independent director	Huang, Chien-Cheng	4	0	100%	

Independent director	Chen, Wei-Zhi	4	0	100%	
Other information required to be disclosed:					
I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.					
(I) Any matter under Article 14-5 of the Securities and Exchange Act.					
Audit Committee	Content of motion	Resolution outcome	Measures taken by the Company based on the opinions of the audit committee		
The 10th meeting, the first Audit Committee May 13, 2022	1. Proposal of Q1 2022 financial statements. 2. Audit result report of January-March 2022 effectiveness of internal control system.	The unanimous consent was reached after a discussion, and submitted to the Board for resolution.	Submitted to the Board and approved by all attended directors.		
The 11th meeting, the first Audit Committee August 12, 2022	1. Proposal of Q2 2022 financial statements. 2. Audit result report of April-June 2022 effectiveness of internal control system. 3. Revise the proposal of "Management Measures for Preventing Insider Trading" of our company. 4. Revise the proposal of "Operating Measures for Operations, Business, and Financial Transactions between Specific Companies and Group Enterprises" of our company. 5. Revise the proposal of "Related Party Trading Operating Procedures" of our company. 6. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 1 million.	The unanimous consent was reached after a discussion, and submitted to the Board for resolution.	Submitted to the Board and approved by all attended directors.		
The 12th meeting, the first Audit Committee November 10, 2022	1. Proposal of Q3 2022 financial statements. 2. Audit result report of July-September 2022 effectiveness of internal control system. 3. 2023 Audit plan. 4. Proposal of amendments to the Company's "Rules of Procedure for Board of Directors Meetings." 5. Proposal of amendments the Company's "Internal Major Information Processing Procedure." 6. Proposal to increase the fund-loaning limit of the subsidiary of the Company (PACIFIC WORLDWIDE HOLDINGS LTD.) by USD 1 million.	The unanimous consent was reached after a discussion, and submitted to the Board for resolution.	Submitted to the Board and approved by all attended directors.		
The 13th meeting, the first Audit Committee March 24, 2023	1. 2022 business report and financial statements. 2. 2022 Earning distribution. 3. Proposal of evaluating the independence and competence of the attesting CPAs. 4. Propose to pre approve the signing of non assurance services provided by accounting firms and affiliated enterprises to our company and subsidiaries. 5. Audit result report of October-December 2022 effectiveness of internal control system. 6. Proposal of 2022 "Statement of Internal Control System." 7. Proposal of amendments to the Company's "Articles of Incorporation." 8. Proposal of amendments the	The unanimous consent was reached after a discussion, and submitted to the Board for resolution.	Submitted to the Board and approved by all attended directors.		

	<p>Company's "Corporate Governance Best Practice Principles."</p> <p>9. Proposal of amendments to the Company's "Operating Regulations for Financial Transactions between Related Enterprises."</p> <p>10. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 500 thousand and USD 200 thousand.</p>			
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(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: none.

- II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: none.
- III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.) All independent directors, the internal audit officer, and Juanlu, Man-Yu, the CPA, convened the individual communication meeting on March 24, 2023, and attended the 13th meeting of the first Audit Committee on March 24, 2023. Please refer the above and the Company's website for the related resolutions.

Note:

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

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

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies,” and disclosed such at the MOPS; the Investor Information Section of the Company website is available for inquiry (http://www.maobao.com.tw)	No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
II. Shareholding Structure and Shareholders’ Rights				No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(I) In addition to handling relevant business on behalf of the stock affairs agency, our company also has an email address for contact information and feedback from stakeholders, as well as a spokesperson and proxy spokesperson system established in accordance with the law to handle shareholder suggestions.	
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(II) The Company and the shareholder service agency regularly update and grasp the list of the Company's directors, managerial officers, major shareholders holding more than 5% of the shares, and their controllers, while reporting relevant information pursuant to regulations.	
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		(III) The Company has established the relevant management system and supervision measures for subsidiaries pursuant to laws and regulations, to properly control the risks between the Company and affiliates and establish appropriate firewalls.	
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		(IV) The Company has established the "Ethical Conducts" and "Managerial Procedures for Preventing Insider Trading" in the internal control, and implemented such accordingly.	
III. Composition and responsibilities of the board of directors				No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(I) The Company has established the diversity policy of the Board, and disclosed such and the implementation there of on the official website. The concrete management objectives and current achievement of the board member diversity policy: I. Diversity policy: pursuant to the enhanced functions of board of directors specified in Article 23 of the “Corporate Governance Best Practice Principles” established by the Company, the	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons																																
	Yes	No	Summary description																																	
			<p>composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. II. Concrete management objectives: board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. The Board shall possess adequate professional knowledge and skills, and the professional background of the members shall cover law, accounting, industry, finance, marketing, and technology. The overall board of the Company shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.</p> <p>III. Current achievement status and the abilities shall be possessed by the overall board:</p> <table border="1"> <thead> <tr> <th>Core items for diversity</th> <th>Gender</th> <th>Management administration</th> <th>Leadership and decision-making</th> <th>Knowledge of the industry</th> <th>Finance and accounting</th> <th>Laws</th> <th>Marketing</th> </tr> </thead> <tbody> <tr> <td>Name of director</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wu, Rui-Hua</td> <td>Female</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> </tr> <tr> <td>Wu, Chao-Wen</td> <td>Female</td> <td></td> <td></td> <td></td> <td>v</td> <td></td> <td></td> </tr> </tbody> </table>	Core items for diversity	Gender	Management administration	Leadership and decision-making	Knowledge of the industry	Finance and accounting	Laws	Marketing	Name of director								Wu, Rui-Hua	Female	v	v	v	v		v	Wu, Chao-Wen	Female				v			
Core items for diversity	Gender	Management administration	Leadership and decision-making	Knowledge of the industry	Finance and accounting	Laws	Marketing																													
Name of director																																				
Wu, Rui-Hua	Female	v	v	v	v		v																													
Wu, Chao-Wen	Female				v																															

Evaluation item	Implementation status (Note)								Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons	
	Yes	No	Summary description							
			Wu, Hsien-Tai	Male	v	v	v	v	v	
			Wu, Chiao-Jen	Female		v	v			v
			Su, Liang	Male	v	v	v	v		v
			Huang, Chien-Cheng	Male		v	v		v	
			Chen, Wei-Zhi	Female	v	v	v	v		
			<p>To strengthen the corporate governance of the composition and structure of the board of directors, the Company's board member diversity policy takes various needs such as the Company's operating structure, business development direction, and future development trends, and it is advisable to evaluate various diversity aspects, such as: basic composition, professional experience, professional knowledge and skills. The Company's current Board consists of seven directors, including three independent directors. The members have rich experience and expertise in the fields of accounting and finance, commerce, management and law. In addition, the Company also pays attention to gender equality in the composition of the Board. The goal is to have 25% or more female among the directors. The Company currently has seven directors, including four female directors, accounted for 57.14%.</p>							
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		<p>(II) The Company has established the Audit Committee in June 2020. Currently, the function of the Supervisor is replaced by Audit Committee. According to the Company's practical needs, the Remuneration Committee has been established with three members. The Company has always been insisting the attitude of "taking from the society and feeding back to the society" regarding the corporate social responsibility that the Company should fulfill. Since December 2014, the Corporate Social Responsibility Promotion Committee has been established. And later renamed as the Sustainable Development Committee, actively promoting various activities on social responsibility issues such as economic, environmental, and social aspects.</p>							
(III) Has the Company established rules and methodology for evaluating the performance of its	✓		<p>(III) The Company regularly conducts performance evaluation every year as the basis for the performance evaluation of the Board, and applies such as a reference for the compensation and</p>							

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>(IV) Does the Company regularly evaluate its external auditors' independence?</p>	✓		<p>re-election nomination of individual directors. The 2022 performance evaluation of the Board was conducted in the board meeting on March 24, 2023. Since 2022, the performance evaluation of the Board would include functional committees (e.g. the Audit Committee and Remuneration Committee), and the evaluation results would be reported in a board meeting while being disclosed on the official website/material resolutions of the Board/the 16th meeting minutes of the 14th Board.</p> <p>(IV) Pursuant to Article 29 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies,” the Company evaluates the independence of the engaged CPAs every year, to evaluate whether the CPAs or their family members have material financial interests, business relationships, hold important positions or have direct and material influence on the audit tasks, no related to directors or managerial officers as a second-degree kinship, and receive any gifts with great value. The CPAs are requested to present the independence declaration, to be submitted to the Board for approval before engaging the CPAs. The description of its evaluation process is disclosed in the annual report. The Company has conducted the 2022 evaluation for the independence of attesting CPAs in the board meeting on March 24, 2023.</p>	
<p>IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual</p>	✓		<p>Our company is currently responsible for corporate governance affairs by the finance department. On March 24, 2023, the board of directors appointed the Chief of Finance, Manager Chao, Jia-Ling, to concurrently serve as the corporate governance supervisor. She has more than three years of experience in managing finance, accounting, and stock affairs in public companies, which can protect shareholder rights and strengthen the functions of the board of directors. This includes providing the necessary information for directors to carry out their business, handling relevant matters related to the meetings of the board of directors and shareholders in accordance with the</p>	<p>No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
general meetings)?			law, handling company registration and change registration, and preparing minutes of the board of directors and shareholders' meetings.	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has established a communication channel with stakeholders, and a dedicated section for stakeholders on the official website, while properly responding to important corporate social responsibility issues concerned by stakeholders. The approaches are as below: (I) The official website has the dedicated section of contacting information for stakeholders and opinion feedback , including dedicated sections for customers, shareholders, suppliers, and employee, while properly responding to important corporate social responsibility issues concerned by stakeholders. (II) Set up the 0800 customer service hotline to respond to consumers' questions about products and repair requests in a timely manner, for the smooth communication channel with consumers. (III) Establish the spokespersons and deputy spokespersons to respond to important issues concerned by shareholders. (IV) Regularly hold labor-management meetings, establish the employee opinion mailboxes and the Company's internal website, announce the Company's information related to HR and the Welfare Committee from time to time, and set up emails for employee wellness, appeals, and whistleblowing . (V) Establish communication channels with stakeholders through communication approaches such as the Internet, e-mail, telephone, and fax. The Company expected to report on the communication with stakeholders for 2022 in the board meeting on May 12, 2023, and disclose the report results on the official website/material resolutions of the board of directors/the 17th meeting minutes of the 14th Board.	No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed a professional shareholder services agent, the Shareholder Service Agent Department of CTBC, to handle matters related to its shareholder meetings?	No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
VII. Information Disclosure (I) Has the Company established a corporate website	✓		(I) The Company's official website is http://www.maobao.com.tw ; the information related to the	No material deviation from the Corporate Governance Best-

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>to disclose information regarding its financials, business, and corporate governance status?</p> <p>(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>	<p>✓</p> <p>✓</p>		<p>Company's finance, operations, and corporate governance has been disclosed in the MOPS pursuant to laws and regulations.</p> <p>(II) The Company has appointed dedicated personnel responsible for information collection and disclosure according to their duties. The Company has a complete spokesperson system structured pursuant to laws. The spokesperson is Chen, Hsuan-Ju (Manager), and the acting spokesperson is Chao, Jia-Ling (Manager).</p> <p>(III) Our company has announced and submitted its annual financial report within the last two months of the fiscal year, and the accounting unit will evaluate the feasibility of future improvements. The individual financial report and consolidated financial report for the year 2022 were submitted to the board of directors for approval on March 24, 2023, and announced on the Public Information Observatory. Our company's financial reports for the first, second, and third quarters of 2022, as well as the operating conditions for each month of 2022, have been announced and declared by the Public Information Observatory ahead of the prescribed deadline.</p>	Practice Principles for TWSE/TPEX Listed Companies.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>(I) Employee rights: 1. The Company specifies in the Company's Articles of Incorporation that the proportion of employee remuneration should be ranged to protect the rights of employees to share the operating results. 2. The Company has the Employee Welfare Committee in place, and the Company provides stable sources of funds to handle various employee welfare measures and improve employee benefits. 3. In addition to the labor and national health insurance for employees pursuant to laws, and contributions of pensions for employees to work with peace of mind, the Company also purchases the group insurance to improve the protection for employees and their families.</p> <p>(II) Employee wellness: other than establishing the Employee Welfare Committee, the Company often holds employee social gatherings and domestic and foreign employee travel, and</p>	No material deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>implements the pension system, it also encourages employees to attend in various domestic or overseas training courses and technical seminars; the Company values the labor relation, provides equal employment opportunities, and sets up emails for employee wellness, appeals, and whistleblowing.</p> <p>(III) Investor relations: The Company has the website, spokespersons and deputy spokespersons to provide investors with the Company information at any time and maintain investor relationships.</p> <p>(IV) Supplier relations: to protect the rights and interests of suppliers, the Company provides suppliers with all financial and operating information needed to evaluate the Company's credit status under the premise of not violating laws and regulations or endangering the rights of the Company and shareholders.</p> <p>(V) Rights of stakeholders: The Company provides various responsible units as communication channels for stakeholders to protect the rights and interests of all stakeholders, and has a dedicated section for stakeholders.</p> <p>(VI) Directors' continuing education: The directors of the Company all have industrial professional background and practical experience in operation and management. The Company also provides relevant training information from time to time for reference. In addition, all seven directors meet the number of training hours per year pursuant to laws and regulations. The number of director training hours in 2022 exceeded the statutory number of training hours by 52 hours.</p> <p>(VII) Implementation of risk management policies and risk evaluation standards: Formulate various internal regulations in accordance with the law, conduct various risk management and assessment; Please refer to Annual Report 5, Review and Analysis of Financial Situation and Operating Results, Risk Matters, and Risk Matters Analysis and Evaluation.</p> <p>(VIII) Implementation of policies to protect consumers or customers: Our company maintains stable and good relationships with customers, and has an 0800 customer appeal</p>	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>hotline responsible for handling complaints from consumers or customers.</p> <p>(IX) Purchase of liability insurance for directors and managerial officer The Company has purchased the liability insurance for directors and managerial officer for 2018. The insurance was renewed in 2023.</p> <p>(X) The Company's dedicated unit was expected to report on the operation of corporate governance to the Board on May 12, 2023, and disclose such on the official website/corporate social responsibility area section every year.</p>	
<p>IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</p> <p>Improvement made in 2022: 1. The ESG report (including financial disclosures related to SASB Perpetual Accounting Standards Board and TCFD climate change) has been completed and verified by a third-party accountant (ISAE3000) by September 30, 2022.</p> <p>2. Complete the ISO14067 product carbon footprint inventory and third-party SGS verification in 2022, and complete the ISO14064 greenhouse gas inventory in Q4 2022 and third-party SGS verification in Q1 2023.</p> <p>Priorities and Measures for Strengthening in 2023: Our company will prioritize the disclosure of the English version of the shareholders' meeting notices, meeting manuals, and annual reports.</p>				

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

4. The state of Remuneration Committee

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

I. Information on Remuneration Committee Members:

Capacity (Note 1) Name	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent director (Convener)	Su, Liang	<u>Please refer to Appendix 1 for information on directors and independent directors (II).</u>	<u>Please refer to Appendix 1 for information on directors and independent directors (II).</u>	-
Independent director	Huang, Chien-Cheng	<u>Please refer to Appendix 1 for information on directors and independent directors (II).</u>	<u>Please refer to Appendix 1 for information on directors and independent directors (II).</u>	-
Others	Lin, Chung-Chang	Possessing the necessary knowledge, skills and literacy for performing duties, with the comprehensive abilities such as ability operational judgment, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, international market perspective, ability to lead, and ability to make policy decisions, as well as experienced in the industry as an excellent model in his specialty area; served as a Chairman of Fu Burg Industrial Co., Ltd.; no circumstance specified in Article 30 of the Company Act.	The director, his/her spouse, or any relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the director, his/her spouse, or any relative within the second degree of kinship (or via nominees) is not holding the Company's shares with 0% weight; not a director, supervisor, or employee of the company with a specific relationship with the Company; having not received compensation by providing commercial, legal, financial, or accounting service to the Company or its affiliates; the aforesaid requirements are met for the independence.	-

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. _____. For "Capacity," please specify whether the member is an independent director or other (if the member is the convener, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

II. Operation of the Remuneration Committee

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

(II) The term of the current members is from August 10, 2020 to June 10, 2023 (dates). The number of remuneration committee meetings held in the most recent fiscal year was: three (A). The attendance by the members was as follows:

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

Other information required to be disclosed:

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

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

The Remuneration Committee meeting dates, meeting session numbers, content of the recommendation(s), the outcome of the resolution(s), and the measures taken by the Company with respect to the opinions given by of the remuneration committee are as follows:

Remuneration Committee	Content of the motion and follow-up measures	Resolution outcome	Measures taken by the Company with respect to the opinions given by of the remuneration committee
The 6th meeting, the fourth committee	<ol style="list-style-type: none"> 1. Proposal of remuneration distribution to managerial officers for 2021. 2. Proposal of remuneration distribution to directors for 2021. 	The unanimous consent was reached after a discussion, and submitted to the Board for approval.	Submitted to the Board and approved by all attended directors.
The 7th meeting, the fourth committee October 27, 2022	<ol style="list-style-type: none"> 1. Deliberation for the 2022 performance and the remuneration amount for the directors. 2. Deliberation for the 2022 performance and the remuneration amount for the chairman. 3. Deliberation for the 2022 performance and the remuneration amount for the managerial officers. 4. Deliberation for the 2023 annual working plan of the Remuneration Committee. 	The unanimous consent was reached after a discussion, and submitted to the Board for approval.	Submitted to the Board and approved by all attended directors.
The 8th meeting, the fourth committee March 21, 2023	<ol style="list-style-type: none"> 1. Deliberation of the proposal of distribution method for the 2022 employee and director remunerations. 2. Deliberation for the transportation subsidies for the directors to attend the board meetings. 3. Deliberation for the transportation subsidies for the directors to attend the shareholders' meetings. 4. Deliberation for the transportation subsidies for the independent directors to attend the Audit Committee meetings. 5. Deliberation for the transportation subsidies for the Remuneration Committee members to attend the Remuneration Committee meetings. 6. Discussion of the proposal of the Remuneration Committee's deliberation for the compensation for the directors to conduct business. 7. Deliberation for the compensation for the independent directors of Audit Committee to conduct business. 	The unanimous consent was reached after a discussion, and submitted to the Board for approval.	Submitted to the Board and approved by all attended directors.

	8. Deliberation and discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the chairman. 9. Discussion of the establishment of a corporate governance supervisor in our company. 10. Deliberation and discussion of the proposal of the Remuneration Committee's deliberation for the structure of monthly salary and paid amount for the managerial officers.			
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Note:

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

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

5. The state of the company's promotion of social responsibility:

Promotion Item	Implementation status (Note 1)			Deviations from the <u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary description										
I. Has the Company <u>established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development?</u> Has the board of directors authorized senior management to handle related matters under the <u>supervision</u> of the board?	✓		<p>1. Mao Bao's board of directors has adopted the Code of Practice for Sustainable Development of Enterprises, and the board authorizes the general manager to establish a sustainable development committee, with the general manager appointed as the chairman. The Sustainable Development Committee formulates a sustainable development policy and is responsible for promoting and implementing it within the company, gradually integrating the concept of sustainable management into the company's corporate culture. The Sustainable Development Committee is composed upon the president's convention of unit heads. The president is responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society. The Finance Section is responsible for promoting the sustainable development, and each committee member is responsible to implement and report the outcomes. The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the Board to supervise the sustainable development and the effectiveness of the implementation.</p> <p>2. The Company's governance structure for promoting sustainable development, the composition and operation of the members of the promotion unit, and the implementation status of the current year:</p> <table border="1"> <thead> <tr> <th>Governance structure</th> <th>Dedicated unit</th> <th>Implemented tasks</th> </tr> </thead> <tbody> <tr> <td>Chief</td> <td>President</td> <td>Responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society</td> </tr> <tr> <td>Executive secretary</td> <td>Finance Section</td> <td>Responsible for promoting sustainable development, and collecting the</td> </tr> </tbody> </table>	Governance structure	Dedicated unit	Implemented tasks	Chief	President	Responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society	Executive secretary	Finance Section	Responsible for promoting sustainable development, and collecting the	No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Governance structure	Dedicated unit	Implemented tasks											
Chief	President	Responsible for the strategic planning and implementation for the effectiveness review of the Company's sustainable development in terms of economy, environment, and society											
Executive secretary	Finance Section	Responsible for promoting sustainable development, and collecting the											

				effectiveness reports implemented by each committee member. The implementation of the Sustainable Development Committee is reported to the Board for the outcomes every year, to facilitate the effectiveness of the sustainable development implementation.	
			Corporate governance team	Audit and Finance, Accounting, and Computer Center	Corporate governance, sustainable management, ethics and integrity, business performance, risk control, regulatory compliance, and information security
			Sustainable Environment Team	Environment and safety, plant affairs, and R&D	Energy saving and carbon reduction, water resources, waste water and sewage, and waste
			Supply chain team	Procurement and Quality Management	Supplier environment, labor, and human rights management
			Labor right team	HR, environment and safety	Compensation and benefits, labor relations, occupational health and safety, and talent cultivation
			Social engagement team	General Affairs, Business enterprise Plant Affair	Communication with residents in local communities, public welfare activities, and customer service
			3. Sustainable management vision and policy		
			Our vision		Taiwan's No. 1 brand of cleaning, maintenance, and protective products / developing emerging markets and marketing throughout Asia
			Our business philosophy		Ethical management/research and innovation/commitment to environmental protection/feed back to the society
			Our corporate social responsibility policy		Compliance with laws and regulations and customers' requirements/green products/provision of a healthy and safe workplace/social co-prosperity
II. Does the company conduct risk assessments of	✓		1. The major concerns and the border are mainly Mao Bao		No material deviation from the

<p>environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)</p>		<p>Inc., not including Pacific Worldwide Holdings Ltd., Mao Bao Vietnam Inc., and Mao Bao (Shanghai) Trading Ltd. 2. Stakeholders are inseparable from the Company's operations. We pay attention to the needs of stakeholders, and to make the information disclosed in the report to meet the needs of stakeholders, Mao Bao conducts a substantive analysis of the report, through "identification of stakeholders," "collection of sustainability issues," "investigation of issues concerned by stakeholders," "analysis of major issues," and "reviews and results" to determine the major issues of the sustainability report.</p> <table border="1" data-bbox="922 531 1583 1423"> <thead> <tr> <th data-bbox="922 531 1039 587">Risk item</th> <th data-bbox="1039 531 1211 587">Risk description</th> <th data-bbox="1211 531 1583 587">Planned approaches and countermeasures</th> </tr> </thead> <tbody> <tr> <td data-bbox="922 587 1039 978">Financial risk</td> <td data-bbox="1039 587 1211 978">Customers' accounts receivable risk</td> <td data-bbox="1211 587 1583 978">Based on the size of the customers and the transaction amount, the pledge is set with a reasonable corresponding amount and model before transacting with the customer, and a reasonable credit limit is set depending on the demand. In the ERP system, these whose receivables exceeding the credit limit will be controlled for the shipment, and the relevant units will warn in a timely manner and actively to collect accounts, minimizing the risk of customers' transaction accounts.</td> </tr> <tr> <td data-bbox="922 978 1039 1423">Competition risk</td> <td data-bbox="1039 978 1211 1423">Competing brands enter the market with similar products or competing prices, affecting sales, revenue, and profitability</td> <td data-bbox="1211 978 1583 1423">The Company actively conducts consumer and market researches, continues the momentum and planning to adjust and develop products, strengthens the information confidentiality, maintains product and brand competitiveness; it also continuously monitors the movement of competing products in the markets, and establishes a real-time feedback mechanism for business and marketing planning units for the market, to respond to competitors' strategies and actions in advance or instantly, to maintain our own competitiveness.</td> </tr> </tbody> </table>	Risk item	Risk description	Planned approaches and countermeasures	Financial risk	Customers' accounts receivable risk	Based on the size of the customers and the transaction amount, the pledge is set with a reasonable corresponding amount and model before transacting with the customer, and a reasonable credit limit is set depending on the demand. In the ERP system, these whose receivables exceeding the credit limit will be controlled for the shipment, and the relevant units will warn in a timely manner and actively to collect accounts, minimizing the risk of customers' transaction accounts.	Competition risk	Competing brands enter the market with similar products or competing prices, affecting sales, revenue, and profitability	The Company actively conducts consumer and market researches, continues the momentum and planning to adjust and develop products, strengthens the information confidentiality, maintains product and brand competitiveness; it also continuously monitors the movement of competing products in the markets, and establishes a real-time feedback mechanism for business and marketing planning units for the market, to respond to competitors' strategies and actions in advance or instantly, to maintain our own competitiveness.	<p>Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</p>
Risk item	Risk description	Planned approaches and countermeasures										
Financial risk	Customers' accounts receivable risk	Based on the size of the customers and the transaction amount, the pledge is set with a reasonable corresponding amount and model before transacting with the customer, and a reasonable credit limit is set depending on the demand. In the ERP system, these whose receivables exceeding the credit limit will be controlled for the shipment, and the relevant units will warn in a timely manner and actively to collect accounts, minimizing the risk of customers' transaction accounts.										
Competition risk	Competing brands enter the market with similar products or competing prices, affecting sales, revenue, and profitability	The Company actively conducts consumer and market researches, continues the momentum and planning to adjust and develop products, strengthens the information confidentiality, maintains product and brand competitiveness; it also continuously monitors the movement of competing products in the markets, and establishes a real-time feedback mechanism for business and marketing planning units for the market, to respond to competitors' strategies and actions in advance or instantly, to maintain our own competitiveness.										

			Legal compliance risk	Addition, amendments, or expanded interpretations of relevant laws and regulations, such as merchandise labeling, food hygiene, and environmental protection	The Company ensures that products and operations comply with existing regulations, maintains close contact with relevant associations to receive the latest regulatory information, and actively obtain electronic information from relevant government agencies.
			Environmental pollution and climate change risk	Changes in the environmental impact of products' raw materials, product manufacturing, production and transportation	The Company continuously maintains close communications with upstream and downstream stakeholders in the supply chain to ensure that the raw materials and sections adopted in production operations to comply with relevant environmental protection regulations, and prioritizes the utilization of those with the least impact on the environment (such as raw materials with high biodegradability, high safety, high performance and low consumption), while actively studying various forms of energy-saving and carbon-reduction measures.
			Risk of disrupted raw material supply	The supply capacity of major raw material suppliers is limited or the delivery period is extended, affecting production and supply, and lower the market competitiveness and brand reputation	For the main raw materials or packaging materials, the secondary suppliers of the main raw materials are sought or developed, while the cooperative relationships with at least two suppliers are maintained.
			Water	Limited	The Company actively takes

			constraint	production capability	measures related to water-saving, monitors water consumption and avoids unnecessary water loss and waste, while evaluating products and processes reducing water consumption.	
			Changes in the government's energy policy	Higher power prices lead to higher production costs	The Company actively takes measures power saving, continues to study the optimization of various production processes and conducts with positive benefits of energy saving; a project was expected to build solar photovoltaic power generation in Factory in 2022. -	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I). On the premise of pursuing balanced development and sustainable operation, Mao Bao has promised externally that the Company is determined to protect the environment and maintain community safety. Internally, it requires employees to improve their expertise, and continuously creates environmentally friendly products benefitting the public, and takes safety, health and environmental protection as the Company's basic considerations for sustainable operation. The deficiencies discovered through the audit by environment and safety personnel are included in the improvement priorities to be continuously improved through the PDCA cycle, to achieve the spirit of legal compliance and continuous improvement via the environment, safety and health management. 2. In 2022, it passed the third-party SGS verification standards of ISO14067 and ISO14064-1, and its scope of coverage would be passed mainly for Mao Bao Co., Ltd. Meanwhile, the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) were added to the sustainability report.			No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company endeavor to use <u>energy</u> more efficiently <u>and</u> to use renewable materials with low environmental impact?	✓		(II) Green procurement: we promise that the products provided are free of substances of very high concern (SVHC) announced by REACH. We comply with the RoHS, the green environmental regulations of EU, and promote green procurement management. Other than requiring the materials provided by suppliers free of contain harmful substances, the Company does not use raw materials containing harmful chemical substances in the production process. In addition, Mao Bao has been continuously striving for improvement,			

		<p>sparing no efforts on R&D and innovation, as well as caring for the protection of the natural environment, to provide high-quality products meeting the needs of consumers, for them to live in a cleaner environment with better peace of mind. In the R&D for products of laundry detergent series, the MES formula derived from palm oil was further adopted to replace the sulfonic acid derived from petrochemicals. MES is a green raw material, and its high biodegradability reduces impacts of products on the environment and the generation of carbon dioxide. Since the successful introduction in 2014, some series has adopted MES increasing year by year, so that the consumption of sulfonic acid has been decreased year by year. In the future, it is planned to gradually use MES green raw material as the replacement. Meanwhile, the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) were added to the sustainability report since 2022.</p>	
<p>(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</p>	✓	<p>(III) 1. Compliance with legal requirements: all products, activities and services of the Company comply with and conform to the governmental safety and health regulations, environmental protection regulations, among other requirements. 2. Promotion of risk management: to lower environmental, safety and health risks, and reduce the impact on personnel and the environment. 3. Continuous work improvement: management performance is regularly reviewed to continuously strive towards the goal of zero disasters, zero incidents, and zero pollution. 4. Implementation of training and promotion: all employees are made to be aware of the Company's policies and responsibilities to stakeholders, while providing required training for work. 5. Satisfaction to customers' needs: the promises to customers are all realized, and customers and suppliers are made to understand the Company's environment, safety, and health policies and the potential risks and opportunities of climate change for businesses now and in the future. 6. Improving energy efficiency: The solar photovoltaic power generation system project of Maobao Hsinchu Factory will commence on July 12, 2022. The solar photovoltaic power generation system has a capacity of</p>	<p>No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>

		<p>316.354KWP and is estimated to generate a total of 379813 kWh in the first year. After the completion of the solar photovoltaic power generation system, it was approved by Taiwan Power for parallel power generation from November 16, 2022. The cumulative solar power generation in 2022 was 31680 kWh.</p>																																											
<p>(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</p>	<p>✓</p>	<p>The greenhouse gas inventory for the year 2022 is expected to be completed by the end of June 2023. The total emission is 733.14 metric tons of CO₂e per year, with an emission intensity of 1.25 metric tons of CO₂e per million revenue. Data coverage: headquarters and Hsinchu factory</p> <p>(1) GHG:</p> <table border="1" data-bbox="920 563 1563 1013"> <thead> <tr> <th>Category I</th> <th>Total emissions (metric tons of CO₂e)</th> <th>Density (metric tons of CO₂e/million yuan) Note 2</th> </tr> </thead> <tbody> <tr> <td>Parent company</td> <td>181.86</td> <td>0.31</td> </tr> <tr> <th>Category II</th> <th>Total emissions (metric tons of CO₂e)</th> <th>Density (metric tons of CO₂e/million yuan) Note 2</th> </tr> <tr> <td>Parent company</td> <td>427.81</td> <td>0.73</td> </tr> <tr> <th>Category III</th> <th>Total emissions (metric tons of CO₂e)</th> <th>Density (metric tons of CO₂e/million yuan) Note 2</th> </tr> <tr> <td>Parent company</td> <td>123.47</td> <td>0.21</td> </tr> <tr> <td>Total</td> <td>733.14</td> <td>1.25</td> </tr> </tbody> </table> <p>(2) Water consumption:</p> <table border="1" data-bbox="920 1045 1563 1157"> <thead> <tr> <th>Hsinchu factory</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water consumption (metric tons)</td> <td>20,939</td> <td>19,243</td> </tr> </tbody> </table> <p>(3) Waste: Statistical measurement of industrial waste (Hsinchu Factory) Unit: metric tons</p> <table border="1" data-bbox="920 1260 1563 1433"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Household garbage</td> <td>3.36</td> <td>2.14</td> </tr> <tr> <td>Mixture of waste plastic</td> <td>5.39</td> <td>6.23</td> </tr> <tr> <td>Organic sludge</td> <td>19.89</td> <td>21.64</td> </tr> <tr> <td>Wasted container</td> <td>501.8</td> <td>493.4</td> </tr> </tbody> </table>	Category I	Total emissions (metric tons of CO ₂ e)	Density (metric tons of CO ₂ e/million yuan) Note 2	Parent company	181.86	0.31	Category II	Total emissions (metric tons of CO ₂ e)	Density (metric tons of CO ₂ e/million yuan) Note 2	Parent company	427.81	0.73	Category III	Total emissions (metric tons of CO ₂ e)	Density (metric tons of CO ₂ e/million yuan) Note 2	Parent company	123.47	0.21	Total	733.14	1.25	Hsinchu factory	2021	2022	Water consumption (metric tons)	20,939	19,243	Item	2021	2022	Household garbage	3.36	2.14	Mixture of waste plastic	5.39	6.23	Organic sludge	19.89	21.64	Wasted container	501.8	493.4	<p>No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
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	<p>The main types of industrial waste are sludge, waste plastics, and waste containers. There are no harmful industrial waste, and all industrial waste is entrusted to legal cleaning and transportation companies to be sent to legal treatment plants for disposal. Recycling is the main treatment method, never reducing the negative impact on the environment. In 2022, the total output of industrial waste was 521.27 metric tons.</p> <p>Our action:</p> <p>Carbon reduction:</p> <ol style="list-style-type: none"> 1. Improve the production process to maximize energy efficiency and reduce carbon emissions, for the maximum effects of the energies to lower the carbon emission, and include such in management objectives to reduce carbon emissions year by year, for fulfilling the responsibility as a corporate citizen. 2. The temperature of air conditioners in offices is adjusted to 28°C to reduce excessive carbon emissions. Replace old fixed frequency air conditioners and air compressors with variable frequency air conditioners and air compressors to save energy and reduce carbon emissions. 3. Replace old and faulty lighting equipment such as fluorescent lamps to save energy and reduce carbon emissions. 4. Evaluate and plan the installation of rooftop solar panels to contribute to energy conservation and carbon reduction. 5. The solar photovoltaic power generation system project of Maobao Hsinchu Factory will commence on July 12, 2022. The solar photovoltaic power generation system has a capacity of 316.354KWP and is estimated to generate a total of 379813 kWh in the first year. After the completion of the solar photovoltaic power generation system, it was approved by Taiwan Power for parallel power generation from November 16, 2022. The cumulative solar power generation in 2022 was 31680 kWh. <p>【Waste reduction:Waste categorization:】</p> <ol style="list-style-type: none"> 1. Waste categorization is promoted, and the resource recycling bins are set up to achieve waste reduction. 2. It is promoted to use less disposable tableware, for reducing the volume of domestic waste. <p>【Industrial waste】</p>	
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		<p>Control the industrial waste in the Company pursuant to the management procedures, while categorizing and storing the waste according to the chemical characteristics of each waste, before commissioning qualified vendors to clean the waste.</p> <p>2. In order to increase the number of waste treatment pipelines and add new waste treatment items, Hsinchu Factory submitted a change application for the industrial waste cleaning plan on April 12, 2022. The Environmental Protection Bureau of Hsinchu County Government has issued a notice for review and approval on July 11, 2022 (Fu Shu Huan Ye Zi No. 1118657145).</p>	
<p>IV. Social Issues</p> <p>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	✓	<p>(I) To protect the basic human rights of employees, and create a working environment with sufficient protections to human rights, the Company recognizes and supports various international human rights conventions such as the United Nations: universal Declaration of Human Rights, the United Nations: Global Covenant, and the United Nations: International Labor Organization Convention. Meanwhile, the Company is committed to eliminate any infringement to and violation of human rights, seeking that the internal members of the Company and even external stakeholders are treated with fairness and dignity, and thus the Company has established human rights policy. And on March 22, 2019, the Board established the "Human Rights Policy."</p>	<p>No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	✓	<p>(II) To attract and retain outstanding talents, and enable employees to share operating results with the Company, the Company provides comprehensive compensations, awards, and benefits to attract and retain talents. It mainly emphasize on the three principles, namely the internal fairness, the external competitiveness, and the performance-based compensation; by combining the operating performance of the Company, the unit, and each individual, while comparing to the compensation level of the job market, a reasonable and competitive compensation system is provided. Human resources is the most valued and important asset of the Company. Based on equality and equal rights, with a safe working environment without concern, it is complimented with well-rounded benefits.</p> <p>Human resources is the most valued and important asset of</p>	<p>No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>

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(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓	(III) The company's Hsinchu Factory has an "Occupational Safety and Health Management Committee" to maintain job security, prevent accidents, improve the working environment and maintain the health of employees. The labor representatives account for more than 1/3 of the total number of members. The operation of the committee is in accordance with the "Occupational Safety and Health Management Measures", so that all departments of the company can operate under the management of safe operations to establish a good working environment, Implement the company's occupational safety and health management. The Committee holds a meeting once each quarter. With the joint-discussion among the labor representatives and management for issues	No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.																																									

		related to environmental safety and health, various safety and health work managements are implemented, to prevent occupational accidents, and protect employees' occupational safety and health. There are no workers with high incidence and high risk of occupational diseases in the workplace of this factory.	
(IV) Has the Company established effective career development training programs for employees?	✓	<p>(IV) We promise that all employees of Mao Bao receive systematic and professional training, cultivation and guidance. Mao Bao provides appropriate resources so that each employee obtains multiple technologies and knowledge to effectively perform Company's tasks as their basis for productivity improvement, while linking the professional guide between the corporate strategies and quality training, cultivation, and development. The Company's training are featured as below:</p> <p>Key courses for 2022 - on-the-job training</p> <p>Other than building a complete marketing channel, Mao Bao also emphasizes the improvement of software (human) marketing expertise. For the top-down inheritance of experience, in addition to strengthening the knowledge inheritance of product marketing, business units hold monthly product marketing sharing meetings, for each salesperson to exchange their daily business development and customer communication skills, and learn to enrich their combat effectiveness as marketing and/or sales personnel through case studies and discussions.</p> <p>e-Learning: go as far as it can be</p> <p>A knowledge management section was established on the Company's internal website. Through the digitized files of internal and external education and training materials, sharing of research and development results, and various aspects of laws and regulations, the knowledge is shared internally. The company has completed the construction of an online education and training management system. In 2022, total 1,406 hours were attended for education and training, with an average of 9 hours per person. Average training hours for male and female: male: 6.7 hours, female: 11.2 hours.</p>	No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(V) Does the company comply with the relevant laws and international standards <u>with regards to</u> customer health and safety, customer privacy, and marketing	✓	(V) 1. Health and safety of customers: Mao Bao invested NT\$6.107 million as the research and development expenses in 2022, and recruited R&D talents to join the Company, for	No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX

<p>and labeling of products and services, and implement <u>consumer</u> protection and grievance policies?</p>		<p>the overall R&D capacity improvement; for the year, due to the impact from the COVID-19 pandemic, the R&D unit has continuously launched the products and services related to "cleanness" and "antibacterial." During the long journey of pandemic containment, with our professionalism, Mao Bao helps everyone stay away from the harm of viruses. For a long time, we have been insisting on the operating spirit of ethics and high morality, complying with relevant governmental laws and regulations, and providing consumers with safe and reliable products. There is no violation of laws and regulations or fines. 2. Customer privacy: we are committed to providing products and services meeting consumer satisfaction and expectations. Not only to pursue better and simpler service processes, we also continue to increase and expand communication channels with consumers, and welcome various opinions to provide quality products and services. Moreover, for utilizing the Company's database internally, the mechanism for consumers' authorizations and consents and cancellation of authorization in the future is strengthened to make the shopping platform easier and more friendly. 3. Product and service labeling: Mao Bao understands the importance of "friendly environment" to the earth and human beings' survival. The R&D personnel take the impact on the environment at each stage of the product life cycle into account. We design products based on the principles of environmental protection to reduce the impacts of products on the environment to develop products meeting the needs of environmental protection for reducing the load on the earth environment; therefore, in the selection of surfactants, Mao Bao has gradually developed surfactants derived from natural coconut oil or palm oil as the main ingredient, which is easy to decompose in the natural environment, to substitute the reliance on traditional petrochemical derived surfactants. Compared to 2022, the use of petrochemical derived surfactants (dodecylbenzenesulfonic acid, LAS) has decreased by 130 tons. Before the launch of new products, Mao Bao not only verifies that the products meet the requirements of government regulations, but also commissions third-party impartial institutions to conduct</p>	<p>Listed Companies.</p>
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		product testing for the claims on the product packaging; in 2022, Mao Bao developed 13 new products, 9 of them were commissioned to third-party impartial institutions for testing, and the external verification ratio of new products was as much as 69%. In 2022, 9 new products have undergone external validation testing.	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓	<p>(VI) Supply chain management: Mao Bao's main operations and production bases are in Taiwan. For the raw material suppliers, the foreign imports are relied on, and the materials are mainly from Taiwan. In 2022, the consumption of raw materials was 2,954 tons, and the consumption of materials was 28,100ke.</p> <p>Domestic purchases refer to purchases occurring within Taiwan, and foreign purchases refer to purchases out of Taiwan. For purchase, the local suppliers are given priority and supports to establish long-term sustainable cooperative relationships and promote local economic development, seeking to achieve the goal of energy saving and carbon reduction. The domestic purchase ratio in 2022 was 89%, which is 2% higher than that in 2021 due to the Company's procurement policy. While implementing the sustainable development of the enterprise, Maobao also hopes to cooperate with its source suppliers and require them to adhere to environmental protection, occupational safety and health, or labor rights issues, and move towards sustainable operation. The Company continuously implements the management system for the existing supplier, including hazardous substance management (GP). In 2022, the ROHS 2.0. for the entire supply chain was implemented, and with the GP investigations pursuant to the Hazardous Substance Managerial Procedures. The suppliers sign the declarations or statements to implement the raw materials management under GP, the supplier audits were conducted. The results of supplier evaluation in 2022 are as follows:</p> <ol style="list-style-type: none"> 1. Based on written monthly evaluations, a total of 110 suppliers were evaluated, including 64 raw materials, 42 materials, and 4 finished products that were all qualified. 2. Conduct business audits for domestic suppliers. In response to the COVID-19 pandemic in 2022, some suppliers have undergone on-site visits and other evaluations as usual, 	No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

		<p>and daily purchases and monthly supplier evaluations have been added to ensure that all suppliers are qualified.</p> <p>3. Comparing to 2021, there was no major change in suppliers, and 0 supplier has been added, which have been qualified in the assessment.</p> <p>The environmental management of existing suppliers in 2022 meets the environmental requirements of our company, and there have been no major violations of environmental protection, labor rights, occupational safety, or other illegal events.</p>																						
V. Does the company refer to international reporting standards or guidelines when preparing its <u>sustainability</u> report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	✓	<p>The financial data in this report is based on the financial annual report materials certified by PwC Taiwan. This report entrusts We Win Certified Public Accountants Firm to perform limited confidence procedures and issue a report on the specific performance indicators disclosed in the report (hereinafter referred to as the "subject matter of confidence") in accordance with the "Non Historical Financial Information Audit or Review of Confidence Criteria" No. 1 issued by the Accounting Research and Development Foundation of the Republic of China.</p>	No material deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.																					
<p>VI. If the Company has adopted its own <u>sustainable development</u> best practice principles based on the <u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>No material deviation from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies. The Company insists on the spirit of "corporate sustainable development," and takes the managerial concept of social responsibility and sustainable management as the highest indicator of operation, complies with the principle of corporate governance, insists the information disclosure and operation transparency, to be committed to strengthening the Company's operating performance to ensure shareholders' interests while maintaining other stakeholders' interests. The Board is responsible for supervising the Company's operation and management, and cooperates with the management team to jointly monitor and pay attention to the latest status of legal restrictions, changes and regulations of relevant securities competent authorities and exchanges, to maintain the good reputation established during the Company's long-time operations.</p>																								
<p>VII. Other important information to facilitate better understanding of the company's <u>promotion of sustainable development</u>:</p> <p>Other than focusing on its own business, Mao Bao Inc. also insists on giving feedback to society with what it takes from the society. It pays taxes honestly, interacts with the society, cares for the disadvantaged, and never falls behind for the charity donations; in 2022, the following products were donated, to help the long-term care social welfare institutions lacking of supplies. In 2022, total of products worth about NT\$235,000 were donated to help institutions to clean their homes and maintain the environments, thereby improving the quality of the environment. The details are summarized as below:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Recipient unit</th> <th>Recipient</th> </tr> </thead> <tbody> <tr> <td>October 2022</td> <td>Funchao Private Mental Retardation Training Center</td> <td>Physically and mentally challenged; dementia patients</td> </tr> <tr> <td>October 2022</td> <td>Hsinchu County Private Botree Nursing Institute</td> <td>Elderly with limited mobility and unable to take care of themselves</td> </tr> <tr> <td>October 2022</td> <td>Chung-Hua Foundation for Persons with Intellectual Disabilities</td> <td>People with intellectual disabilities</td> </tr> <tr> <td>October 2022</td> <td>EDEN Social Welfare Foundation</td> <td>Physically and mentally challenged; dementia patients</td> </tr> <tr> <td>October 2022</td> <td>Genesis Social Welfare Foundation</td> <td>People with severe physical and mental disorders</td> </tr> <tr> <td>October 2022</td> <td>Happy Mount Correctional Institution Affiliated to the Private Happy Mount Garden Social Welfare Charity Foundation in New Taipei City</td> <td>Physically and mentally challenged; dementia patients</td> </tr> </tbody> </table>				Date	Recipient unit	Recipient	October 2022	Funchao Private Mental Retardation Training Center	Physically and mentally challenged; dementia patients	October 2022	Hsinchu County Private Botree Nursing Institute	Elderly with limited mobility and unable to take care of themselves	October 2022	Chung-Hua Foundation for Persons with Intellectual Disabilities	People with intellectual disabilities	October 2022	EDEN Social Welfare Foundation	Physically and mentally challenged; dementia patients	October 2022	Genesis Social Welfare Foundation	People with severe physical and mental disorders	October 2022	Happy Mount Correctional Institution Affiliated to the Private Happy Mount Garden Social Welfare Charity Foundation in New Taipei City	Physically and mentally challenged; dementia patients
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Note 1: If “Yes” is ticked in the “Implementation status” column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If “No” is ticked in the “Implementation status” column, please explain the reasons and explain the Company’s plans for adoption of related policies, strategies, and measures in the future.

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

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

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

Evaluation project	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and programs				No material deviation from the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) The company has established the "Integrity Management Operating Procedures and Conduct Guidelines", After being approved by the board of directors, the report shall be submitted to the shareholders' meeting and announced on the Public Information Observatory. Both the Board and the management have fully understood to implement; and it was expected to report to the Board on May 12, 2023 for the implementation situation in 2022.	
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		(II) The Company has established an assessment mechanism for the risk of unethical conducts, regularly analyzes and evaluates business activities with higher risks of unethical conducts within the business scope, to formulates prevention programs accordingly, and regularly reviews the appropriateness and effectiveness of the prevention programs. The Company's prevention programs should at least cover the following preventive measures: 1. Offering and accepting bribes. 2. Providing illegal political donations. 3. Improper charitable donations or sponsorships. 4. Offering or accepting unreasonable gifts, entertainment or other improper benefits. 5. Infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights. 6. Engaging in conducts of unfair competition. 7. Products and	

Evaluation project	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		<p>services directly or indirectly damaging the rights, health and safety of consumers or other stakeholders during research and development, procurement, manufacture, provision or sale.</p> <p>(III) The Company has established a specific whistleblowing system and implements accordingly. It should at least cover the following matters: 1. Establish and announce an internal independent whistleblowing mailbox and hotline for the internal and external personnel of the Company to use. II. Appoint the dedicated personnel or unit to accept whistleblowing. Where the whistleblowing involves directors or senior management, the Audit Committee should be reported to, while determining the categories of whistleblowing and the standard operating procedures of investigations. 3. After the investigation of the whistleblowing is completed, the follow-up measures should be taken depending the severity of the case. If necessary, it should be reported to the competent authority or transferred to the law enforcement for investigation. 4. Prepare and retain the records of the acceptance, investigation process, investigation results, and related document for the whistleblowing. 5. The identity of the whistle blower and the content of the whistleblowing shall be kept confidential, and an anonymous whistleblowing shall be permitted. 6. Measures to protect the whistleblower from being improperly treated with due to the whistleblowing. 7. Incentive measures for whistleblowers. The Company's dedicated unit for accepting whistleblowing shall report to the Audit Committee in writing if there is a material violation or any concern of material violation, and review and amend the said programs regularly.</p>	
<p>II. Ethical Management Practice</p> <p>(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	✓		<p>(I) The Company conducts business activities in a fair and transparent manner. Before doing business with key partners, the credit assessment is conducted, and specify the rights and obligations in the</p>	No material deviation from the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies

Evaluation project	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		contract. The legality of customers for business transaction and their records of any unethical conducts are checked, while avoiding transactions with those who have a record of unethical conduct. (II) The Company's dedicated unit to promote ethical corporate management is the Secretarial Section, which regularly reports the supervision status to the Board. It is expected to report to the board of directors on the implementation status for the year 2022 on May 12, 2023.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		(III) The Company has established the rules of recusal and explanation of conflicts of interest for directors and managers in the "Code of Ethical Conduct." Matters that have not been appealed or reported in 2022	
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		(IV) The Company has established internal audit plans to regularly inspect the accounting system and internal control system, and the internal auditors prepare audit reports to be submitted to the Board.	
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(V) The Company regularly promotes the concept and regulations of ethical management to employees through education and training. The company held an online education and training course on "Corporate Social Responsibility and Integrity Ethics" from July 8, 2022 to August 31, 2022_ 30 minutes/a total of 78 participants to strengthen employees and directors' commitment to the company's policy of honest operation and the active implementation of business policies by senior management.	
III. Implementation of Complaint Procedures				
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing	✓		(I) The Company has set the employee mailboxes, or the whistleblowing or complaint may be filed to various officers	No material deviation from the Ethical Corporate Management

Evaluation project	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?			or staff of the Secretarial Section. The external persons may also contact the Company spokesperson through the official website or telephone.	Best- Practice Principles for TWSE/TPEX Listed Companies
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(II) The Company specifies the relevant descriptions and rules for accepting whistleblowing in the “Ethical Corporate Management Best Practice Principles.”	
(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		(III) The Company is responsible for keeping confidential for the whistleblower and ensuring that they are not subject to any improper treatment.	
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has disclosed the “Ethical Corporate Management Best Practice Principles” and its promotion at the MOPS and the annual report.	No material deviation from the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies
V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: The Company has the “Ethical Corporate Management Best Practice Principles” in place, and implemented accordingly. There is no deviation between the operation and the established principles. Please refer to meeting 14-17, Official website/board meeting minutes				
VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): The Company has established the “Ethical Corporate Management Best Practice Principles” on March 26, 2015, and the Board approved the “Procedures to Handle the Whistleblowing of the Illegal, Immoral, or Unethical Conducts,” on March 22, 2019 while enhancing the corporate governance.				

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

7. Corporate governance best-practice principles or related bylaws adopted by the Company: the Company has established the “Ethical Corporate Management Best Practice Principles,” “Corporate Social Responsibility Best Practice Principles,” “Corporate Governance Best Practice Principles,” “Code of Conduct,” “Rules of Procedure for Board of Directors Meetings,” “Procedures for Election of Directors and Supervisors,” “Remuneration Committee Charter,” “Operating Procedures for Acquisition and Disposal of Assets,” “Operating Procedures for Loaning of Funds,” and “Operating Procedures for Endorsement and Guarantee,” and disclosed such on the official website.

8. Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance: The Company's dedicated unit has reported to the Board on March 24, 2020 for the status of corporate governance operations, corporate social responsibility and ethical management; such are disclosed every year on the Company's official website/corporate social responsibility section.

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



Mao Bao Inc.
Statement of Internal Control System

Date: March 24, 2023

The Company's internal control system for 2022 as per the results of our self-assessment is hereby declared as follows:

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
- II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system are effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the previous inspection, our company believes that the design and implementation of our internal control system (including supervision and management of subsidiaries) as of December 31, 2022, including the extent to which we are aware of the effectiveness and efficiency goals of our operations, the reliability, timeliness, transparency of our reporting, and compliance with relevant regulations and laws, are effective, and can reasonably ensure the achievement of the above goals.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's Board of Directors on March 24, 2023. Among the seven directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Mao Bao Inc.

Chairman: Wu, Jui-Hua Signature/seal
President: Chen, Yi-Hung Signature/seal

	<p>Discussions:</p> <p>1. Proposal of amendments to the Company’s “Articles of Incorporation.”</p> <p>2. Proposal of amendments to the Company’s “Rules of Procedure for Shareholders Meetings.”</p> <p>3. Proposal of amendments to the Company’s “Operating Procedures for Acquiring or Disposing of Assets.”</p>	<p>The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent. The voting result is as follows:</p> <table border="1" data-bbox="898 272 1700 667"> <thead> <tr> <th>Voting result</th> <th>% to the voting rights of the attended shareholders</th> </tr> </thead> <tbody> <tr> <td>Favorable votes: 24,522,328 rights (including 5,459,888 rights voted electronically)</td> <td>94.63%</td> </tr> <tr> <td>Against votes: 18,641 rights (including 18,641 rights voted electronically)</td> <td>0.07%</td> </tr> <tr> <td>Number of invalid rights: 0 right (including 0 right voted electronically)</td> <td>0.00%</td> </tr> <tr> <td>Number of abstained and non-voted rights: 1,372,474 rights (including 1,368,544 rights voted electronically)</td> <td>5.29%</td> </tr> </tbody> </table> <p>The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent. The voting result is as follows:</p> <table border="1" data-bbox="898 751 1700 1091"> <thead> <tr> <th>Voting result</th> <th>% to the voting rights of the attended shareholders</th> </tr> </thead> <tbody> <tr> <td>Favorable votes: 24,522,328rights (including 5,459,888 rights voted electronically)</td> <td>94.63%</td> </tr> <tr> <td>Against votes: 18,641 rights (including 18,641 rights voted electronically)</td> <td>0.07%</td> </tr> <tr> <td>Number of invalid rights: 0 right (including 0 right voted electronically)</td> <td>0.00%</td> </tr> <tr> <td>Number of abstained and non-voted rights: 1,372,474 rights (including 1,368,544 rights voted electronically)</td> <td>5.29%</td> </tr> </tbody> </table> <p>The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent. The voting result is as follows:</p> <table border="1" data-bbox="898 1176 1700 1428"> <thead> <tr> <th>Voting result</th> <th>% to the voting rights of the attended shareholders</th> </tr> </thead> <tbody> <tr> <td>Favorable votes: 24,521,741 rights (including 5,459,301 rights voted electronically)</td> <td>94.62%</td> </tr> <tr> <td>Against votes: 19,228 rights (including 19,228 rights voted electronically)</td> <td>0.07%</td> </tr> <tr> <td>Number of invalid rights: 0 right (including 0 right voted electronically)</td> <td>0.00%</td> </tr> </tbody> </table>	Voting result	% to the voting rights of the attended shareholders	Favorable votes: 24,522,328 rights (including 5,459,888 rights voted electronically)	94.63%	Against votes: 18,641 rights (including 18,641 rights voted electronically)	0.07%	Number of invalid rights: 0 right (including 0 right voted electronically)	0.00%	Number of abstained and non-voted rights: 1,372,474 rights (including 1,368,544 rights voted electronically)	5.29%	Voting result	% to the voting rights of the attended shareholders	Favorable votes: 24,522,328rights (including 5,459,888 rights voted electronically)	94.63%	Against votes: 18,641 rights (including 18,641 rights voted electronically)	0.07%	Number of invalid rights: 0 right (including 0 right voted electronically)	0.00%	Number of abstained and non-voted rights: 1,372,474 rights (including 1,368,544 rights voted electronically)	5.29%	Voting result	% to the voting rights of the attended shareholders	Favorable votes: 24,521,741 rights (including 5,459,301 rights voted electronically)	94.62%	Against votes: 19,228 rights (including 19,228 rights voted electronically)	0.07%	Number of invalid rights: 0 right (including 0 right voted electronically)	0.00%	<p>1. Approved for registration by the Ministry of Economic Affairs on June 27, 2022 and disclosed on our company's website.</p> <p>2. It was announced on the Public Information Observatory and our company's website on June 16, 2022, and will be handled in accordance with the revised rules.</p> <p>3. It was announced on the Public Information Observatory and our company's website on June 16, 2022, and will be processed in accordance with the revised procedures.</p>
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4. Amendments to the Company’s “Operating Procedures for Loaning of Funds and Providing Endorsements or Guarantees.”	Number of abstained and non-voted rights: 1,372,474 rights (including 1,368,544 rights voted electronically)	5.29%	4. It was announced on the Public Information Observatory and our company's website on June 16, 2022, and will be processed in accordance with the revised procedures.
	The proposal was inquired by the chair to all attending shareholders, and approved as proposed without dissent. The voting result is as follows:		
	Voting result	% to the voting rights of the attended shareholders	
	Favorable votes: 24,521,742 rights (including 5,459,302 rights voted electronically)	94.62%	
	Against votes: 19,227 rights (including 19,227 rights voted electronically)	0.07%	
	Number of invalid rights: 0 right (including 0 right voted electronically)	0.00%	
Number of abstained and non-voted rights: 1,372,474 rights (including 1,368,544 rights voted electronically)	5.29%		

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

(II) Material resolutions of the board:

Meeting date	Cause	Key resolution
May 13, 2022	<p>Report:</p> <ol style="list-style-type: none"> 1. Proposal of Q1 2022 financial statements. 2. Audit result report of January-March 2022 effectiveness of internal control system. 3. Report on the Implementation of Corporate Governance, Corporate Social Responsibility Operations, Corporate Integrity Management, and Stakeholder Communication in 2021, as well as the Specific Management Objectives and Current Achievements of the Diversification Policy for Board Members. 4. Planning report on the company's greenhouse gas inventory and verification schedule. 	<p>The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent.</p>
August 12, 2022	<ol style="list-style-type: none"> 1. Proposal of Q2 2022 financial statements. 2. The compensation committee of our company reviews the 2021 remuneration distribution plan for our managers. 3. The Remuneration Committee of our company will review the remuneration distribution plan for directors in 2021. 4. Proposal to determine the base date of dividend distribution for cash dividends, distribution date, and related matters. 5. Revise the proposal of "Management Measures for Preventing Insider Trading" of our company. 6. Revise the proposal of "Operating Measures for Operations, Business, and Financial Transactions between Specific Companies and Group Enterprises" of our company. 7. Revise the proposal of "Related Party Trading Operating Procedures" of our company. 8. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 1 million. 	<p>The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent.</p>
November 10, 2022	<ol style="list-style-type: none"> 1. 2023 Audit plan. 2. Proposal of amendments to the Company's "Rules of Procedure for Board of Directors Meetings." 3. Proposal of amendments the Company's "Internal Major Information Processing Procedure." 4. Discussion of the proposal of the Remuneration Committee's deliberation for the 2022 performance and the remuneration amount for the directors. 5. Discussion of the proposal of the Remuneration Committee's deliberation for the 2022 performance and the remuneration amount for the chairman. 6. Discussion of the proposal of the Remuneration Committee's deliberation for the 2022 performance and the remuneration amount for the managerial officers. 7. Discussion of the proposal of the Remuneration Committee's deliberation for the 2023 annual working plan. 8. Proposal to increase the fund-loaning limit of the subsidiary of the Company (PACIFIC WORLDWIDE HOLDINGS LTD.) by USD 1 million. 	<p>The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent.</p>
March 24, 2023	<ol style="list-style-type: none"> 1. 2022 business report and financial statements. 2. 2022 Earning distribution. 3. Please discuss the proposal of distribution method for the 2022 employee and director remunerations. 4. Proposal of evaluating the independence and competence of the attesting CPAs. 5. Propose to pre approve the signing of non assurance services provided by accounting firms and affiliated enterprises to our company and subsidiaries. 6. Proposal of 2022 "Statement of Internal Control System." 7. Proposal of amendments to the Company's "Articles of Incorporation." 8. Proposal of amendments the Company's "Corporate Governance Best Practice Principles." 9. Proposal of amendments to the Company's "Operating Regulations for Financial Transactions between Related Enterprises." 10. Proposal to convene the 2023 regular shareholders' meeting. 11. Proposal to accept the proposals from shareholders with 1% or more shareholding. 	<p>All attended directors approved without dissent, and the proposal was submitted to the regular shareholders' meeting for resolution</p> <p>The proposal was inquired by the chair to all attended directors, and approved as proposed without dissent.</p>

	<ol style="list-style-type: none"> 12. Comprehensive Re-election of Directors 13. Accept matters related to the nomination of candidates for directors (including independent directors). 14. Proposed list of candidates for directors (including independent directors) nominated by the board of directors. 15. Lifting of “business strife limitation” for new directors of the Company. 16. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the directors to attend the board meetings. 17. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the directors to attend the shareholder meetings. 18. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the independent directors to attend the Audit Committee meetings. 19. Discussion of the proposal of the Remuneration Committee’s deliberation for the transportation subsidies for the Remuneration Committee members to attend the Remuneration Committee meetings. 20. Discussion of the proposal of the Remuneration Committee’s deliberation for the compensation for the directors to conduct business. 21. Discussion of the proposal of the Remuneration Committee’s deliberation for the compensation for the independent directors of Audit Committee to conduct business. 22. Discussion of the proposal of the Remuneration Committee’s deliberation for the structure of monthly salary and paid amount for the chairman. 23. Discussion of the establishment of a corporate governance supervisor in our company. 24. Discussion of the proposal of the Remuneration Committee’s deliberation for the structure of monthly salary and paid amount for the managerial officers. 25. Proposal to increase the fund-loaning limit of the subsidiary of the Company (MAOBAO VIETNAM INC.) by USD 500 thousand and USD 200 thousand. 	
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12. Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: none.
13. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: none.

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

Name of accounting firm	Names of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Juanlu, Man-Yu	2022	1,930	-	1,930	
	Feng, Ming-Chuan	2022				

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

VI. Information on replacement of certified public accountant: none.

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

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

(I) Evaluation content:

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

Item	Results
1. As of the latest attestation, the CPAs have not been changed for fewer than seven years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. There is no material financial interests with the client.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Avoid any inappropriate relationship with the client.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The CPAs should ensure the honesty, impartiality and independence of their	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

(II) Performance and plans:

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

(III) Evaluation results:

The CPAs, Ruan-Lu, Man-Yu and Feng, Ming-Chuan are independent from the Company, and deemed timely and adequate for providing the finance and taxation consultancy and attestation to the Company.
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VII. Chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: none.

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

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

Job title	Name	2022		Current year up to April 22	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Pacific Worldwide Investment Co., Ltd. Representative: Wu, Jui-Hua				
Director	Pacific Worldwide Investment Co., Ltd. Representative: Wu, Hsien-Tai				
Director	Pacific Worldwide Investment Co., Ltd. Representative: Wu, Chiao-Chen	0	0	0	0
Shareholders with 10% shareholding or more	Pacific Worldwide Investment Co., Ltd.				
Director	Wu, Chao-Wen	0	0	0	0
Independent director	Su, Liang	0	0	0	0
Independent director	Huang, Chien-Cheng	0	0	0	0
Independent director	Chen, Wei-Zhi	0	0	0	0
President	Chen, Yi-Hung	0	0	0	0
CEO	Wu, Rui-Hua (date of appointment: April 1, 2022)	0	0	0	0
Plant Chief	Lin, Jin-Long	0	0	0	0
Division Chief	Liu, Wen-Wei	0	0	0	0
Head of Finance Department and Head of Corporate Governance	Chao, Jia-Ling (Date of appointment of Corporate Governance Director: March 24, 2023)	0	0	0	0
Head of accounting department	Chen, Hsuan-Ju	0	0	0	0
Shareholders with 10% shareholding or more	Wu, Hsien-Tai	(60,000)	0	(78,000)	0

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

2. Information on Transfers of Shareholding

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholder with 10% or more shareholding	No. of shares	Transaction price
Wu, Hsien-Tai	Gift	January 6, 2022	Wu, Rui-Hua	Father and daughter	60,000	32.45
Wu, Hsien-Tai	Gift	March 10, 2023	Chen, Pin-Yu	Grandparents and grandchildren	78,000	31.10

3. Information on Pledges of Shareholding: none

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Unit: shares April 22nd, 2023

Name	Shareholding		Shares held by spouse or minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree.		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Title (or name)	Relationship	
Pacific Worldwide Investment Co., Ltd.	6,790,856	16.00%	—	—	—	—	—	—	
Ling-Yu Investment Co., Ltd.	6,450,000	15.20%	—	—	—	—	—	—	
Wu, Hsien-Tai	3,956,459	9.32%	1,913,809	4.51%	6,450,000	15.20%	Lin, Ai-Yu	Spouse	
							Wu, Chao-Wen	Children	
Lin, Ai-Yu	1,913,809	4.51%	4,034,459	9.51%	—	—	Wu, Hsien-Tai	Spouse	
							Wu, Chao-Wen	Children	
Wu, Chao-Wen	965,069	2.27%	—	—	—	—	Wu, Hsien-Tai	Parents	
							Lin, Ai-Yu		
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities — a proprietary platform for securities trading units and a third-party SBL trading and investment account	293,000	0.69%	—	—	—	—	—	—	
Lin, Shu-Hui	228,000	0.54%	—	—	—	—	—	—	
Wu, Chiao-Jen	200,998	0.47%	—	—	—	—	—	—	
Chen, Pin-Yu	178,000	0.42%	—	—	—	—	—	—	
Hsu, Chin-Chang	177,000	0.42%	—	—	—	—	—	—	

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

Unit: thousand shares; % March 31, 2023

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

Note: Investment adopting the equity method

Four. Information on capital raising activities

I. Capital and shares

(I) Source of share capital

1. Formation of share capital

Unit: NT\$; share

Month/year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Using assets other than cash to offset stock payments	Other
December 1978	1,000	2,000	2,000,000	2,000	2,000,000	Incorporation (cash)	None	None
December 1986	1,000	10,000	10,000,000	10,000	10,000,000	Cash capital increase by NT\$8,000,000	None	None
January 1991	10	3,800,000	38,000,000	3,800,000	38,000,000	Cash capital increase by NT\$28,000,000	None	None
October 1993	10	6,300,000	63,000,000	6,300,000	63,000,000	Cash capital increase by NT\$25,000,000	None	None
December 1997	10	19,840,212	198,402,120	19,840,212	198,402,120	Cash capital increase by NT\$47,250,000 Capital increase from surplus by NT\$54,810,000 Capital increase from reserve by NT\$33,342,120	None	None
September 1998	10	65,000,000	650,000,000	31,328,228	313,282,280	Cash capital increase (Note 1) by NT\$100,000,000 Capital increase from surplus (Note 1) by NT\$14,880,160	None	None
May 1999	10	65,000,000	650,000,000	34,461,052	344,610,520	Capital increase from surplus (Note 2) by NT\$25,062,590 Capital increase from reserve (Note 2) by NT\$6,265,650	None	None
August 2000	10	65,000,000	650,000,000	39,630,211	396,302,110	Capital increase from surplus (Note 3) by NT\$44,799,370 Capital increase from reserve (Note 3) by NT\$6,892,220	None	None
July 2001	10	65,000,000	650,000,000	41,611,722	416,117,220	Capital increase from reserve (Note 4) by NT\$19,815,110	None	None
November 2003	10	65,000,000	650,000,000	42,443,957	424,439,570	Capital increase from surplus (Note 5) by NT\$8,322,350	None	None

Note: 1. Dated May 28, 1998, approved by the Securities and Futures Commission, MOF, with Letter (87) Tai-Cai-Zheng (I) No.45331.
 2. Dated April 7, 1999, approved by the Securities and Futures Commission, MOF, with Letter (88) Tai-Cai-Zheng (I) No.31051.
 3. Dated June 30, 2000, approved by the Securities and Futures Commission, MOF, with Letter (89) Tai-Cai-Zheng (I) No.56229.
 4. Dated July 11, 2001, approved by the Securities and Futures Commission, MOF, with Letter (90) Tai-Cai-Zheng (I) No.144008.
 5. Dated September 26, 2003, approved by the Securities and Futures Commission, MOF, with Letter (92) Tai-Cai-Zheng (I) No.144651.

2. Type of share

Unit: Share

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

(II) Shareholder Composition:

Base date: June 20, 2023

Shareholder composition	Government agencies	Financial institutions	Other legal entities	Foreign institutions and foreign individuals	Individuals	Treasury shares	Total
Quantity							
No. of shareholders	0	0	140	23	27,979	0	28,142
No. of shares held	0	0	13,328,072	773,206	28,342,679	0	42,443,957
Shareholding ratio	0.00%	0.00%	31.40%	1.82%	66.78%	0.00%	100.00%

(III) Distribution of Shareholding:

June 20, 2023

Range of no. of shares held	No. of shareholders	No. of shares held	Shareholding ratio
1 to 999	21,858	177,312	0.42%
1,000 to 5,000	5,525	10,013,198	23.58%
5,001 to 10,000	477	3,852,539	9.08%
10,001 to 15,000	96	1,237,504	2.92%
15,001 to 20,000	65	1,230,501	2.90%
20,001 to 30,000	59	1,523,000	3.59%
30,001 to 40,000	15	546,000	1.29%
40,001 to 50,000	14	643,099	1.52%
50,001 to 100,000	17	1,299,000	3.06%
100,001 to 200,000	8	1,123,613	2.65%
200,001 to 400,000	3	721,998	1.70%
400,001 to 600,000	0	0	0.00%
600,001 to 800,000	0	0	0.00%
800,001 to 1,000,000	1	965,069	2.27%
1,000,001 shares or more	4	19,111,124	45.02%
Total	28,142	42,443,957	100.00%

(IV) List of Major Shareholders:

June 20, 2023

Names of major shareholders	Shares	Number of shares held	Ratio of shares held
Pacific Worldwide Investment Co., Ltd.		6,790,856	16.00%
Ling-Yu Investment Co., Ltd.		6,450,000	15.20%
Wu, Hsien-Tai		3,956,459	9.32%
Lin, Ai-Yu		1,913,809	4.51%
Wu, Chao-Wen		965,069	2.27%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities — a proprietary platform for securities trading units and a third-party SBL trading and investment account		293,000	0.69%
Lin, Shu-Hui		228,000	0.54%
Wu, Chiao-Jen		200,998	0.47%
Chen, Pin-Yu		178,000	0.42%
Hsu, Chin-Chang		177,000	0.42%

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

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

Unit: NT\$

Item		Year	2021	2022	Current year up to March 31, 2023 (Note 8)
Market price per share (Note 1)	Maximum price		52.30	53.80	33.20
	Minimum price		22.40	25.65	27.10
	Average price		33.59	43.93	29.84
Net worth per share	Before allocation		11.45	11.36	11.31
	After allocation		—	—	—
Earnings per share	Weighted average shares		42,444	42,444	42,444
	Earnings per share (Note 3)		0.46	0.12	(0.05)
Dividends per share	Cash dividends		0.35	(Note 2)	—
	Share dividends	Dividends from retained earnings	—	—	—
		Dividends from capital reserve	—	—	—
	Accumulated undistributed dividends (Note 4)		—	—	—
Return on investment analysis	Price/earnings ratio (Note 5)		63.67	284.00	—
	Price/dividend ratio (Note 6)		83.69	(Note 2)	—
	Cash dividend yield (Note 7)		1.19%	(Note 2)	—

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

Note 2: The Company has not submitted the 2022 earning distribution proposal to the distribute dividends

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

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

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

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

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

Note 8: The financial statements as of March 31, 2023 have been reviewed by an accountant.

(VI) Company's dividend policy and implementation thereof:

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

The net income of the Company after the annual settlement, other than withholding the income tax, shall make up for accumulated losses in previous years, and set aside 10% as legal reserve; the special reserves shall be provided or reversed where necessary. If any balance is left, with the undistributed earnings accumulated from previous years, the Board of Directors prepares the proposal of distribution to be submitted to the shareholders' meeting for resolution.

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

2. Dividend distribution proposed to the current shareholders' meeting: On March 24, 2023, the board of directors of our company passed a resolution on the 2022 annual surplus distribution plan. Due to the consideration of the company's operational needs, we plan to retain all of it and not distribute it. We request recognition and approval at this shareholders' meeting.

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

The Company has not disclosed the 2022 financial forecast and no stock dividend distribution, so it is not applicable.

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

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

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

2. The Company estimates of employees, directors and supervisors' remuneration based on the Company's net profit before tax with consideration of the factors including the legal reserves, to multiply by the distribution percentage specified in the articles of incorporation (currently 5-8% and 2%), to be recognized as the operating costs or expenses for the year; however, for any difference between the actual distributed amount resolved by the shareholders' meeting and the estimates, such difference is recognized as profit or loss for the following year.

3. Information on any approval by the board of directors of distribution of remuneration:

(1) Amounts of the employees' remuneration in cash and shares, and directors and supervisors' remuneration: the employees' remuneration of NT\$585,000 and directors' remuneration of NT\$ 0 were provided pursuant

to the Articles of Incorporation.

- (2) The number of shares to be distributed as the employees' remuneration, and its proportion in the capital increase from surplus: the employees' bonus NT\$585,000 was provided pursuant to the Articles of Incorporation in cash, and thus there was no proportion in the capital increase from surplus.
- (3) The estimated earnings per share after considering the proposed distribution of employee remuneration and director remuneration: NT\$0.12
- (4) The Company's employees' remuneration and the directors' remuneration for 2022 have been estimated as the most appropriate amount based on past experience and recognized as expenses for the current year, so there has been no effect on the profit per share for the year.

4. The situation where the earnings of the previous year were used to distribute employees' remuneration, and directors and supervisors' remuneration:

For 2021, the Company distributed NT\$1,300,000 for the employees' remuneration and NT\$280,000 for the directors and supervisors' remuneration.

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

II. Issuance of corporate bonds: none.

III. Issuance of preferred shares: none.

IV. Issuance of global depository receipts: none.

V. Issuance of employee share subscription warrants: none.

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

VII. Implementation of the Company's capital allocation plans

I. Plan description: none.

II. Implementation: none.

Five. Overview of operations

I. Description of the business

(I) Scope of business

1. Major lines of business

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

2. Current major products and the relative weight of each

Category	Ratio %
Detergent series	64.02%
Domestic cleaning series	27.92%
Long-effect series	7.73%
Others	0.33%
Total	100.00%

3. Current products

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

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

(II) Overview of the industry

1. Current status and development of the industry

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

The domestic cleaner industry in the future has the following trends:

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

2. Various development trends of products

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

- (1) Fabric cleaning and care series: laundry detergents, fabric softeners, laundry bleaches, functional additives such as stain remover, or detergent auxiliary.
- (2) Domestic cleaning series: dish detergents, vegetables and fruit detergents, kitchen detergents, bathroom detergents, glass and furniture detergents, floor detergents, pipe detergents, and household fragrance.

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

- (A) The market has developed into a buyer's market from a seller's market, and has deteriorated into a price market in recent years.
- (B) The products have evolved from low quality and low added-value to high quality and high added-value due to the benign competition among various brands over the years. However, in the past decade, due to the price market orientation, the products have had the average quality and low added-value.
- (C) The product prices change from homogeneity → diversity → competition → destructiveness.

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

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

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

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

4. Competition

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

- Diversified operation:

From the perspective of the entire industry, around the early 1950s, all manufacturers produced laundry detergents and laundry soaps. From the mid-to-late 1950s, manufacturers began to invest in the production of soaps continuously.

In the 1960s, synthetic laundry detergents were the key items of diversified operation. Since the 1970s, shampoo (conditioner) and liquid cleansers have become members of the production lines in various manufacturers; during the two oil crises and the economic depression in the 1970s, manufacturers that failed to diversify were mostly unable to escape the fate of elimination. Thus, after the 1980s, the pace of diversification of the industry was accelerated.

- Vertically diversified operation:

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

- Horizontally diversified operation:

- Raw material related: industry of cosmetics production.

- Usage related: production of styling foam, hairdressing cream, ointment, among other things.

- Channel related: production of food, diapers, sanitary napkins, among other things.

- Biotechnology related: extending the foundation of the major business, and produce high value-added skin care products with high technology.

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

- Mutual cooperation among industries

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

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

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

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

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

Unit: NT\$ thousand

Item \ Year	2022	Current year up to March 31, 2023
R&D expenditure	6,107	1,244

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

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

1. Short-term business development plan: due to the fierce competition in chain channels such as supermarkets and hyper markets in recent years, the results of continuous promotions and advertisement of stores with the lowest prices have severely reduced the profits of suppliers. Facing the strong pressure on the channels, the Company has the following short-term business development plan in place:

- (1) Strictly controlling channel fees: For the increased expenses of promotional activity not in the channel contract, the reasonableness of the expenses and the effect on improving performance will be carefully evaluated.
- (2) Actively expanding new channels: In recent years, the Company has been actively investing in the development of channels for special sales and direct sales, seeking to mitigate the strong pressure of large chained channels, effectively expand business and improve sales performance.
- (3) Actively launching new products: The Company will continue to research and innovate, to launch domestic cleaning products meeting the needs of consumers, and face the fierce market competition with a positive attitude.

2. Long-term business development plan: In addition to the huge pressure on the distribution channels in recent years, the sharp fluctuations in the price of upstream raw materials have also caused the increase in the manufacturing costs of downstream manufacturers. For price compression and cost increase, the Company has the following long-term business development plans:

- (1) Rebuild the brand image: The Company will actively establish the brand image of Mao Bao, increase the exposure and awareness of the brand, such as the broadcast of media advertisements, blog operations and participation in public welfare activities, to refresh consumers' impression of Mao Bao as an optimal brand, to improve brand loyalty and designation.
- (2) Effective cost control: Due to the soaring price of crude oil, the prices of raw materials in the

petrochemical industry have moved drastically. Therefore, the Company will actively seek suppliers around the world and exert its procurement bargaining power to effectively achieve cost control and further reduce costs.

- (3) Expand foreign markets: In 2006, an overseas investment company was established to reinvest in Vietnam. The plant was completed in February 2012, and sales in Vietnam began in mid-2013.

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

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

(I) Market analysis

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

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

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

- (1) Analysis of the demand in the market

Since manufacturers actively invest in the R&D and innovation of new products, the potential needs of consumers will continue to be developed to expand the overall market; in particular, when facing the era of segmentation and micro-profits, products with functional orientation, personalization, and higher added-value meet the needs of consumers better; in addition, with the implementation of environmental protection policies and the awareness of environmental protection is improved in Taiwan, products with low consumption, low pollution, and less consumables will also become the mainstream of the market. Meanwhile, as the product information is full of market with high product homogeneity, consumers will be influenced when purchasing more by factors such as brand, visibility and promotion.

- (2) Analysis of the supply in the market

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

- (3) Growth potential

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

With the improvement of economic incomes and the increase of elderly population, to provide

consumers with better products and quality, the Company has invested a great amount of money and manpower to develop personal and domestic cleaning products that meet consumer needs.

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

(1) Competitive edges

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

(2) Positive and negative factors for future development, and the company's response to such factors

[Positive factors]

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

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

B. Excellent brand image deeply recognized by consumers.

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

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

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

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

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

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

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

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

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

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

[Negative factors and responses]

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

□Countermeasures:

- a. The Company expanded the plant and invested to add the automated production equipment, for reducing production costs, and effectively improving production capacity and warehouse management performance.
- b. The Company actively invests in the production of heavy-duty packs to reduce costs and comply with trends of environmental protection.

- c. In the situation where the Company controls the process formula, technologies and self-owned brand, and commission the manufactures of some products to OEMs to lower the costs.
- d. The Company seeks international raw material suppliers for improving procurement bargaining power to effectively reduce costs.

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

□Countermeasures:

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

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

□Countermeasures:

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

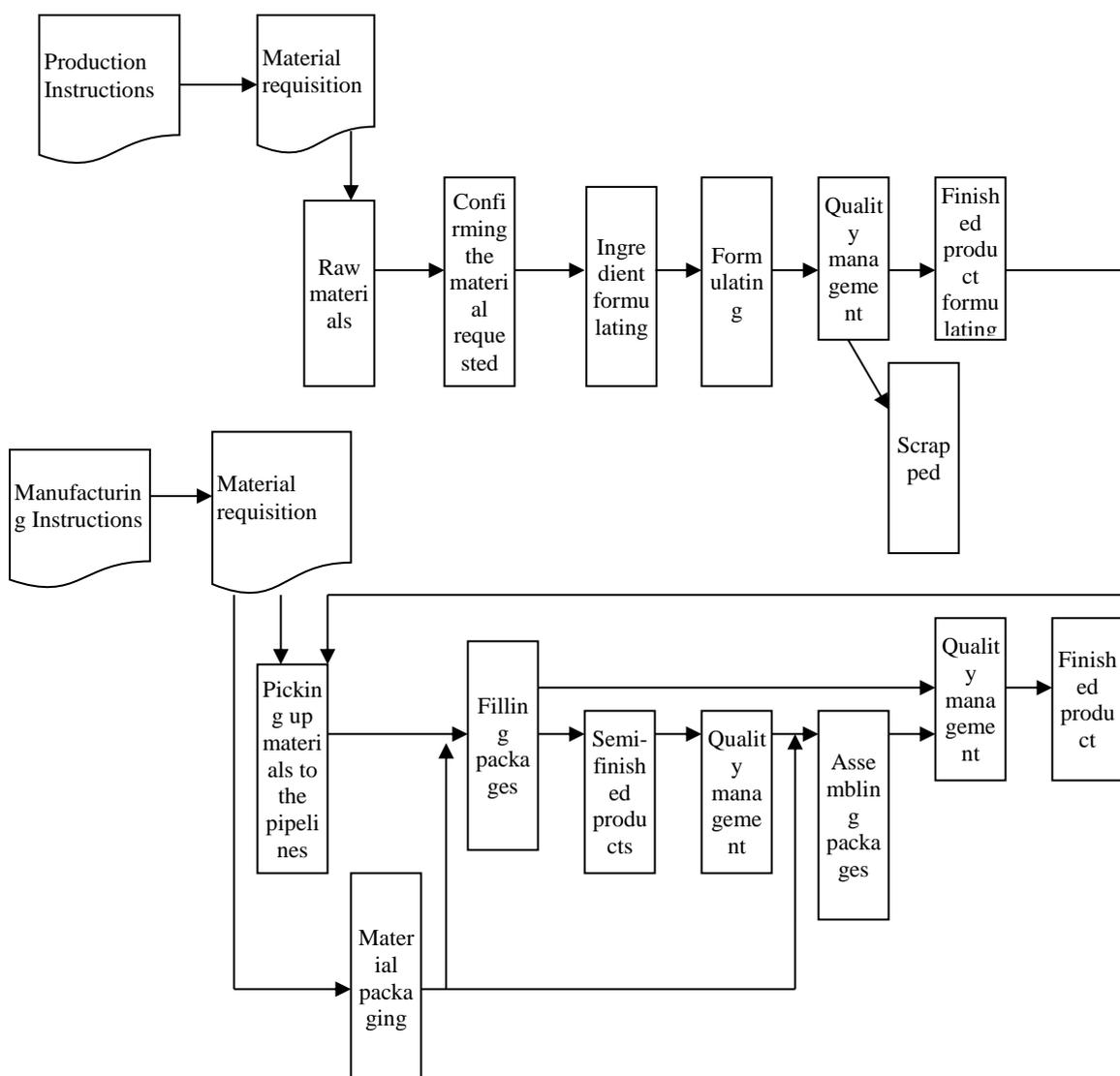
(II) Usage and manufacturing processes for the company's main products

1. Main usage of the main products:

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

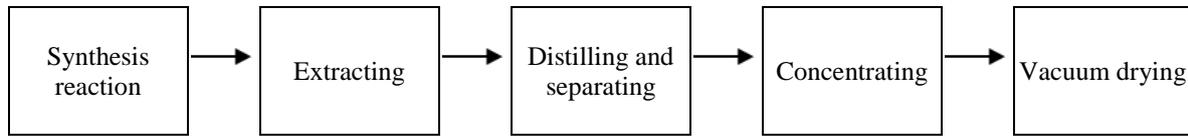
2. Manufacturing processes

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



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

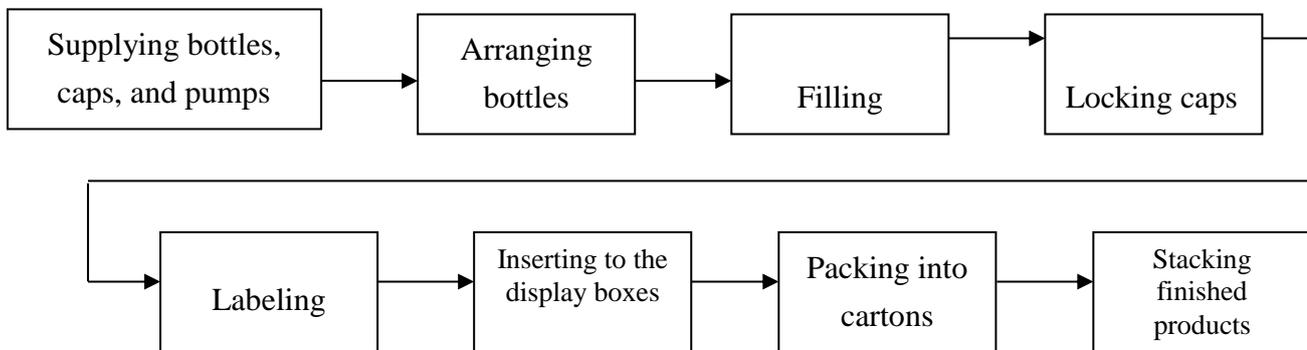
A. Synthesis of raw materials



B. Ingredient formulating:



C. Packaging:



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

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

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

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

Unit: NT\$ thousand

Item	2021				2022				Q1 2023			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to Q1 2023 (%)	Relationship with the issuer
1	Company A	35,284	14%	None	Company A	37,241	14%	None	Company A	8,460	12%	None
2	Company B	31,594	12%	None	Company B	31,694	12%	None	Company B	5,544	8%	None
3	Company C	22,644	9%	None	Company C	16,055	6%	None	Company C	4,138	6%	None
4	Others	210,601	65%		Others	198,735	68%		Others	49,675	73%	
	Net purchases	300,123	100%		Net purchases	283,725	100%		Net purchases	67,817	100%	

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

Unit: NT\$ thousand

Item	2021				2022				Q1 2023			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to Q1 2023 (%)	Relationship with the issuer
1	Company A	131,758	21%	None	Company A	137,038	23%	None	Company A	33,623	25%	None
2	Company B	69,996	11%	None	Company B	67,348	11%	None	Company B	15,596	12%	None
3	Company C	47,758	8%	None	Company C	40,691	7%	None	Company C	11,975	9%	None
4	Others	369,840	60%		Others	342,024	59%		Others	74,126	54%	
	Net sales	619,352	100%		Net sales	587,101	100%		Net sales	135,320	100%	

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

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

Production volume and value	Year	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products							
Detergent series		–	13,915,030	239,128	–	12,025,818	239,450
Domestic cleaning series		–	4,648,862	103,384	–	3,452,080	82,754
Long-effect series		–	48,402	16,033	–	68,547	20,482
Other		–	624	158	–	9,487	933
Total		–	18,612,918	358,703	–	15,555,932	343,619

Note: productions of all products are replaceable.

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

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

Sales volume and value	Year	2021				2022			
		Local		Export		Local		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products									
Detergent series		14,069,620	365,491	425,360	16,740	11,916,487	360,090	361,556	15,775
Domestic cleaning series		3,375,839	155,222	746,984	44,703	3,160,029	144,289	319,200	19,617
Long-effect series		40,685	32,840	0	0	61,396	45,399	0	0
Other		1,095	4,356	0	0	5,878	1,931	0	0
Total		17,487,239	557,909	1,172,344	61,443	15,143,790	551,709	680,756	35,392

III. Number of employees employed

Year		2021	2022	Current year up to March 31, 2023
Number of employees	Direct manpower	26	27	31
	Indirect manpower	131	130	131
	Total	157	157	162
Average years		44.6	44.8	44.9
Average years of service		10.6	10.6	10.3
Education distribution percentage	Ph.D.	0	0	0
	Master's degree	9.6%	9.6%	8.6%
	College	54.1%	54.8%	54.9%
	Senior high school	24.8%	23.6%	24.7%
	Below senior high school	11.5%	12.1%	11.7%

IV. Disbursements for environmental protection

- (I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents: none.
- (II) Estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: none.

V. Labor relations

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

1. Employee benefit plans

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

2. Education and training

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

3. The retirement system and its implementation

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

(2) New system: based on employee retirement procedures established pursuant to the Labor Pension Act after July 1, 2005 (July 1 inclusive), all permanent employees may receive pensions pursuant to the procedures; pensions are contributed every month to be deposited in the personal labor pension account established by the Labor Insurance Bureau.

4. Labor-management negotiation

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

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

The Company has formulated the employee rules and implementation rules, with a comprehensive plan from employment, promotion, until retirement, as the regulations to be conform to by the Company and employees. The Company has not had any labor disputes so far. In the future, the Company will continue and actively promote various employee welfare measures, so no loss due to labor dispute is expected to be sustained.

VI. Cyber security management

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

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

Type	Description	Related operations
Permission management	Managerial measures for personnel accounts, permission management, and system operating conducts	Personnel account permission management and review Regular inventory of personnel account permissions
Access management	Controlling measures for access to internal and external systems and data transmission channels	Internal/external access control measures Operational behavior trace record
External threat	Potential internal vulnerabilities, infected channels and protective	Mainframe/computer vulnerability detection and measures of updates

	measures	Virus protection and malware detection
System availability	System availability status and treatment service interruptions	System/network availability status monitoring and reporting mechanism Contingency measures for service interruption Information backup measures, local/remote backup mechanism Regular disaster recovery drills

4. Resources invested in cyber security: each computer has the anti-virus software installed, and internal and external firewalls are also established, with regular information security education and training arranged.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

VII. Important contracts: None.

Six. Overview of Financial Status

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

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

Condensed balance sheets - consolidated

Unit: NT\$ thousand

Item	Year	Financial Information for the Most Recent 5 Years (Note 1)					Current year up to March, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		360,720	376,327	437,452	456,183	427,953	371,175
Property, Plant and Equipment		190,517	186,833	184,028	182,429	181,181	193,053
Intangible assets		2,154	1,831	1,112	496	277	698
Other assets		18,015	30,729	28,030	30,719	44,677	41,616
Total assets		571,406	595,720	650,622	669,827	654,088	606,542
Current liabilities	Before distribution	123,868	113,514	135,034	159,028	140,896	96,742
	After distribution	—	—	—	—	—	—
Non-current liabilities		17,991	28,143	25,067	24,953	30,925	24,716
Total Liabilities	Before distribution	141,859	141,657	160,101	183,981	171,821	126,649
	After distribution	—	—	—	—	—	—
Equity attributed the owners of the parent company		429,547	454,063	490,521	485,846	482,267	479,893
Share capital		424,439	424,439	424,439	424,439	424,439	424,439
Capital reserve		2,698	2,704	2,704	2,704	2,704	2,704
Retained earnings	Before distribution	7,283	32,971	71,829	68,151	60,654	58,470
	After distribution	—	—	—	—	—	—
Other equities		(4,873)	(6,051)	(8,451)	(9,448)	(5,530)	(5,720)
Treasury shares		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	429,547	454,063	490,521	485,846	482,267	479,893
	After distribution	—	—	—	—	—	—

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

Note 2: The Q1 2023 financial information has been audited by CPAs.

Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					
	2018	2019	2020	2021	2022	Current year up to March, 2023 (Note 2)
Operating Revenue	562,852	596,066	620,713	619,352	587,101	135,320
Gross Profit	236,989	263,914	279,248	246,026	222,544	49,277
Operating Income	10,298	29,101	46,726	17,227	(3,595)	(3,141)
Non-operating Income and Expenses	(213)	(82)	(1,234)	6,672	12,492	422
Profit Before Income Tax	10,085	29,019	45,492	23,899	8,897	(2,719)
Net income for the period from continuing operations	6,924	24,858	38,595	19,409	5,167	(2,184)
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss) for the period	6,924	24,858	38,595	19,409	5,167	(2,184)
Other comprehensive income (loss) for the period (net)	3,869	(348)	(2,137)	(2,862)	6,109	(190)
Total comprehensive income for the period	10,793	24,510	36,458	16,547	11,276	(2,374)
Net income attributable to owners of parent	6,924	24,858	38,595	19,409	5,167	(2,184)
Net income (loss) attributable to non- controlling interests	—	—	—	—	—	—
Comprehensive income attributed to owners of parent company	10,793	24,510	36,458	16,547	11,276	(2,374)
Comprehensive income attributed to non-controlling interest	—	—	—	—	—	—
Earnings per share	0.16	0.59	0.91	0.46	0.12	(0.05)

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

Note 2: The Q1 2023 financial information has been audited by CPAs.

Condensed balance sheets - parent-only

Unit: NT\$ thousand

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)						
	2018	2019	2020	2021	2022	Current year up to March, 2023 (Note 2)	
Current assets	333,278	349,734	412,324	425,695	399,503	—	
Property, Plant and Equipment	156,185	154,371	154,141	151,097	148,738	—	
Intangible assets	2,109	1,805	1,014	331	90	—	
Other assets	73,395	86,260	79,016	84,279	100,104	—	
Total assets	564,967	592,170	646,495	661,402	648,435	—	
Current liabilities	Before distribution	117,429	109,964	130,907	150,603	135,243	—
	After distribution	—	—	—	—	—	—
Non-current liabilities	17,991	28,143	25,067	24,953	30,925	—	
Total Liabilities	Before distribution	135,420	138,107	155,974	175,556	166,168	—
	After distribution	—	—	—	—	—	—
Equity attributed the owners of the parent company	429,547	454,063	490,521	485,846	482,267	—	
Share capital	424,439	424,439	424,439	424,439	424,439	—	
Capital reserve	2,698	2,704	2,704	2,704	2,704	—	
Retained earnings	Before distribution	7,283	32,971	71,829	68,151	60,654	—
	After distribution	—	—	—	—	—	—
Other equities	(4,873)	(6,051)	(8,451)	(9,448)	(5,530)	—	
Treasury shares						—	
Non-controlling interests						—	
Total equity	Before distribution	429,547	454,063	490,521	485,846	482,267	—
	After distribution	—	—	—	—	—	—

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

Note 2: No parent-only financial statement was prepared for Q1 2023.

Condensed statement of comprehensive income - parent-only

Unit: NT\$ thousand

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					
	2018	2019	2020	2021	2022	Current year up to March, 2023 (Note 2)
Operating Revenue	517,122	543,040	582,654	584,417	542,587	—
Gross Profit	202,302	219,539	244,882	221,140	198,235	—
Operating Income	17,966	32,931	49,915	18,759	(2,063)	—
Non-operating Income and Expenses	(8,010)	(3,982)	(4,483)	4,875	10,501	—
Profit Before Income Tax	9,956	28,949	45,432	23,634	8,438	—
Net income for the period from continuing operations	6,924	24,858	38,595	19,409	5,167	—
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss) for the period	6,924	24,858	38,595	19,409	5,167	—
Other comprehensive income (loss) for the period (net)	3,869	(348)	(2,137)	(2,862)	6,109	—
Total comprehensive income for the period	10,793	24,510	36,458	16,547	11,276	—
Net income attributable to owners of parent	6,924	24,858	38,595	19,409	5,167	—
Net income (loss) attributable to non- controlling interests	—	—	—	—	—	—
Comprehensive income attributed to owners of parent company	10,793	24,510	36,458	16,547	11,276	—
Comprehensive income attributed to non-controlling interest	—	—	—	—	—	—
Earnings per share	0.16	0.59	0.91	0.46	0.12	—

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

Note 2: No parent-only financial statement was prepared for Q1 2023.

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

Year	Name of accounting firm	Name of CPA	Independent auditor's opinion
2018	PwC Taiwan	Feng, Ming-Chuan Li, Dien-Yi	Unqualified opinion.
2019	PwC Taiwan	Juanlu, Man-Yu Lin, Ya-Hui	Unqualified opinion.
2020	PwC Taiwan	Juanlu, Man-Yu Lin, Ya-Hui	Unqualified opinion.
2021	PwC Taiwan	Juanlu, Man-Yu Lin, Ya-Hui	Unqualified opinion.
2022	PwC Taiwan	Juanlu, Man-Yu Feng, Ming-Chuan	Unqualified opinion.

II. Financial analyses for the past 5 fiscal years

1. Financial analysis - consolidated

Item (Note 3)		Year (Note 1)					Current year up to March, 2023 (Note 2)	
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to assets ratio	24.83	23.78	24.61	27.47	26.27	20.88	
	Ratio of long-term capital to property, plant and equipment	234.91	258.09	257.64	259.03	253.77	238.64	
Solvency (%)	Current ratio	291.21	331.52	323.96	286.86	303.74	383.68	
	Quick ratio	201.36	240.36	234.84	210.06	225.86	267.15	
	Times interest earned	776.77	91.97	192.95	119.31	45.93	-37.84	
Operating performance	Accounts receivable turnover (times)	5.82	6.31	6.23	5.87	5.79	5.83	
	Average collection days	63.00	58.00	59.00	62.00	63.00	63.00	
	Inventory turnover (times)	3.06	3.27	3.24	3.23	3.25	3.25	
	Accounts payable turnover (times)	5.37	6.26	6.38	5.37	4.91	5.74	
	Average days in sales	119.00	112.00	113.00	113.00	112.00	112.00	
	Property, plant and equipment turnover (times)	2.95	3.19	3.10	3.14	2.90	2.53	
	Total asset turnover (times)	0.99	1.00	0.95	0.92	0.90	0.89	
Profitability	Return on total assets (%)	1.22	4.30	6.22	2.96	0.80	-0.34	
	Return on equity (%)	1.63	5.63	8.17	3.98	1.07	-0.45	
	Ratio of income before tax to paid-in capital (%)	Operating income	2.43	6.86	11.01	4.06	-0.85	-0.74
		Net income before tax	2.38	6.84	10.72	5.63	2.10	-0.64
	Net profit margin (%)	1.23	4.17	6.22	3.13	0.88	-1.61	
Earnings per share (NT\$)	0.16	0.59	0.91	0.46	0.12	-0.05		
Cash flow	Cash flow ratio (%)	24.56	21.56	35.94	27.30	19.54	-49.80	
	Cash flow adequacy ratio (%)	173.13	227.03	214.03	204.54	209.78	102.03	
	Cash reinvestment ratio (%)	5.25	4.08	7.58	3.43	1.94	-7.37	
Leverage	Operating leverage	20.16	8.29	5.51	12.92	-55.97	-14.72	
	Financial leverage	1.00	1.01	1.01	1.01	0.95	0.98	

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

1. The times interest earned decreased from the previous period, mainly because the earning of the period decreased.
2. All ratios under the profitability decreased year-on-year, mainly because the earning of the period decreased.
3. The cash flow ratio and the cash reinvestment ratio decreased from the previous period, mainly because the cash inflow from operating activities decreased.
4. The operating leverage decreased from the previous period, mainly because the operating income of the period decreased from the previous period.

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

Note 2: The Q1 2023 financial information has been audited by CPAs.

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

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

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

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover =

net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

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

4. Profitability

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

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

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

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

5. Cash flow

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

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

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

6. Leverage:

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

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

2. Financial analysis - parent-only

Item (Note 3)		Year (Note 1)					Current year up to March, 2023 (Note 2)	
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to assets ratio	23.97	23.32	24.13	26.54	25.63	—	
	Ratio of long-term capital to property, plant and equipment	286.54	312.37	334.49	338.06	345.03	—	
Solvency (%)	Current ratio	283.81	318.04	314.97	282.66	295.40	—	
	Quick ratio	204.47	241.04	242.87	219.46	228.52	—	
	Times interest earned	766.85	91.75	192.70	118.00	43.62	—	
Operating performance	Accounts receivable turnover (times)	5.71	6.35	6.42	6.06	5.94	—	
	Average collection days	64.00	57.00	57.00	60.00	61.00	—	
	Inventory turnover (times)	3.47	3.77	3.89	3.94	3.79	—	
	Accounts payable turnover (times)	5.37	6.23	6.35	5.29	4.72	—	
	Average days in sales	105.00	97.00	94.00	93.00	96.00	—	
	Property, plant and equipment turnover (times)	3.31	3.52	3.78	3.87	3.65	—	
	Total asset turnover (times)	0.92	0.92	0.90	0.88	0.84	—	
Profitability	Return on total assets (%)	1.23	4.34	6.26	2.99	0.81	—	
	Return on equity (%)	1.63	5.63	8.17	3.98	1.07	—	
	Ratio of income before tax to paid-in capital (%)	Operating income	4.23	7.76	11.76	4.42	-0.49	—
		Net income before tax	2.35	6.82	10.70	5.57	1.99	—
	Net profit margin (%)	1.34	4.58	6.62	3.32	0.95	—	
Earnings per share (NT\$)	0.16	0.59	0.91	0.46	0.12	—		
Cash flow	Cash flow ratio (%)	36.83	28.01	29.39	24.86	19.32	—	
	Cash flow adequacy ratio (%)	208.32	259.76	277.73	262.67	253.65	—	
	Cash reinvestment ratio (%)	7.73	5.27	6.15	2.58	1.78	—	
Leverage	Operating leverage	9.01	5.72	4.40	10.00	-75.96	—	
	Financial leverage	1.00	1.01	1.00	1.01	0.91	—	

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

- The times interest earned decreased from the previous period, mainly because the earning of the period decreased.
- All ratios under the profitability decreased year-on-year, mainly because the earning of the period decreased.
- The cash flow ratio and the cash reinvestment ratio decreased from the previous period, mainly because the cash inflow from operating activities decreased.
- The operating leverage decreased from the previous period, mainly because the operating income of the period decreased from the previous period.

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

Note 2: No parent-only financial statement was prepared for Q1 2023.

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

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

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

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover =

net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = $365 / \text{accounts receivable turnover}$.

(3) Inventory turnover = $\text{cost of goods sold} / \text{average inventory}$.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = $\text{cost of goods sold} / \text{average accounts payable balance (including accounts payable and notes payable arising from business activities)}$.

(5) Average days in sales = $365 / \text{inventory turnover}$.

(6) Property, plant and equipment turnover = $\text{net sales} / \text{average net property, plant and equipment}$.

(7) Total asset turnover = $\text{net sales} / \text{average total assets}$.

4. Profitability

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

(2) Return on equity = $\text{net income after tax} / \text{average total equity}$.

(3) Net profit margin = $\text{net income after tax} / \text{net sales}$.

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

5. Cash flow

(1) Cash flow ratio = $\text{net cash flows from operating activities} / \text{current liabilities}$.

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

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

6. Leverage:

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

(2) Financial leverage = $\text{operating income} / (\text{operating income} - \text{interest expenses})$.

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

Mao Bao Inc.

Audit Committee's Report

The board of directors has prepared the 2022 business report, financial statements, and proposal of earning distributions; the financial statements has been audited by PwC Taiwan with the Independent Auditor's Report. The aforesaid business report, financial statements, and proposal of earning distributions have been audit by the Audit Committee and no inconsistency has been found. Thus it is reported as above pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Mao Bao Inc.

Convener of Audit Committee: Su, Liang

March 24, 2023

- IV. Parent-only financial statements for the most recent fiscal year audited by CPAs:
Please refer to Page 97-162**
- V. Consolidated financial statements for the most recent fiscal year audited by CPAs:
Please refer to Page 163-222**
- VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: none.**

Independent Auditor's Report
(2023) Cai-Shen-Bao-Zhi No. 22002540

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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for January 1 through December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for January 1 through December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits 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, 2022. 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 2022 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, 2022 was NT\$15,129 thousand.

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

Corresponding Audit Procedures

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

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

Evaluation of the inventory valuation

Description of the Matter

For the accounting policy of inventory evaluation, please refer to Note 4(11) of the financial statements; for the uncertainty of accounting estimate and assumption, please refer to Note 5(2); for the description of accounting items for loss allowance of inventories, please refer to Note 6(5). As of December 31, 2022, the balance of inventories and allowance of inventory evaluation loss were NT\$90,339 thousand and NT\$1,929 thousand, respectively.

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

Corresponding Audit Procedures

We have executed the major audit procedures for the inventory valuation

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Juanlu, Man-Yu
CPA
Feng, Ming-Chuan

Former Financial Supervisory Commission, Executive Yuan
Document No. of Approval: Jin-Guan-Zheng-Shen Zhi No.0990058257
Former Financial Supervisory Commission, Executive Yuan
Document No. of Approval: Jin-Guan-Zheng-VI Zhi No.0960038033
March 24, 2023

Mao Bao Inc.
Stand-alone Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 101,015	16	\$ 139,858	21
1136	Financial assets measured at amortized cost - current	6(2)	89,999	14	55,360	8
1150	Notes receivable, net	6(4)	6,414	1	4,957	1
1170	Accounts receivable, net	6(4)	78,116	12	93,163	14
1180	Accounts receivable - related parties, net	7	7,779	1	22,462	4
1210	Other receivables - related parties	7	21,503	3	13,844	2
1220	Income tax assets of the period		3,662	1	688	-
130X	Inventories	6(5)	88,410	14	93,434	14
1479	Other current assets - others		2,605	-	1,929	-
11XX	Total current assets		<u>399,503</u>	<u>62</u>	<u>425,695</u>	<u>64</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(3)	134	-	134	-
1550	Investment adopting the equity method	6(6)	62,725	10	60,505	9
1600	Property, plant and equipment	6(7) and 8	148,738	23	151,097	23
1755	Right-of-use assets	6(8)	14,702	2	8,724	1
1780	Intangible assets	6(9)	90	-	331	-
1840	Deferred tax assets	6(22)	9,298	1	10,620	2
1975	Net defined benefit assets - non-current	6(12)	1,676	-	-	-
1990	Other non-current assets - others		11,569	2	4,296	1
15XX	Other non-current assets		<u>248,932</u>	<u>38</u>	<u>235,707</u>	<u>36</u>
1XXX	Total assets		<u>\$ 648,435</u>	<u>100</u>	<u>\$ 661,402</u>	<u>100</u>

(Continued in next page)

Mao Bao Inc.
Stand-alone Balance Sheet
December 31, 2022 and 2021

NT\$ thousand

Liabilities and Equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities - current	6(16)	\$ 291	-	\$ 1,134	-
2170	Accounts payable		67,909	11	77,097	12
2180	Accounts payable - related parties	7	1,067	-	-	-
2200	Other payables	6(10)	48,885	8	49,831	8
2280	Lease liabilities - current		1,569	-	1,612	-
2399	Other current liabilities - others	6(11)	15,522	2	20,929	3
21XX	Total current liabilities		<u>135,243</u>	<u>21</u>	<u>150,603</u>	<u>23</u>
Non-current liabilities						
2570	Deferred tax liabilities	6(22)	17,750	3	16,036	3
2580	Lease liabilities - non-current		13,175	2	7,419	1
2640	Net defined benefit liabilities - non-current	6(12)	-	-	1,498	-
25XX	Total non-current liabilities		<u>30,925</u>	<u>5</u>	<u>24,953</u>	<u>4</u>
2XXX	Total Liabilities		<u>166,168</u>	<u>26</u>	<u>175,556</u>	<u>27</u>
Equity						
Share capital						
3110	Common share capital	6(13)	424,439	65	424,439	64
Capital reserve						
3200	Capital reserve	6(14)	2,704	-	2,704	-
Retained earnings						
3310	Statutory reserves	6(15)	36,900	6	35,146	5
3320	Special reserve		11,862	2	10,865	2
3350	Undistributed earnings		11,892	2	22,140	3
Other equities						
3400	Other equities		(5,530)	(1)	(9,448)	(1)
3XXX	Total equity		<u>482,267</u>	<u>74</u>	<u>485,846</u>	<u>73</u>
Significant Events After Balance Sheet Date						
3X2X	Total liabilities and equities		<u>\$ 648,435</u>	<u>100</u>	<u>\$ 661,402</u>	<u>100</u>

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.
Stand-alone Comprehensive Income Statement
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(But EPS is NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating Revenue	6(16) and 7	\$ 542,587	100	\$ 584,417	100
5000 Operating costs	6(5)(12) (21) and 7	(344,352)	(63)	(363,277)	(62)
5900 Gross Profit		198,235	37	221,140	38
5910 Unrealized gain of sales		(1,494)	-	(2,138)	-
5920 Realized gain of sales		2,138	-	2,728	-
5950 Gross operating profit, net		198,879	37	221,730	38
Operating expenses	6(12) (21) and 7				
6100 Selling expenses		(157,130)	(29)	(162,260)	(28)
6200 Administrative expenses		(37,781)	(7)	(36,380)	(6)
6300 Research and development expenses		(6,107)	(1)	(4,293)	(1)
6450 Expected credit impairment losses (gains)	12(2)	76	-	(38)	-
6000 Total operating expenses		(200,942)	(37)	(202,971)	(35)
6900 Operating (losses) gains		(2,063)	-	18,759	3
Non-operating Income and Expenses					
7100 Interest revenue	6(17) and 7	1,100	-	427	-
7010 Other income	6(18)	583	-	3,006	-
7020 Other gains or losses	6(19)	12,338	2	(1,977)	-
7050 Financial costs	6(20)	(198)	-	(202)	-
7070 Share of the incomes of the subsidiaries, affiliates and joint ventures recognized with the equity method	6(6)	(3,322)	-	3,621	1
7000 Total non-operating incomes and expenses		10,501	2	4,875	1
7900 Net profit before tax		8,438	2	23,634	4
7950 Income tax expenses	6(22)	(3,271)	(1)	(4,225)	(1)
8200 Current net profit		\$ 5,167	1	\$ 19,409	3

(Continued in next page)

Mao Bao Inc.
Stand-alone Comprehensive Income Statement
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(But EPS is NT\$)

Item	Note	2022		2021		
		Amount	%	Amount	%	
Other comprehensive income						
Items not reclassified						
subsequently to profit or loss						
8311	Remeasurement of defined benefit programs	6(12)	\$ 2,739	-	(\$ 2,331)	-
8316	Unrealized gains (losses) on investments in equity instruments as at fair value through other comprehensive income	6(3)	-	-	21	-
8349	Income taxes related to the items not re-classified	6(22)	(548)	-	466	-
8310	Total of items not re-classified		<u>2,191</u>	-	<u>(1,844)</u>	-
Items that may be reclassified						
subsequently to profit or loss						
8361	Exchange differences on translating the financial statements of foreign operations		4,898	1	(1,273)	-
8399	Income tax relating to items that may be reclassified	6(22)	(980)	-	255	-
8360	Total of items that may be reclassified subsequently to profit or loss		<u>3,918</u>	1	<u>(1,018)</u>	-
8300	Other comprehensive income of the year (net)		<u>\$ 6,109</u>	1	<u>(\$ 2,862)</u>	-
8500	Total comprehensive income (loss) for the period		<u>\$ 11,276</u>	2	<u>\$ 16,547</u>	3
Basic earnings per share						
9750	Basic earnings per share	6(23)	\$	0.12	\$	0.46
Diluted earnings per share						
9850	Diluted earnings per share	6(23)	\$	0.12	\$	0.46

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.
Stand-alone Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

Note	Common share capital	Capital reserve			Retained earnings			Other equities		Total equity
		Capital reserve - issuance premium	Capital reserve - gains from disposed assets	Capital reserve - gifted assets	Statutory reserves	Special reserve	Undistributed earnings (Deficits to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets as at fair value through other comprehensive income	
<u>2021</u>										
Balance at January 1, 2021	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 31,338	\$ 2,414	\$ 38,077	(\$ 8,326)	(\$ 125)	\$ 490,521
Current net profit	-	-	-	-	-	-	19,409	-	-	19,409
Other comprehensive income for the period	-	-	-	-	-	-	(1,865)	(1,018)	21	(2,862)
Total comprehensive income for the period	-	-	-	-	-	-	17,544	(1,018)	21	16,547
Earning provision and appropriate for 2020:	6(15)									
Provided for statutory reserves	-	-	-	-	3,808	-	(3,808)	-	-	-
Provided for special reserves	-	-	-	-	-	8,451	(8,451)	-	-	-
Cash dividends	-	-	-	-	-	-	(21,222)	-	-	(21,222)
Balance as of December 31, 2021	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 35,146	\$ 10,865	\$ 22,140	(\$ 9,344)	(\$ 104)	\$ 485,846
<u>2022</u>										
Balance as of January 1, 2022	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 35,146	\$ 10,865	\$ 22,140	(\$ 9,344)	(\$ 104)	\$ 485,846
Current net profit	-	-	-	-	-	-	5,167	-	-	5,167
Other comprehensive income for the period	-	-	-	-	-	-	2,191	3,918	-	6,109
Total comprehensive income for the period	-	-	-	-	-	-	7,358	3,918	-	11,276
2021 Earnings Provision and Distribution:	6(15)									
Provided for statutory reserves	-	-	-	-	1,754	-	(1,754)	-	-	-
Provided for special reserves	-	-	-	-	-	997	(997)	-	-	-
Cash dividends	-	-	-	-	-	-	(14,855)	-	-	(14,855)
Balance as of December 31, 2022	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 36,900	\$ 11,862	\$ 11,892	(\$ 5,426)	(\$ 104)	\$ 482,267

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.
Standalone Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Net profit before tax for the year		\$ 8,438	\$ 23,634
Adjusted items			
Income/expenses items			
Depreciation expense	6(21)	10,191	9,085
Amortization expenses	6(21)	662	683
Expected credit impairment losses (incomes)	12(2)	(76)	38
Interest expenses	6(20)	198	202
Interest revenue	6(17)	(1,100)	(427)
Dividend income	6(18)	-	(22)
Share of the incomes of the subsidiaries, affiliates and joint ventures recognized with the equity method	6(6)		
		3,322	(3,621)
Loss from disposal of and scrapping property, plant and equipment	6(19)	26	75
Realized (unrealized) gain of sales		(644)	(590)
Gains on lease modification	6(19)	(337)	-
Changes in assets/liabilities related the operating activities			
Net changes in assets related the operating activities			
Notes receivable		(1,472)	(2,287)
Accounts receivable		15,138	(947)
Accounts receivable - related parties		14,683	3,397
Other receivables - related parties		(7,659)	(5,298)
Inventories		5,024	(2,352)
Other current assets - others		(286)	1,593
Net changes in liabilities related the operating activities			
Contract liabilities		(843)	272
Accounts payable		(9,188)	16,779
Accounts payable - related parties		1,067	-
Other payables		(946)	7,358
Other current assets - others		(5,407)	725
Net defined benefit assets and liabilities - non-current net changes		(435)	(460)
Cash inflow provided by operating activities		30,356	47,837
Interest received		710	402
Dividends received		-	22
Interest paid		(198)	(202)
Income tax paid		(4,737)	(10,622)
Net cash inflow from operating activities		26,131	37,437
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized costs		(34,639)	(41,120)
Acquisition of property, plant and equipment	6(7)	(6,330)	(4,461)
Disposal of property, plant and equipment		138	-
Acquisition of intangible assets	6(9)	(421)	-
(Decrease) Increase in refundable deposits		67	(17)
Other non-current assets - other addition		(7,340)	(3,354)
Net cash outflow from investment activities		(48,525)	(48,952)
<u>Cash flows from financing activities</u>			
Repayment of lease liabilities		(1,594)	(1,581)
Distribution of cash dividends	6(15)	(14,855)	(21,222)
Net cash outflow from financing activities		(16,449)	(22,803)
Decrease in cash and cash equivalents in this period		(38,843)	(34,318)
Beginning balance cash and cash equivalents for the period		139,858	174,176
End balance cash and cash equivalents for the period		\$ 101,015	\$ 139,858

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.
Notes to Parent-only Financial Statements
2022 and 2021

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 24, 2023 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 summarizes the new, revised or amended IFRSs endorsed and issued into effect by the FSC and their interpretation applicable since 2022:

<u>New, revised or amended IFRSs and IFRIC</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 3, “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16, “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37, “Onerous Contracts — Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRSs 2018-2020	January 1, 2022

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 summarizes the new, revised or amended IFRSs endorsed by the FSC and their interpretation applicable since 2023:

<u>New, revised or amended IASs and SICs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimation”	January 1, 2023
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	January 1, 2023

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

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

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

<u>New, revised or amended IFRSs and IFRICs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed by IASB
Amendments to IFRS 16 “Sale and Leaseback Transactions”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “First time of application of IFRS 17 and IFRS 9— comparison information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1: “Non-current Liabilities with Covenants”	January 1, 2024

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

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

(II) Basis of preparation

1. Other than the following important items, the parent-only financial report was prepared based on the historic costs:
 - (1) Financial assets measured at FVOCI measured at fair value.
 - (2) Defined assets or liabilities recognized at the retirement fund asset deducting the net current value of defined benefit obligation.
2. To prepare the IFRS-compliant financial reports, some important accounting estimates are required. And the management’s judgements required during the process of applying the Company’s accounting policies. For the items involving high judgement or complexity, or involving the material assumptions and estimates of the parent-only financial reports, please refer to Note 5.

(III) Foreign currency translation

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

1. Foreign currency transaction and balance

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

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

2. Translation of the foreign operations

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

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

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

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

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

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

(V) Cash equivalents

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

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

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

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

(VII) Financial assets measured at amortized cost

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

(VIII) Accounts and notes receivable

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

(IX) Financial asset impairment

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

(X) Derecognition of financial assets

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

(XI) Inventories

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

(XII) Investment/subsidiary adopting the equity method

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

(XIII) Property, Plant and Equipment

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

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

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

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities since the day availing to the 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 3 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 values. The recoverable amount is the higher between the fair value less costs to dispose and

the value in use. Where the situation of asset impairment recognized in previous years does not exist or reduces, the impairment loss is reversed; provided, the carrying amount of the asset increased with the reversed impairment loss shall not exceed the carrying amount of the asset deducting the depreciation or amortization if the impairment loss was not recognized.

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

(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.

(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 customer, i.e., when the

products are delivered to the customer, the customer has the discretion over the sales channel and price of the products, and the Company has no unperformed contractual obligations that may affect the customer's acceptance of the products. The delivery of good only occurs when products are transported to the designated location, and the risks of obsolescence and loss are transferred to the customer, while the customer accepts the product pursuant to the sales contract, or any objective evidence showing all the acceptance standards are met.

2. The sales revenues are recognized as the net amount of the contractual price excluding the estimated quantity discount/sales discount/ price deduction. The quantity discount/sales discount/price deduction given to customers are usually calculated based on the expected sales amount. The Company estimates such with the most possible amount based on the historic experience. The recognized amount of revenue is limited to the material reversals very unlikely incurring in the futures, and updated and estimated at each balance sheet date. As of the balance sheet date, the estimated quantity discount/sales discount/ price deduction payable to customers related the sales are recognized as the refund liabilities. The payment terms of the revenues from sales are generally due 30 to 90 days from the shipping date. Since the time to transfer the committed products or services to the customer, until the time when the payment is made by the customer is within one year, the Company does not adjust the transaction prices to reflect the monetary time value.
3. Accounts receivable are recognized at the time when the products delivered to customers, because since that point of time, the Company has no conditional rights over the contractual considerations, and only to receive the proceeds after the time goes by.

(XXIV) Government grants

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

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

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

(I) Key judgements adopted for accounting policies

None.

(II) Key estimates and assumptions

1. Estimation of the refund liabilities

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

On December 31, 2022, the refund liability recognized by the Company was \$15,129 (under other current assets - others).

2. Inventory valuation

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

On December 31, 2022, the carrying amount of the inventories was NT\$88,410.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and penny cash	\$ 135	\$ 135
Checking and demand deposit	41,067	59,787
Cash equivalents - short-term bills	<u>59,813</u>	<u>79,936</u>
	<u>\$ 101,015</u>	<u>\$ 139,858</u>

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

(II) Financial assets measured at amortized cost - current

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current item:		
Time deposits with an initial maturity of within three months	<u>\$ 89,999</u>	<u>\$ 55,360</u>

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

	<u>2022</u>	<u>2021</u>
Revenues of interests from financial assets at amortized costs	<u>\$ 648</u>	<u>\$ 127</u>

2. The banks and financial institutions dealing with the Company have good credit quality, rated at least "A" from independent rating agencies, and the probability of default is expected extremely low.

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

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Shares not listed in TWSE, TPex, or emerging stock market	\$ 238	\$ 238
Valuation adjustment	<u>(104)</u>	<u>(104)</u>
Total	<u>\$ 134</u>	<u>\$ 134</u>

1. The Company elects to classify the equity investment for receiving dividend stably as the financial assets measured at FVOCI. The fair values of such investments at December 31, 2022

and 2021 both were NT\$ 134

2. Details of financial assets at fair value through other comprehensive profit or loss recognized under the profit and loss and comprehensive income are as below

<u>Equity instruments at FVOCI</u>	<u>2022</u>	<u>2021</u>
Changes in fair value recognized in other comprehensive income	\$ <u> </u> -	\$ <u> </u> 21

3. Without considering the collaterals held or other credit enhancement, at December 31, 2022 and 2021, the maximum amount exposed to the credit risk of the financial assets at fair value through other comprehensive income representing the Company most were both NT\$134, respectively.
4. Please refer to Note 12(2) for the information on the credit risk of financial assets measured at FVOCI.

(IV) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 6,479	\$ 5,007
Less: loss allowance	(65)	(50)
	<u>\$ 6,414</u>	<u>\$ 4,957</u>
Accounts receivable	\$ 78,164	\$ 93,302
Less: loss allowance	(48)	(139)
	<u>\$ 78,116</u>	<u>\$ 93,163</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
0 - 4 months	\$ 78,164	\$ 6,479	\$ 93,226	\$ 5,007
4 - 6 months	-	-	-	-
6- 9 months	-	-	-	-
9 - 12 months	-	-	-	-
More than one year	<u>-</u>	<u>-</u>	<u>76</u>	<u>-</u>
	<u>\$ 78,164</u>	<u>\$ 6,479</u>	<u>\$ 93,302</u>	<u>\$ 5,007</u>

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

2. On December 31, 2022 and 2021, 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, 2021 was NT\$95,075.
3. Without considering the collaterals held or other credit enhancement, at December 31, 2022 and 2021, the maximum amount exposed to the credit risk of the notes receivable representing the Company most were NT\$6,414 and NT\$4,957, respectively. The maximum amount exposed to the credit risk of the accounts receivable representing the Company most at December 31, 2022 and 2021, were NT\$78,116 and NT\$93,163, respectively.
4. The Company holds the NCDs and lands as the collaterals for accounts receivable.
5. Please refer to Note 12(2) for the information on credit risk of the related notes and accounts receivable.

(V) Inventories

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

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Loss allowance</u>	<u>Carrying value</u>
Raw materials	\$ 20,890	(\$ 448)	\$ 20,442
Parts	23,091	(1,978)	21,113
Work in progress	3,901	(62)	3,839
Finished products	44,822	(597)	44,225
Goods	<u>3,999</u>	<u>(184)</u>	<u>3,815</u>
	<u>\$ 96,703</u>	<u>(\$ 3,269)</u>	<u>\$ 93,434</u>

The inventory expenses recognized by the Company as expenses:

	<u>2022</u>	<u>2021</u>
Costs of sold inventories	\$ 345,389	\$ 362,346
Revenues from selling scrapes and wasted materials	(846)	(893)
Inventory (gain from price recovery) valuation loss (Note)	(1,340)	783
Inventory income	(759)	(72)
Scrape loss	<u>1,908</u>	<u>1,113</u>
	<u>\$ 344,352</u>	<u>\$ 363,277</u>

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

(VI) Investment adopting the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pacific Worldwide Holdings Ltd.	<u>\$ 62,725</u>	<u>\$ 60,505</u>

1. For the information on subsidiaries, please refer to Note 4(3) of the 2022 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, 2022, the accumulated invested capital was US\$5,000 thousand.
3. The amount of gain and loss from investments recognized with the equity method in 2022 and 2021 were loss of NT\$3,322 and gain of NT\$3,621.

(VII) Property, Plant and Equipment

<u>Land</u>	<u>Houses and buildings</u>	<u>Machine and equipment</u>	<u>Other equipment</u>	<u>Total</u>
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January 1, 2022

Cost	\$ 98,180	\$ 110,577	\$ 58,065	\$ 23,413	\$ 290,235
Accumulated depreciation	<u>-</u>	<u>(73,577)</u>	<u>(48,468)</u>	<u>(17,093)</u>	<u>(139,138)</u>
	<u>\$ 98,180</u>	<u>\$ 37,000</u>	<u>\$ 9,597</u>	<u>\$ 6,320</u>	<u>\$ 151,097</u>

2022

January 1	\$ 98,180	\$ 37,000	\$ 9,597	\$ 6,320	\$ 151,097
Addition	-	1,134	3,620	1,576	6,330
Disposal	-	-	(17)	(147)	(164)
Depreciation expense	<u>-</u>	<u>(3,126)</u>	<u>(3,140)</u>	<u>(2,259)</u>	<u>(8,525)</u>
December 31	<u>\$ 98,180</u>	<u>\$ 35,008</u>	<u>\$ 10,060</u>	<u>\$ 5,490</u>	<u>\$ 148,738</u>

December 31, 2022

Cost	\$ 98,180	\$ 111,711	\$ 61,581	\$ 23,544	\$ 295,016
Accumulated depreciation	<u>-</u>	<u>(76,703)</u>	<u>(51,521)</u>	<u>(18,054)</u>	<u>(146,278)</u>
	<u>\$ 98,180</u>	<u>\$ 35,008</u>	<u>\$ 10,060</u>	<u>\$ 5,490</u>	<u>\$ 148,738</u>

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machine and equipment</u>	<u>Other equipment</u>	<u>Total</u>
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January 1, 2021

Cost	\$ 98,180	\$ 110,317	\$ 56,467	\$ 21,308	\$ 286,272
Accumulated depreciation	<u>-</u>	<u>(70,799)</u>	<u>(47,581)</u>	<u>(13,751)</u>	<u>(132,131)</u>
	<u>\$ 98,180</u>	<u>\$ 39,518</u>	<u>\$ 8,886</u>	<u>\$ 7,557</u>	<u>\$ 154,141</u>

2021

January 1	\$ 98,180	\$ 39,518	\$ 8,886	\$ 7,557	\$ 154,141
Addition	-	260	1,938	2,263	4,461
Disposal	-	-	(42)	(33)	(75)
Depreciation expense	<u>-</u>	<u>(2,778)</u>	<u>(1,185)</u>	<u>(3,467)</u>	<u>(7,430)</u>
December 31	<u>\$ 98,180</u>	<u>\$ 37,000</u>	<u>\$ 9,597</u>	<u>\$ 6,320</u>	<u>\$ 151,097</u>

December 31, 2021

Cost	\$ 98,180	\$ 110,577	\$ 58,065	\$ 23,413	\$ 290,235
Accumulated depreciation	<u>-</u>	<u>(73,577)</u>	<u>(48,468)</u>	<u>(17,093)</u>	<u>(139,138)</u>
	<u>\$ 98,180</u>	<u>\$ 37,000</u>	<u>\$ 9,597</u>	<u>\$ 6,320</u>	<u>\$ 151,097</u>

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

(VIII) Lease transaction - lessee

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

	<u>December 31, 2022</u>	<u>2022</u>
	<u>Carrying amount</u>	<u>Depreciation expense</u>
Houses and buildings	\$ <u>14,702</u>	\$ <u>1,666</u>
	<u>December 31, 2021</u>	<u>2021</u>
	<u>Carrying amount</u>	<u>Depreciation expense</u>
Houses and buildings	\$ <u>8,724</u>	\$ <u>1,655</u>

The changes in the right-of-use assets of the Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Houses and buildings</u>	<u>Houses and buildings</u>
January 1	\$ 8,724	\$ 10,379
Addition	14,862	-
Lease modification	(7,218)	-
Depreciation expense	(<u>1,666</u>)	(<u>1,655</u>)
December 31	<u>\$ 14,702</u>	<u>\$ 8,724</u>

3. The addition to right-of-use assets of the Company in 2022 and 2021 were NT\$14,862 and NT\$0 respectively.
4. The information of profit and loss items related to lease contracts are as below:

	<u>2022</u>	<u>2021</u>
<u>Items affecting the profit and loss of the current period</u>		
Interest expenses of the lease liabilities	\$ 198	\$ 196
Expenses under the short-term lease contracts	657	519
Gains on lease modification	337	-

5. The total of cash outflow from leases in 2022 and 2021 were NT\$2,449 and NT\$2,296, respectively.

(IX) Intangible assets

	<u>Computer software</u>		<u>Computer software</u>
January 1, 2022		January 1, 2021	
Cost	\$ 11,677	Cost	\$ 11,677
Accumulated amortization	(<u>11,346</u>)	Accumulated amortization	(<u>10,663</u>)
	<u>\$ 331</u>		<u>\$ 1,014</u>
<u>2022</u>		<u>2021</u>	
January 1	\$ 331	January 1	\$ 1,014

Addition - sourced from individual acquisition	421	Addition - sourced from individual acquisition	-
Amortization expenses	<u>(662)</u>	Amortization expenses	<u>(683)</u>
December 31	<u>\$ 90</u>	December 31	<u>\$ 331</u>
December 31, 2022		December 31, 2021	
Cost	\$ 12,098	Cost	\$ 11,677
Accumulated amortization	<u>(12,008)</u>	Accumulated amortization	<u>(11,346)</u>
	<u>\$ 90</u>		<u>\$ 331</u>

(X) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payable	\$ 15,420	\$ 16,578
Promotional expenses payable	6,687	5,670
Advertisement expenses payable	5,519	6,849
Freight payable	7,031	6,659
Remunerations to employees, directors, and supervisors payable	600	2,227
Other payables	<u>13,628</u>	<u>11,848</u>
	<u>\$ 48,885</u>	<u>\$ 49,831</u>

(XI) Other current assets - others

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refund liabilities	\$ 15,129	\$ 20,485
Other current liabilities	<u>393</u>	<u>444</u>
	<u>\$ 15,522</u>	<u>\$ 20,929</u>

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current value of the defined benefit obligation	\$ 27,520	\$ 29,989
Fair value of the plan assets	<u>(29,196)</u>	<u>(28,491)</u>
Net defined benefit (assets) liabilities	<u>(\$ 1,676)</u>	<u>\$ 1,498</u>

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

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

	<u>Current value of the defined benefit obligation</u>	<u>Fair value of the plan assets</u>	<u>Net defined benefit liabilities</u>
2021			
Balance at January 1	\$ 28,939	(\$ 29,312)	(\$ 373)
Interest expenses (income)	<u>85</u>	<u>(87)</u>	<u>(2)</u>
	<u>29,024</u>	<u>(29,399)</u>	<u>(375)</u>
Remeasurement			
Return of plan assets (not including the amount included in the interest income or expenses)	-	(437)	(437)
Effects of the change in demographic statistic estimate	37	-	37

Effects of the change in financial estimate	(842)	- (842)
Experience adjustment	<u>3,573</u>	<u>- 3,573</u>
	<u>2,768</u>	<u>(437) 2,331</u>
Pension fund contribution	-	(458) (458)
Pension payment	<u>(1,803)</u>	<u>1,803 -</u>
Balance at December 31	<u>\$ 29,989</u>	<u>(\$ 28,491) \$ 1,498</u>

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

	<u>2022</u>	<u>2021</u>
Interest costs	\$ 191	\$ 85
Interest expenses	<u>(183)</u>	<u>(87)</u>
Pension expense (income) of pension for the current period	<u>\$ 8</u>	<u>(\$ 2)</u>

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

	<u>2022</u>	<u>2021</u>
Sales cost	\$ 3	\$ -
Selling expenses	3	(1)
Administrative expenses	<u>2</u>	<u>(1)</u>
	<u>\$ 8</u>	<u>(\$ 2)</u>

(5) The fund assets of the Company's defined benefit retirement plans are the items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, or investment in domestic or foreign real estate and its securitization products) commissioned to Bank of Taiwan as a mandate to operate within the proportion and amount specified in the annual investment utilization plan of the Fund; the related utilization is overseen by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the lowest return on the Fund will not be lower than the interest of the local bank's two-year Time Deposit rate; for any deficit, the National Treasury will compensate upon the approval of the competent authority. Since the Company is not entitled to participate in the operations and management of the Fund, it is unable to disclose the categories of the fair value of plan assets pursuant to Section 142, IAS 19. Please refer to the Annual Labor Pension Fund Utilization Report announced by the government for the fair values composing the total assets of the Fund at December 31, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.25%</u>	<u>0.65%</u>
Increasing rate of the future wage	<u>2.00%</u>	<u>2.00%</u>

The assumptions of the future mortality rates of 2022 and 2021 were based on the statistics of the 5th and the 6th Experience Life Table of Life Insurance Industry in Taiwan and the

experiences.

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

	<u>Discount rate</u>		<u>Increasing rate of the future wage</u>	
	<u>Increase by 0.10%</u>	<u>Decrease by 0.10%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2022				
Effect on the current value of the defined benefit obligation	<u>(\$ 204)</u>	<u>\$ 206</u>	<u>\$ 515</u>	<u>(\$ 503)</u>
December 31, 2021				
Effect on the current value of the defined benefit obligation	<u>(\$ 236)</u>	<u>\$ 239</u>	<u>\$ 594</u>	<u>(\$ 579)</u>

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

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

(7) The Group is expected to pay \$511 as the contribution to the retirement plan in 2023.

(8) As of December 31, 2022, the weighted average duration of the retirement plan is seven years.

The maturity analysis of the pension payment is as below:

Less than one year	\$	801
1 - 2 years		3,686
2 - 5 years		5,357
More than 5 years		<u>20,153</u>
	\$	<u>29,997</u>

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

(2) In 2022 and 2021, the Company recognized NT\$4,063 and NT\$4,065 as the pension costs pursuant to the aforesaid retirement procedures.

(XIII) Share capital

As of December 31, 2022, 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. The net income of the Company after the annual settlement, other than withholding the income tax, shall make up for accumulated losses in previous years, and set aside 10% as legal reserve; the special reserves shall be provided or reversed where necessary. If any balance is left, with the undistributed earnings accumulated from previous years, the Board of Directors prepares the proposal of distribution to be submitted to the shareholders' meeting for resolution.
3. Pursuant to the Company's Articles of Incorporation, the Company's dividend policy is to plan and measure the capital needed for the coming years based on the future capital budgets, and after reserving the capital needed, the remaining earnings may be distributed in the manner of cash dividends. The percentage of the cash dividend payment shall not be less than 10% of the total dividends; the remaining earnings are paid in share dividends. Where the cash dividends to be distributed are less than NT\$0.1 per share, the distribution may be exempted.
4. The legal reserve and the capital reserve shall not be used except for making good the deficit (or loss) of the company or distributing new shares or cash to its original shareholders in proportion; provided the distribution of new shares or cash may not exceed 25% of the part of the reserve over the paid-in capital.
5. When distributing the earnings, the distribution may only be made from the special surplus reserve provided from the debit balance of the other equity item at the balance sheet date of the current year; later the reversal amount may be accounted to the distributable earnings when reversing the debit balance of the other equity item.

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

6. On August 24, 2021, the earning distribution for 2020 proposed by the Board was as below:

		<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	
Statutory reserves	\$ 3,808		
Special reserve	8,451		
Cash dividends	<u>21,222</u>	\$	0.50
	<u>\$ 33,481</u>		

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

2021

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

8. On March 24, 2023, the 2022 earning distribution proposal was approved upon the resolution adopted by the board of directors; 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.

(XVI) Operating Revenue

	<u>2022</u>	<u>2021</u>
Revenues from customers' contracts	<u>\$ 542,587</u>	<u>\$ 584,417</u>

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

1. Contract liabilities:

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities:			
Contract liabilities - advances on sales	<u>\$ 291</u>	<u>\$ 1,134</u>	<u>\$ 862</u>

2. Beginning contract liabilities Revenues recognized for the current period

	<u>2022</u>	<u>2021</u>
Beginning balance of contract liabilities Revenues recognized for the current period		
Advances of sales	<u>\$ 1,071</u>	<u>\$ 828</u>

(XVII) Interest revenue

	<u>2022</u>	<u>2021</u>
Interest from bank deposit	\$ 281	\$ 203
Revenues of interests from financial assets at amortized costs	648	127
Other interest incomes	<u>171</u>	<u>97</u>
	<u>\$ 1,100</u>	<u>\$ 427</u>

(XVIII) Other income

	<u>2022</u>	<u>2021</u>
Compensation revenues	\$ 30	\$ 1,516
Subsidy revenues	-	966
Dividend income	-	22
Other income	<u>553</u>	<u>502</u>
	<u>\$ 583</u>	<u>\$ 3,006</u>

(XIX) Other gains or losses

	<u>2022</u>	<u>2021</u>
Loss from disposal of property, plant and equipment	(\$ 26)	(\$ 75)
Gains on lease modification	337	-
Net gain (loss) from foreign currency exchange	12,027	(1,897)
Misc expenditures	<u>-</u>	<u>(5)</u>
	<u>\$ 12,338</u>	<u>(\$ 1,977)</u>

(XX) Financial costs

	<u>2022</u>	<u>2021</u>
Interest of letter of credit	\$ -	\$ 6
Interests of the lease liabilities	<u>198</u>	<u>196</u>
	<u>\$ 198</u>	<u>\$ 202</u>

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

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

By Function By nature	2021		
	Belonging to operating costs	Belonging to operating expenses	Total
Personnel expenses			
Wage expenses	\$ 31,479	\$ 59,284	\$ 90,763
Labor and health insurance expenses	3,468	5,852	9,320
Pension expenses	1,271	2,792	4,063
Other personnel expenses	1,407	1,835	3,242
Depreciation expense	4,529	4,556	9,085
Amortization expenses	-	683	683

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 estimated amount of the employee remunerations for 2022 and 2021 were NT\$480 and NT\$1,782; the estimated amount of the director and supervisor remunerations were NT\$120 and NT\$445. The said amounts were accounted under the wage expenses.

In 2022, the estimates were made at approximately 7% and 2% based on the profit as of the current period. The employee remuneration and director and supervisor remuneration resolved for 2021, and the employee remuneration of NT\$1,782 and director and supervisor remuneration of NT\$445 recognized in the 2021 financial report, had difference of (\$482) and (\$165), respectively; these were adjusted in the 2022 profit and loss.

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

(XXII) Income tax

1. Income tax expenses

(1) Compositions of the income tax expenses:

	<u>2022</u>	<u>2021</u>
Income tax of the current period:		
Income tax generated from the income of the current period:	\$ 8	\$ 4,146
Levied on the undistributed earnings	-	230
Under underestimates of the income tax in previous years	<u>1,755</u>	<u>89</u>
Total income tax of the current period	<u>1,763</u>	<u>4,465</u>
Deferred income tax:		
Origin and reversal of the temporary difference	<u>\$ 1,508</u>	<u>(\$ 240)</u>
Total deferred income tax	<u>1,508</u>	<u>(240)</u>
Income tax expenses	<u>\$ 3,271</u>	<u>\$ 4,225</u>

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

	<u>2022</u>	<u>2021</u>
Difference from translation of the foreign operations	\$ 980	(\$ 255)
Remeasurement of defined benefit obligations	<u>548</u>	<u>(466)</u>
	<u>\$ 1,528</u>	<u>(\$ 721)</u>

2. Relationship between the income tax expenses and accounting profits

	<u>2022</u>	<u>2021</u>
Income tax calculated at the statutory tax rate for the net profit before tax	\$ 1,688	\$ 4,727
Effects of income tax from the excluded items pursuant to the tax laws	530	(821)
Change in the realizability for the deferred income tax assets	(710)	-
Not to be credited for the withheld tax of offshore income	8	-
Under underestimates of the income tax in previous years	1,755	89
Levied on the undistributed earnings	<u>-</u>	<u>230</u>

Income tax expenses \$ 3,271 \$ 4,225

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

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized under profit and loss</u>	<u>Recognized under other comprehensive incomes</u>	<u>December 31</u>
Deferred income tax assets:				
- Temporary difference:				
Exchange difference of the foreign operations	\$ 5,427	\$ -	(\$ 980)	\$ 4,447
Employee benefit actuarial income and loss	3,103	-	(548)	2,555
Others	2,090	(1,023)	-	1,067
Tax loss	-	519	-	519
Investment credit	-	710	-	710
	<u>\$ 10,620</u>	<u>\$ 206</u>	<u>(\$ 1,528)</u>	<u>\$ 9,298</u>
- Deferred tax liabilities:				
Reserve for added value of land	\$ 16,036	\$ -	\$ -	\$ 16,036
Unrealized exchange gains	-	1,714	-	1,714
	<u>\$ 16,036</u>	<u>\$ 1,714</u>	<u>\$ -</u>	<u>\$ 17,750</u>
	<u>2021</u>			
	<u>January 1</u>	<u>Recognized under profit and loss</u>	<u>Recognized under other comprehensive incomes</u>	<u>December 31</u>
Deferred income tax assets:				
- Temporary difference:				
Exchange difference of the foreign operations	\$ 5,172	\$ -	\$ 255	\$ 5,427
Employee benefit actuarial income and loss	2,637	-	466	3,103
Others	1,850	240	-	2,090
	<u>\$ 9,659</u>	<u>\$ 240</u>	<u>\$ 721</u>	<u>\$ 10,620</u>
- Deferred tax liabilities:				
- Reserve for added value of land	<u>\$ 16,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,036</u>

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

December 31, 2022

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

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

December 31, 2022

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

6. The profit-seeking enterprise income tax have been approved by the tax collection authority up to 2020.

(XXIII) Earnings per share

	<u>2022</u>		
	<u>Amount</u>	<u>Number of weighted average outstanding shares</u>	<u>Earnings per share</u>
	<u>(NT\$ thousand)</u>	<u>(Thousand shares)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Current net profit	<u>\$ 5,167</u>	<u>42,444</u>	<u>\$ 0.12</u>
<u>Diluted earnings per share</u>			
Current net profit	5,167	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	<u>-</u>	<u>15</u>	
Net profit of the current period belonging to the holders of common shares plus effects of potential common shares	<u>\$ 5,167</u>	<u>42,459</u>	<u>\$ 0.12</u>
	<u>2021</u>		
	<u>Amount</u>	<u>Number of weighted average outstanding shares</u>	<u>Earnings per share</u>
	<u>(NT\$ thousand)</u>	<u>(Thousand shares)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Current net profit	<u>\$ 19,409</u>	<u>42,444</u>	<u>\$ 0.46</u>
<u>Diluted earnings per share</u>			
Current net profit	19,409	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	<u>-</u>	<u>71</u>	

Net profit of the current period belonging to the holders of common shares plus effects of potential common shares

\$ 19,409 42,515 \$ 0.46

VII. Related Party Transaction

(I) Parent company and the ultimate controller

The Company is controlled by Pacific Worldwide Investment Co., Ltd. (registered and incorporated in the R.O.C.), which owns 16% of the Company's stake; and the directors of Pacific Worldwide also owns the Company's shares, so it is determined as the substantial controller of the Company.

(II) Names and relationships of related parties

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

(III) Material transactions with the related parties

1. Processing by providing materials

In 2022 and 2021, the Company sold raw materials and semi finished products to the subsidiary, Mao Bao Vietnam Inc. for NT\$ 971 and NT\$541, respectively, to commission the subsidiary to process and produce products and buy the products back for assembling the products produced by the Company. The revenues from the sales of such raw materials and semi finished products were not included in the Company's operating revenues. The net amount of the processing expenses for the processing by providing materials in 2022 and 2021 were NT\$5,116 and NT\$4,651, and the payment term of the transaction is 30 days. As of December 31, 2022 and 2021, the unpaid payments were NT\$1,067 and NT\$0.

2. Sales

	<u>2022</u>	<u>2021</u>
Product sales		
- Subsidiary	\$ <u>17,685</u>	\$ <u>35,869</u>

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

3. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables of related party		
- Mao Bao (Shanghai) Trading	\$ 7,652	\$ 22,083
- Subsidiary	<u>127</u>	<u>379</u>
	<u>\$ 7,779</u>	<u>\$ 22,462</u>

4. Loaning of funds to a related party

Lending to a related party

A. End balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mao Bao Vietnam Inc.	\$ <u>21,503</u>	\$ <u>13,844</u>

B. Interest revenue

	<u>2022</u>	<u>2021</u>
Mao Bao Vietnam Inc.	\$ <u>171</u>	\$ <u>97</u>

The lending conditions to subsidiaries are repayment in a lump sum or by installment based on the profit. For 2022 and 2021, the interests were accrued at the annual interest rate of 1%.

(IV) Information on the compensations of the major management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 5,152	\$ 5,353
Benefit after retirement	<u>79</u>	<u>79</u>
Total	<u>\$ 5,231</u>	<u>\$ 5,432</u>

VIII. Pledged Assets

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

<u>Asset item</u>	<u>Carrying value</u>		<u>Purpose of guarantee</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Land	\$ 98,180	\$ 98,180	Limit of bank borrowings
Houses and buildings	<u>35,008</u>	<u>37,000</u>	"
	<u>\$ 133,188</u>	<u>\$ 135,180</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Events After Balance Sheet Date

For the earning distribution for 2022 approved upon the resolution adopted by the Board on March 24, 2023, 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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive profit or loss	<u>\$ 134</u>	<u>\$ 134</u>

Financial assets measured at amortized cost	\$ 306,188	\$ 330,685
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost	\$ 117,861	\$ 126,928
Lease liabilities	\$ 14,744	\$ 9,031

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

2. Risk management policy

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

3. Natures and degrees of material financial risks

(1) Market risk

Exchange rate risk

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

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

Financial liabilitiesMonetary items

USD: TWD	136	30.71	4,177
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December 31, 2021

	<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
	<u>(thousand)</u>		<u>(NT\$)</u>

Financial assetsMonetary items

USD: TWD	\$ 3,144	27.68	\$ 87,026
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CNY: TWD	6,740	4.34	29,279
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Non-monetary items

USD: TWD	2,186	27.68	60,505
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Financial liabilitiesMonetary items

USD: TWD	98	27.68	2,713
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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 2022 and 2021 were gain of NT\$12,027 and loss of NT\$1,897, respectively.

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

2022Sensitivity analysis

	<u>Extent of change</u>	<u>Affecting profit</u>	<u>Affecting other</u>
		<u>and loss</u>	<u>comprehensive income</u>

Financial assetsMonetary items

USD: TWD	1%	\$ 1,166	\$ -
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CNY: TWD	1%	226	-
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Non-monetary items

USD: TWD	1%	-	627
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Financial liabilitiesMonetary items

USD: TWD	1%	42	-
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2021Sensitivity analysis

	<u>Extent of change</u>	<u>Affecting profit</u>	<u>Affecting other</u>
		<u>and loss</u>	<u>comprehensive income</u>

Financial assets

Monetary items

USD: TWD	1%	\$	870	\$	-
CNY: TWD	1%		293		-

Non-monetary items

USD: TWD	1%		-		605
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Financial liabilities

Monetary items

USD: TWD	1%		27		-
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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 2022 and 2021 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, 2022 and 2021 are as follows:

	<u>Evaluating the</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	100%	0.03%	0.03%~0.06%	0.03%~1.00%	
Total carrying value	\$ -	\$ 7,779	\$ 78,164	\$ 6,479	\$ 92,422
Loss allowance	\$ -	\$ -	\$ 48	\$ 65	\$ 113
	<u>Evaluating the</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2021</u>					
Expected loss rate	100.00%	0.03%	0.03%~0.11%	0.03%~1.00%	
Total carrying value	\$ 37	\$ 22,462	\$ 93,265	\$ 5,007	\$ 120,771
Loss allowance	\$ 37	\$ -	\$ 102	\$ 50	\$ 189

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

	<u>2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
January 1	\$ 50	\$ 139
Provision of loss allowance	15	-
Reversal of impairment loss	-	(91)
December 31	<u>\$ 65</u>	<u>\$ 48</u>
	<u>2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
January 1	\$ 27	\$ 124
Provision of loss allowance	23	15
December 31	<u>\$ 50</u>	<u>\$ 139</u>

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

(3) Liquidity risk

- A. The forecast of cash flow is conducted by the Company, and aggregated by the Finance Department. The Finance Department monitors the forecast of required liquidity of the Company, to ensure sufficient funds to support the operating demands, and always maintaining the sufficient un-drawn borrowing commitment limit so that the Company will not breach the related borrowing limits or terms.
- B. Where the remaining cash held by the Company exceeds the required working capital for the purpose of management, the Finance Department will invest the remaining funds in the time deposits with interests, money market deposit, and marketable securities. The instruments selected have proper maturity or sufficient liquidity to support the aforesaid forecasts with enough level for deployment. As of December 31, 2022 and 2021, the money market position held by the Company were NT\$100,880 and NT\$139,723, and it is expected to generate cash flow instantly to manage the liquidity risk.
- C. The undrawn borrowing limit of the Company, NT\$110,000 are all expired within a year.
- D. The following table are the Company's non-derivative liabilities and grouped by the related expiry dates; the non-derivative liabilities are analyzed by the remaining period between the balance sheet date to the contract expiry dates. The contractual cash flows disclosed in the following table are the undiscounted amounts.

Non-derivative liabilities:

Lease liabilities

	<u>December 31, 2022</u>		<u>December 31, 2021</u>
Within a year	\$ 1,837	\$	1,777
More than one year	14,175		7,627

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

(III) Information on fair value

- 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.
- The carrying amount of the Company's cash and cash equivalents, financial assets at amortized costs accounted (time deposits with an initial maturity of within three months, notes receivable, accounts receivable (related parties included), other receivables (related parties included), refundable deposit, accounts payable (related parties included) and other payable are the reasonable approximate value of the fair value financial assets not measured at fair value.
- For the financial assets measured at fair values, the Company classified them by the natures, characteristics, and risks of assets and liabilities, and the level of fair value. The related information is as below:

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

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Repetitive fair value</u>				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 134</u>

4. During 2022 and 2021, there was no transfer between Level 1 and Level 2.
5. The following table demonstrate the changes in Level 3 during 2022 and 2021.

	<u>2022</u>	<u>2021</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 134	\$ 113
Profit or loss recognized under other comprehensive incomes accounted for investments in equity instruments measured at FVOCI		
Unrealized valuation gain or loss	-	21
December 31	<u>\$ 134</u>	<u>\$ 134</u>

6. During 2022 and 2021, 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:

<u>December 31, 2022</u>	<u>Valuation techniques</u>	<u>Material unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair values</u>
<u>Fair value</u>				
Non-derivative equity instruments:				

Non TWSE or TPEX listed shares	\$	134	Comparable TWSE or TPEX listed company method	Multiplies of P/B ratio Market illiquidity discount	1.99 30%	The higher the multiplies are, the higher the fair value The higher the market illiquidity discount is, the lower the fair value is
		<u>December 31, 2021 Fair value</u>	<u>Valuation techniques</u>	<u>Material unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair values</u>
Non-derivative equity instruments:						
Non TWSE or TPEX listed shares	\$	134	Comparable TWSE or TPEX listed company method	Multiplies of P/E ratio Market illiquidity discount	26.40 30%	The higher the multiplies are, the higher the fair value The higher the market illiquidity discount is, the lower the fair value is

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

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

		<u>December 31, 2021</u>				
			<u>Recognized under profit and loss</u>		<u>Recognized under other comprehensive incomes</u>	
<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
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.

(IV) 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.

(V) Information on major shareholders

Information on major shareholders: please refer to Table 7.

XIV. Information on Departments

Not applicable.

Mao Bao Inc.
Statement of Cash and Cash Equivalents
December 31, 2022

Table 1

Unit: NT\$ thousand

Item	Summary	Amount
Working fund		\$ 135
Bank deposit		
- Checking deposit		1
- TWD deposit		21,658
- Foreign currency deposit	USD579,124.25 @exchange rate: 30.71	17,785
	CNY368,241.62 @ exchange rate 4.408	1,623
Cash equivalents		
- Short-term bills	The annual interest rate is 0.45~0.58% and all of them will expire by January 13, 2023.	59,813
		<u>\$ 101,015</u>

Mao Bao Inc.
Statement of Accounts Receivable
December 31, 2022

Table 2

Unit: NT\$ thousand

Name of customer	Summary	Amount	Remarks
Non-related party			
A	Sales	\$ 25,165	
B	"	11,642	
C	"	9,821	
Others	"	31,536	None of sporadic customer's balance exceeding 5% of the amount under the account.
Subtotal		78,164	
Less: bad debt allowance		(48)	
Total		<u>\$ 78,116</u>	
Related party:			
Mao Bao (Shanghai) Trading	Sales	\$ 7,652	
Subsidiary	"	127	None of sporadic customer's balance exceeding 5% of the amount under the account.
Total		<u>\$ 7,779</u>	

Mao Bao Inc.
Statement of Inventories
December 31, 2022

Table 3

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Raw materials	\$ 17,235	\$ 17,074	
Parts	16,234	15,825	
Work in progress	1,806	3,356	
Finished products	52,583	74,973	
Goods	<u>2,481</u>	<u>1,631</u>	
	90,339	<u>\$ 112,859</u>	
Less: allowance of inventory falling price and idle loss	<u>(1,929)</u>		
	<u>\$ 88,410</u>		

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, 2022 to December 31, 2022

Table 4

Unit: NT\$ thousand

Name	<u>Beginning balance</u>		<u>Increased during the period</u>		<u>Decreased during the period</u>		<u>Others</u>	<u>Ending balance</u>	Shareholding ratio	<u>Net worth of equity</u>			Guarantee or <u>pledge</u> provided
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Amount</u>			<u>Number of shares</u>	<u>Amount</u>	<u>Unit price</u>	
Pacific Worldwide Holdings Ltd.	5,000,015	<u>\$ 60,505</u>	-	<u>\$ -</u>	-	<u>(\$ 3,322)</u>	<u>\$ 5,542</u>	5,000,015	100%	<u>\$ 62,725</u>	\$ -	<u>\$ 62,725</u>	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, 2022

Table 5

Unit: NT\$ thousand

Name of supplier	Summary	Amount	Remarks
Non-related party			
A	Sales	6,452	
B	"	5,662	
C	"	4,400	
Others	"	51,395	None of sporadic supplier's balance exceeding 5% of the amount under the account.
		<u>\$ 67,909</u>	

Mao Bao Inc.
Statement of Operating Revenue
2022

Table 6

Unit: NT\$ thousand

Item	Quantity (pcs, set)	Amount	Remarks
Detergent series	6,107,509	\$ 402,554	
Domestic cleaning series	2,658,971	164,219	
Long-effect series	416,728	55,619	
Others	36,060	1,652	None of sporadic category's balance exceeding 5% of the amount under the account.
		624,044	
Less: returned goods		(3,279)	
Sales discount		(78,178)	
		<u>\$ 542,587</u>	

Mao Bao Inc.
Statement of Operating Costs
2022

Table 7

Unit: NT\$ thousand

Item	Subtotal	Amount
Raw materials		\$ 152,399
Beginning raw materials	\$ 20,890	
Plus: received materials in the period	151,048	
Surplus of raw material at the end of period	345	
Others	-	
Less: end raw materials	(17,235)	
Sales of raw materials	(745)	
Scrape loss	(115)	
Transfer to various expenses	(1,789)	
Part materials		131,986
Beginning materials	23,091	
Plus: received materials in the period	127,344	
Surplus of materials at the end of period	499	
Less: end materials	(16,234)	
Scrape loss	(1,376)	
Transfer to various expenses	(1,338)	
Direct manpower		8,980
Manufacturing Expenses		52,146
Manufacturing costs		345,511
Beginning work in progress		3,901
Plus: difference of material consumed for production		122
Less: end work in progress		(1,806)
Loss of inventories		(24)
Scrape loss		(393)
Transfer to various expenses		(775)
Costs of finished products		346,536

(continued in next page)

Mao Bao Inc.
Statement of Operating Costs (continue)
2022

Table 7

Unit: NT\$ thousand

Item	Subtotal	Amount
Beginning finished products		\$ 44,822
Plus: purchased finished products		108
Less: end finished products		(52,583)
Loss of inventories for finished products		(59)
Transfer to various expenses		(1,314)
Sales costs of in-house made merchandises		337,510
Sales costs of purchased merchandises		6,881
Plus: beginning merchandises	3,999	
Purchase of the period	5,333	
Others	56	
Less: end merchandises	(2,481)	
Loss of inventories	(2)	
Scrape loss	(24)	
Sales costs of raw materials		745
Inventory income		(759)
Revenues from selling scrapes and wasted materials		(846)
Gain from recovered inventory price		(1,340)
Scrape loss		1,908
Others		253
Operating costs		<u>\$ 344,352</u>

Mao Bao Inc.
Manufacturing Expenses
2022

Table 8

Unit: NT\$ thousand

Item	Amount	Remarks
Indirect manpower	\$ 21,489	
Outsourced processing fee	10,926	
Depreciation	6,947	
Recycling fee of wastes	3,753	
Utility fees	3,011	
Insurance expenses	2,824	
Other expense	3,196	None of the item amount exceeding 5% of the amount under the account.
	<u>\$ 52,146</u>	

Mao Bao Inc.
Statement of Operating Expenses (Excluding the ECL)
2022

Table 9

Unit: NT\$ thousand

Item	Selling expenses	Administrative expenses	R&D expenditure	Amount
Wage expenditure	\$ 38,005	\$ 19,423	\$ 2,759	\$ 60,187
Freight	45,482	56	17	45,555
Promotional expenses	34,774	-	-	34,774
Advertisement expenses	20,974	45	-	21,019
Service expenses	624	7,198	-	7,822
Insurance expenses	3,636	2,361	299	6,296
Depreciation expense	949	1,915	379	3,243
Inspection expenses	-	-	2,433	2,433
Other expenses (note)	12,686	6,783	220	19,689
Total	<u>\$ 157,130</u>	<u>\$ 37,781</u>	<u>\$ 6,107</u>	<u>\$ 201,018</u>

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

Mao Bao Inc.
Summary Statement of the Employee Benefits, Depreciate, and Amortization Expenses Occurred for the Period (continue)
2022

Table 10

Unit: NT\$ thousand

By nature	2022			2021		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Expenses of employee benefits						
Wage expenses	\$ 30,432	\$ 56,494	\$ 86,926	\$ 31,479	\$ 58,532	\$ 90,011
Labor and health insurance expenses	3,497	5,841	9,338	3,468	5,852	9,320
Pension expenses	1,278	2,793	4,071	1,271	2,792	4,063
Remuneration to directors	-	900	900	-	752	752
Other expenses of employee benefits	1,363	1,805	3,168	1,407	1,835	3,242
Depreciation expense	6,948	3,243	10,191	4,529	4,556	9,085
Amortization expenses	-	662	662	-	683	683

Note:

1. The number of employees for the year and the previous years were 172 and 171, respectively; the number of directors not concurrently serving as employees were six and six, respectively.
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\$624 (“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\$646 (“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\$524 (“the total of wage expenses of the year/ “the number of employee- number of directors not concurrently serving as employees of the year ”).

Mao Bao Inc.
Summary Statement of the Employee Benefits, Depreciate, and Amortization Expenses Occurred for the Period (continue)
2022

Table 10

Unit: NT\$ thousand

The average wage expenses of the year is NT\$546 (“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 -4.0% (“the average employee wage expenses of the year/ “the average employee wage expenses of the previous year”).

(4) The supervisor remuneration of the year is NT\$0, and the supervisor remuneration of the previous year was NT\$80. On June 11, 2020, the shareholders’ meeting resolved to replace the supervisors by establishing the audit committee.

(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.

Mao Bao Inc.

Loaning of funds to others

January 1, 2022 to December 31, 2022

Table 1

Unit: NT\$ thousand

(Unless specified otherwise)

No. (Note 1)	Company providing loan	Counterparty of loan	Transaction item (Note 2)	Related party or not	Highest amount of the period (Note 3)	End balance (Note 8)	Amount actually drafted	Range of interest rate	Nature of loaned fund (Note 4)	Transaction amount (Note 5)	Reason of short-term financing needed (Note 6)	Amount of loss allowance provided	Collateral		Loan limit to single counterparty (Note 7)	Total limit of loaned fund (Note 7)	Remarks
													Name	Value			
0	Mao Bao Inc.	Mao Bao Vietnam Inc.	Other payables	Yes	\$ 61,470	\$61,420	\$ 21,503	1%	Short-term financing	-	Business turnover	-	None	-	\$ 120,567	\$ 192,907	Note 9
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Other payables	Yes	61,470	61,420	\$ 43,007	1%	Short-term financing	-	Business turnover	-	None	-	61,008	64,219	Note 10

Note 1: Instruction of number column is as below:

- (1) Issuer = 0
- (2) Investees are numbered from 1 by company sequentially.

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 9: The Company, upon the resolution of the board of directors on September 21, 2010, loaned a fund within USD2,000 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of December 31, 2022, the drafted amount is USD 700 thousand.

Note 10: The Company's subsidiary, Pacific Worldwide Holdings Ltd., upon the resolution of the board of directors on December 22, 2010, loaned a fund within USD2,000 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of December 31, 2022, the drafted amount is USD1,400 thousand.

Mao Bao Inc.

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

January 1, 2022 to December 31, 2022

Table 2

Unit: NT\$ thousand
(Unless specified otherwise)

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

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

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

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

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

Mao Bao Inc.

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

January 1, 2022 to December 31, 2022

Table 3

Unit: NT\$ thousand
(Unless specified otherwise)

Number (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Account	Transaction		Ratio to consolidated total revenue or total assets (Note 3)
					Amount	Transaction conditions	
0	The Company	Mao Bao Vietnam Inc.	1	Processing fee	\$ 5,116	3	1%
0	The Company	Mao Bao Vietnam Inc.	1	Other payables	21,503	-	3%
0	The Company	- Mao Bao (Shanghai) Trading Ltd.	1	Accounts receivable	7,652	1	1%
0	The Company	- Mao Bao (Shanghai) Trading Ltd.	1	Revenue from sales	17,685	1	3%
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	3	Other payables	43,007	-	7%

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

(1) 0 - parent company

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

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

(1) Parent to subsidiary

(2) Subsidiary to parent

(3) Subsidiary to subsidiary

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

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

Note 5: The transaction conditions are listed below.

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

Mao Bao Inc.

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

January 1, 2022 to December 31, 2022

Table 4

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investment company	Name of investee		Major business	Original amount invested		Holding at the end of period			Profit/loss of the investee for the period	Investment profit/loss recognized for the period	Remarks
	(Note 1, 2)	Location		End of the current period	End of last year	No. of shares	Ratio	Carrying amount	(Note 2(2))	(Note 2(3))	
Mao Bao Inc.	Pacific Worldwide Holdings Ltd.	Samoa	Overseas holding companies	\$ 154,012	\$ 154,012	5,000,015	100.00	\$ 62,725	(\$ 3,322)	(\$ 3,322)	
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Vietnam	Production of various cleaning products	94,939	94,939	3,000,000	100.00	(10,256)	(10,312)	(10,312)	

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) Columns such as "name of the investee," "location," "main business items," "original investment amount," and "shareholding at the end of period" should be entered based on the status of the (public) company's reinvestment and the reinvestments made by each directly or indirectly controlled investee in order, and indicate the relationship between each investee and the (public) company (such as a subsidiary or a sub-subsidiary) in the remarks column.
- (2) In column of "Profit and loss of the investee for the current period," the amount of profit and loss of each investee for the current period shall be entered.
- (3) In the column of "Investment gain and loss recognized for the period," it is only required to enter the gain and loss amount of each directly invested subsidiary recognized by the (public) company, and each investee valued with the equity method, all others may be exempted. When filling in the "recognized amount of the profit and loss from each directly reinvested subsidiary for the period," it shall be confirmed that the profit and loss amount of each subsidiary for the period has included the investment profit or loss that shall be recognized pursuant to the regulations for its reinvestment.

Mao Bao Inc.

Information on investment in China - basic information

January 1, 2022 to December 31, 2022

Table 5

Unit: NT\$ thousand
(Unless specified otherwise)

Name of investee in China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount of investment remitted from Taiwan to China at the beginning of the period	Investment amount remitted or recovered during the period		Accumulated amount of investment remitted from Taiwan to China at the end of the period	Profit/loss of the investee for the period	The shareholding of the Company through the direct or indirect investment	Investment loss or gain recognized for the current period (Note 2)	Carrying amount of investment at the end of period	Amount of investment gains remitted back to Taiwan as of the period	Remarks
					Remitted	Recovered							
- Mao Bao (Shanghai) Trading Ltd.	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export	\$ 4,539	(2)	\$ 4,539	\$ -	\$ -	\$ 4,539	\$ 8,718	100.00	\$ 8,718 (2)B	\$ 28,621	\$ -	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		\$ 289,360							

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

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

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

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

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

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

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

Mao Bao Inc.

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

January 1, 2022 to December 31, 2022

Table 6

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investee in China	Sales (purchase)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee for notes, or collaterals provided		Fund financing				Others
	Amount	%	Amount	%	Balance	%	End balance	Purpose	Highest balance	End balance	Range of interest rate	Interest rate of the current period	
Mao Bao (Shanghai) Trading Ltd.	\$ 17,685	3%	\$ -	-	\$ 7,652	1%	\$ -	-	\$ -	\$ -	-	\$ -	-

Mao Bao Inc.

Information on major shareholders

January 1, 2022 to December 31, 2022

Table 7

Names of major shareholders	No. of shares held	Shares	Shareholding ratio
Pacific Worldwide Investment Co., Ltd.	6,790,856		15.99%
Ling-Yu Investment Co., Ltd.	6,450,000		15.19%
Mr. Wu, Hsien-Tai	4,034,459		9.50%

Mao Bao Inc.

Declaration of Consolidated Financial Statements of Affiliates

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 endorsed by the Financial Supervisory Commission are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022, (January 1-December 31, 2022) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

It is hereby certified

Company Name: Mao Bao Inc.

Person in Charge: Wu, Rui-Hua

March 24, 2023

Annex 3

Independent Auditor's Report

(2023) Cai-Shen-Bao-Zhi No. 22002538

To Mao Bao Inc.

Independent auditor's opinion

We have audited the accompanying consolidated financial statements of Mao Bao Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 through December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for January 1 through December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. 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 consolidated financial statements of the Group for 2022 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 (10). The refund liabilities recognized by the Group as of December 31, 2022 was NT\$15,200 thousand.

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

Corresponding Audit Procedures

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

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

Evaluation of the inventory valuation

Description of the Matter

For the accounting policy of inventory evaluation, please refer to Note 4(12) of the financial statements; for the uncertainty of accounting estimate and assumption, please refer to Note 5(2); for the description of accounting items for loss allowance of inventories, please refer to Note 6(5). As of December 31, 2022, the balance of inventories and allowance of inventory evaluation loss were NT\$109,318 thousand and NT\$3,129 thousand, respectively.

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

Corresponding Audit Procedures

We have executed the major audit procedures for the inventory valuation

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

Others - Parent-only financial reports

The Company has prepared the stand-alone financial statements for the years ended on December 31, 2022 and 2021, with our Independent Auditor's report of unqualified opinion for the reference.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Juanlu, Man-Yu
CPA
Feng, Ming-Chuan

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

March 24, 2023

Mao Bao Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 129,255	20	\$ 165,370	25
1136	Financial assets measured at amortized cost - current	6(2)	89,999	14	55,360	8
1150	Notes receivable, net	6(4)	6,414	1	4,957	1
1170	Accounts receivable, net	6(4)	86,398	13	104,953	15
1220	Income tax assets of the period		3,662	-	820	-
130X	Inventories	6(5)	106,189	16	118,358	18
1479	Other current assets - others		6,036	1	6,365	1
11XX	Total current assets		<u>427,953</u>	<u>65</u>	<u>456,183</u>	<u>68</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(3)	134	-	134	-
1600	Property, plant and equipment	6(6) and 8	181,181	28	182,429	27
1755	Right-of-use assets	6(7)	21,046	3	14,770	2
1780	Intangible assets	6(8)	277	-	496	-
1840	Deferred tax assets	6(21)	9,298	2	10,620	2
1975	Net defined benefit assets - non-current	6(11)	1,676	-	-	-
1990	Other non-current assets - others		12,523	2	5,195	1
15XX	Other non-current assets		<u>226,135</u>	<u>35</u>	<u>213,644</u>	<u>32</u>
1XXX	Total assets		<u>\$ 654,088</u>	<u>100</u>	<u>\$ 669,827</u>	<u>100</u>

(Continued in next page)

Mao Bao Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities - current	6(15)	\$ 1,012	-	\$ 1,489	-
2170	Accounts payable		70,429	11	78,204	12
2200	Other payables	6(9)	52,152	8	54,303	8
2230	Current tax liabilities		2	-	-	-
2280	Lease liabilities - current		1,569	-	1,612	-
2399	Other current liabilities - others	6(10)	15,732	2	23,420	4
21XX	Total current liabilities		<u>140,896</u>	<u>21</u>	<u>159,028</u>	<u>24</u>
Non-current liabilities						
2570	Deferred tax liabilities	6(21)	17,750	3	16,036	2
2580	Lease liabilities - non-current		13,175	2	7,419	1
2640	Net defined benefit liabilities - non-current	6(11)	-	-	1,498	-
25XX	Total non-current liabilities		<u>30,925</u>	<u>5</u>	<u>24,953</u>	<u>3</u>
2XXX	Total Liabilities		<u>171,821</u>	<u>26</u>	<u>183,981</u>	<u>27</u>
Equity						
Equity attributed the owners of the parent company						
Share capital						
3110	Common share capital	6(12)	424,439	65	424,439	64
Capital reserve						
3200	Capital reserve	6(13)	2,704	-	2,704	-
Retained earnings						
3310	Statutory reserves	6(14)	36,900	6	35,146	5
3320	Special reserve		11,862	2	10,865	2
3350	Undistributed earnings		11,892	2	22,140	3
Other equities						
3400	Other equities		(5,530)	(1)	(9,448)	(1)
31XX	Total equity attributed the owners of the parent company		<u>482,267</u>	<u>74</u>	<u>485,846</u>	<u>73</u>
3XXX	Total equity		<u>482,267</u>	<u>74</u>	<u>485,846</u>	<u>73</u>
Significant Events After Balance Sheet 11						
Date						
3X2X	Total liabilities and equities		<u>\$ 654,088</u>	<u>100</u>	<u>\$ 669,827</u>	<u>100</u>

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

Chairman: Wu, Jui-Hua

Manager: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ju

Mao Bao Inc. and Subsidiaries
Consolidated Comprehensive Income Statement
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(But EPS is NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating Revenue	6(15)	\$ 587,101	100	\$ 619,352	100
5000 Operating costs	6(5)(11) (20)	(364,557)	(62)	(373,326)	(60)
5900 Gross Profit		<u>222,544</u>	<u>38</u>	<u>246,026</u>	<u>40</u>
Operating expenses	6(11) (20) and 7				
6100 Selling expenses		(176,752)	(30)	(183,234)	(29)
6200 Administrative expenses		(43,416)	(7)	(41,171)	(7)
6300 Research and development expenses		(6,107)	(1)	(4,292)	(1)
6450 Expected credit impairment losses (gains)	12(2)	<u>136</u>	<u>-</u>	<u>(102)</u>	<u>-</u>
6000 Total operating expenses		<u>(226,139)</u>	<u>(38)</u>	<u>(228,799)</u>	<u>(37)</u>
6900 Operating (losses) gains		<u>(3,595)</u>	<u>-</u>	<u>17,227</u>	<u>3</u>
Non-operating Income and Expenses					
7100 Interest revenue	6(16)	971	-	368	-
7010 Other income	6(17)	771	-	3,209	-
7020 Other gains or losses	6(18)	10,948	2	3,297	1
7050 Financial costs	6(19)	(198)	-	(202)	-
7000 Total non-operating incomes and expenses		<u>12,492</u>	<u>2</u>	<u>6,672</u>	<u>1</u>
7900 Net profit before tax		<u>8,897</u>	<u>2</u>	<u>23,899</u>	<u>4</u>
7950 Income tax expenses	6(21)	(3,730)	(1)	(4,490)	(1)
8200 Current net profit		<u>\$ 5,167</u>	<u>1</u>	<u>\$ 19,409</u>	<u>3</u>
Other comprehensive income					
8311 Remeasurement of defined benefit programs	6(12)	\$ 2,739	-	(\$ 2,331)	-
8316 Unrealized gains (losses) on investments in equity instruments as at fair value through other comprehensive income	6(3)	-	-	21	-
8349 Income taxes related to the items not re-classified	6(21)	(548)	-	466	-
8310 Total of items not re-classified		<u>2,191</u>	<u>-</u>	<u>(1,844)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating the financial statements of foreign operations		4,898	1	(1,273)	-
8399 Income tax relating to items that may be reclassified	6(21)	(980)	-	255	-
8360 Total of items that may be reclassified subsequently to profit or loss		<u>3,918</u>	<u>1</u>	<u>(1,018)</u>	<u>-</u>
8300 Other comprehensive income of the year (net)		<u>\$ 6,109</u>	<u>1</u>	<u>(\$ 2,862)</u>	<u>-</u>
8500 Total comprehensive income (loss) for the period		<u>\$ 11,276</u>	<u>2</u>	<u>\$ 16,547</u>	<u>3</u>
Net profit attributed to:					
8610 Owners of the parent company		<u>\$ 5,167</u>	<u>1</u>	<u>\$ 19,409</u>	<u>3</u>
Comprehensive income attributed to:					
8710 Owners of the parent company		<u>\$ 11,276</u>	<u>2</u>	<u>\$ 16,547</u>	<u>3</u>
Basic earnings per share					
9750 Basic earnings per share	6(22)		<u>0.12</u>		<u>0.46</u>
Diluted earnings per share					
9850 Diluted earnings per share	6(22)		<u>0.12</u>		<u>0.46</u>

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

Chairman: Wu, Jui-Hua

Manager: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ju

Mao Bao Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

Note	Equity attributed the owners of the parent company									
	Capital reserve				Retained earnings			Other equities		
	Common share capital	Capital reserve - issuance premium	Capital reserve - gains from disposed assets	Capital reserve - gifted assets	Statutory reserves	Special reserve	Undistributed earnings (Deficits to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets as at fair value through other comprehensive income	Total equity
<u>2021</u>										
Balance at January 1, 2021	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 31,338	\$ 2,414	\$ 38,077	(\$ 8,326)	(\$ 125)	\$ 490,521
Current net profit	-	-	-	-	-	-	19,409	-	-	19,409
Other net comprehensive loss of the period	-	-	-	-	-	-	(1,865)	(1,018)	21	(2,862)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	17,544	(1,018)	21	16,547
Earning provision and appropriate for 2020:	6(14)									
Provided for statutory reserves	-	-	-	-	3,808	-	(3,808)	-	-	-
Provided for special reserves	-	-	-	-	-	8,451	(8,451)	-	-	-
Cash dividends	-	-	-	-	-	-	(21,222)	-	-	(21,222)
Balance as of December 31, 2021	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 35,146	\$ 10,865	\$ 22,140	(\$ 9,344)	(\$ 104)	\$ 485,846
<u>2022</u>										
Balance as of January 1, 2022	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 35,146	\$ 10,865	\$ 22,140	(\$ 9,344)	(\$ 104)	\$ 485,846
Current net profit	-	-	-	-	-	-	5,167	-	-	5,167
Other combined net gains of current period	-	-	-	-	-	-	2,191	3,918	-	6,109
Total comprehensive income for the period	-	-	-	-	-	-	7,358	3,918	-	11,276
2021 Earnings Provision and Distribution:	6(14)									
Provided for statutory reserves	-	-	-	-	1,754	-	(1,754)	-	-	-
Provided for special reserves	-	-	-	-	-	997	(997)	-	-	-
Cash dividends	-	-	-	-	-	-	(14,855)	-	-	(14,855)
Balance as of December 31, 2022	\$ 424,439	\$ 2,027	\$ 663	\$ 14	\$ 36,900	\$ 11,862	\$ 11,892	(\$ 5,426)	(\$ 104)	\$ 482,267

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

Chairman: Wu, Jui-Hua

Manager: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ju

Mao Bao Inc. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Net profit before tax for the year		\$ 8,897	\$ 23,899
Adjusted items			
Income/expenses items			
Depreciation expense	6(20)	12,171	11,006
Amortization expenses	6(20)	772	753
Expected credit impairment (gains) losses	12(2)	(136)	102
Interest expenses	6(19)	198	202
Interest revenue	6(16)	(971)	(368)
Dividend income	6(17)	-	(22)
Loss from disposal of property, plant and equipment	6(18)	26	75
Gains on lease modification	6(18)	(337)	-
Changes in assets/liabilities related the operating activities			
Net changes in assets related the operating activities			
Notes receivable		(1,472)	(2,287)
Accounts receivable		18,706	(6,489)
Inventories		12,169	(5,345)
Other current assets - others		719	3,777
Net defined benefit assets and liabilities - non-current net changes		(435)	(460)
Net changes in liabilities related the operating activities			
Contract liabilities - current		(477)	293
Accounts payable		(7,775)	17,379
Other payables		(2,151)	8,647
Other current liabilities		(7,688)	3,173
Cash inflow provided by operating activities		32,216	54,335
Interest received		581	344
Dividends received		-	22
Interest paid		(198)	(202)
Income tax paid		(5,062)	(11,079)
Net cash inflow from operating activities		<u>27,537</u>	<u>43,420</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized costs		(34,639)	(41,120)
Acquisition of property, plant and equipment	6(6)	(6,537)	(4,923)
Disposal of property, plant and equipment	6(6)	138	-
Acquisition of intangible assets	6(8)	(539)	(129)
Other non-current assets - other addition		(7,375)	(3,389)
Decrease (Increase) in refundable deposits		47	(16)
Net cash outflow from investment activities		(48,905)	(49,577)
<u>Cash flows from financing activities</u>			
Repayment of lease liabilities		(1,594)	(1,581)
Distribution of cash dividends	6(14)	(14,855)	(21,222)
Net cash outflow from financing activities		(16,449)	(22,803)
Effects of foreign exchange		1,702	(4,510)
Decrease in cash and cash equivalents in this period		(36,115)	(33,470)
Beginning balance cash and cash equivalents for the period		165,370	198,840
End balance cash and cash equivalents for the period		<u>\$ 129,255</u>	<u>\$ 165,370</u>

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

Chairman: Wu, Jui-Hua

Manager: Chen, Yi-Hung

Accounting Officer: Chen, Hsuan-Ju

Mao Bao Inc. and the subsidiaries
Notes to Consolidated Financial Statements
2022 and 2021

Unit: NT\$ thousand
(Unless specified otherwise)

XV. Company History

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

XVI. Approval Date and Procedures of The Financial Statements

The consolidated financial report was approved by the Board on March 24, 2023 for releasing.

XVII. New Standards, Amendments and Interpretations Adopted

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

The following table summarizes the new, revised or amended IFRSs endorsed and issued into effect by the FSC and their interpretation applicable since 2022:

<u>New, revised or amended IFRSs and IFRICs</u>	<u>Effective Date</u> <u>Announced by IASB</u>
Amendments to IFRS 3, “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16, “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37, “Onerous Contracts — Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRSs 2018-2020	January 1, 2022

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

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

The following table summarizes the new, revised or amended IFRSs endorsed by the FSC and their interpretation applicable since 2023:

<u>New, revised or amended IFRSs and IFRICs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimation”	January 1, 2023
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	January 1, 2023

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

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

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

<u>New, revised or amended IFRSs and IFRICs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed by IASB
Amendments to IFRS 16 “Sale and Leaseback Transactions”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 – comparison information"	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1: “Non-current Liabilities with Covenants”	January 1, 2024

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

XVIII. Summary of Significant Accounting Policies

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

(I) Compliance Statement

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

(II) Basis of preparation

- 1. Other than the following important items, the consolidated financial report was prepared based on historic costs:
 - (1) Financial assets measured at FVOCI measured at fair value
 - (2) Defined assets or liabilities recognized at the retirement fund asset deducting the net current value of defined benefit obligation
- 2. To prepare the IFRS-compliant financial reports, some important accounting estimates are required. And the management’s judgements required during the process of applying the Group’s accounting policies. For the items involving high judgement or complexity, or involving the material assumptions and estimates of the consolidated financial reports, please refer to Note 5.

(III) Basis of consolidation

- 1. Principles of preparing consolidated financial reports
 - (1) The Group includes all subsidiaries as the entities of consolidated financial reports. Subsidiaries refers to entities controlled by the Group (including the structural entities). When the Group is exposed to the variable return participated by the entity, or entitled to the variable return, and the Group is able to influence such return through the power over the entity, the Group controls that entity. Subsidiaries are included in the consolidated financial reports since the date when the Group obtains the control until the date of losing control.
 - (2) The material transactions, balance, and unrealized profit and loss among companies of the Group are written off. The accounting policies of subsidiaries have been adjusted as necessary to be consistent to these adopted by the Group.
 - (3) The components of profit and loss and other comprehensive income are attributed to the owners of parent company and non-controlling equity; the total comprehensive income is also attributed to the owners of parent company and non-controlling equity, even the loss balance is resulted in non-controlling equity.
 - (4) Where the change in the shareholding in the subsidiary does not result in loss of control (the transaction with the non-controlling equity), it is treated as an equity transaction, i.e., the transactions among owners. The difference between the adjusted amount of the non-controlling equity and the fair value of the consideration paid or received is directly recognized in equity.

2. Subsidiaries included in the consolidated financial report:

Name of	Name of	Business nature	Percentage of shareholders held (%)
---------	---------	-----------------	-------------------------------------

investment company	subsidiary		December 31, 2022	December 31, 2021
The Company	Pacific Worldwide Holdings Ltd.	Overseas holding companies	100	100
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Production of various cleaning products	100	100
Pacific Worldwide Holdings Ltd.	Mao Bao (Shanghai) Trading Ltd.	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export	100	100

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

(IV) Foreign currency translation

The items listed in the financial report of each entity of the Group are measured at the currencies of the major economic environment where the entity operates (i.e., functional currencies). The consolidated financial report is presented with the Company's functional currency "New Taiwan Dollar."

1. Foreign currency transaction and balance

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

2. Translation of the foreign operations

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

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

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

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

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

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

(VI) Cash equivalents

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

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

1. An irrevocable election at initial recognition to present changes in fair value of the investment in the equity instrument not held for trading in other comprehensive income; or the debt instruments meeting the following conditions at the same time:

- (1) The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows and to sell the assets.
- (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Group adopts the trading date accounting for the financial assets measure at FVOCI meeting trading customs.

3. The Group measures such at their fair values plus trading costs at the initial recognition, and at fair value subsequently:

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

(VIII) Financial assets measured at amortized cost

1. Refers to these meeting the following conditions at the same time:

- (1) The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows.
- (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Group adopts the trading date accounting for the financial assets measure at amortized costs meeting trading customs.

3. The Group measures such at their fair values plus trading costs at the initial recognition, and recognizes the interest incomes and the impairment loss during the outstanding period

with the effective interest method for amortization. When derecognizing, the gain or loss is recognized at the profit and loss.

4. The Group holds the time deposits not consistent to the cash equivalents; because they are held during a short period of time, and the effect of discount is immaterial, they are measured at the investment amount.

(IX) Accounts and notes receivable

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

(X) Financial asset impairment

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

(XI) Derecognition of financial assets

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

(XII) Inventories

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

(XIII) Property, Plant and Equipment

1. Property, plant and equipment are accounted based on the cost of acquisition.
2. The subsequent costs are only deemed in the carrying amount of an asset or recognized as

one single asset when the future economic effect related to the item is very likely to flow into the Group, and the costs of that item may be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other maintenance fees are recognized at the income of the current period when occurring.

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

Houses and buildings	3 years	~	60 years
Machine and equipment	2 years	~	10 years
Other equipment	1 year	~	13 years

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

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

conditions.

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

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

(XV) Intangible assets

The computer software is recognized at the acquisition cost, and amortized with the straight-line method for the useful life of 3 to 5 years.

(XVI) Non financial asset impairment

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

(XVII) Accounts payable

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

(XVIII) Derecognition of financial liabilities

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

(XIX) Employee benefits

1. Short-term employee benefits

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

2. Pension

- (1) Defined contribution plans

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

(2) Defined benefit plans

A. The net obligation under the defined benefit plan is calculated at the discounted future benefit amount earned by employees for the current period or in the past, and the current value of the defined benefit plans at the balance sheet date deducts the fair value of the plan assets. The net obligation under the defined benefit plan is calculated by actuaries every year with the projected unit credit method, and the discount rate references the market yields of the quality corporate bonds with the same currency and term of the defined benefit plan at the balance sheet date; in a country where the quality corporate bonds have not active market, the market yields of the government bonds (at the balance sheet date) shall be applied.

B. The remeasurement generated from defined benefit plans is recognized at other comprehensive income of the term when it incurs and presented in the retained earnings.

C. The expenses related to the early service costs are recognized as profit and loss instantly.

3. Remunerations to employees, directors, and supervisors

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

(XX) Income tax

1. Income tax expenses include the current and deferred income taxes. The income taxes related to the items accounted to other comprehensive incomes or directly to equity are accounted to other comprehensive incomes or directly to equity, respectively; otherwise income taxes are recognized in profit and loss.

2. The Group calculates the income tax of the period based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet in the country where it operates and the taxable income is generated. The management regularly assets the filing of income taxes pursuant to the period specified in the applicable income tax related regulations, and estimate the income tax liabilities based on the taxes expected to be paid to the tax authorities where applicable. For the income taxes levied on the undistributed earning pursuant to the Income Tax Act, are recognized as the income tax

expenses of the undistributed earnings in the next year of the year when the earnings generated, based on the actual distributed earnings upon the approval of earning distribution by the shareholders' meeting.

3. The deferred income tax adopts the balance sheet method, recognizes the temporary difference generated between the tax base of the assets and liabilities and their carrying amounts in the balance sheet. Where a deferred income tax is generated from the initial recognition of an asset or liability in a transaction (business combination excluded), and does not affect any accounting profit or taxable income at the time of transaction, no recognition shall be made. Where an investee subsidiary generates a temporary difference, the Group may control the timing to reverse the temporary difference, and the temporary difference very unlikely to be reversed in the foreseeable future are not recognized. The deferred income tax adopts the tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet, which is expected to apply upon the realization of the related deferred income tax asset, or the income tax liability is settled.
4. Temporary differences are recognized within the extent where the they may be used to deduct the future taxable incomes, and the unrecognized and recognized deferred income tax assets are re-assessed at each balance sheet date.
5. Where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the current income tax assets and liabilities may be offset; where the legal enforcement right to offset the amounts of current income tax assets and liabilities recognized is obtained, and the deferred tax assets and liabilities generated from the taxpayer entity whose income taxes are levied by the same tax collection authority, or generated from different taxpayer entities but each entity, with an attempt to settle on the net amount basis, or to realize assets and settle liabilities at the same time, the deferred income tax assets and liabilities may be offset.

(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.

(XXIII) Revenue recognition

Product sales

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

(XXIV) Government grants

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

(XXV) Operating Departments

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

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

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

(I) Key judgements adopted for accounting policies

None.

(II) Key estimates and assumptions

1. Estimation of the refund liabilities

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

On December 31, 2022, the refund liability recognized by the Company was \$15,200 (under other current assets - others).

2. Inventory valuation

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

material changes.

On December 31, 2022, the carrying amount of the inventories was NT\$106,189.

XX. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and penny cash	\$ 140	\$ 154
Checking and demand deposit	69,302	85,280
Cash equivalents - short-term bills	<u>59,813</u>	<u>79,936</u>
	<u>\$ 129,255</u>	<u>\$ 165,370</u>

1. The financial institutions dealing with the Group have good credit quality, and the Group have business with many financial institutions to diversify the credit risk, and the probability of default is expected extremely low.

2. The Group has not offered cash and cash equivalents to pledge.

(II) Financial assets measured at amortized cost - current

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current item:		
Time deposits with an initial maturity of within three months	<u>\$ 89,999</u>	<u>\$ 55,360</u>

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

	<u>2022</u>	<u>2021</u>
Revenues of interests from financial assets at amortized costs	<u>\$ 648</u>	<u>\$ 127</u>

2. The banks and financial institutions dealing with the Group have good credit quality, rated at least “A” from independent rating agencies and the probability of default is expected to be extremely low.

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

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Shares not listed in TWSE, TPex, or emerging stock market	\$ 238	\$ 238
Valuation adjustment	<u>(104)</u>	<u>(104)</u>
Total	<u>\$ 134</u>	<u>\$ 134</u>

1. The Group elects to classify the equity investment for receiving dividend stably as the financial assets measured at FVOCI. The fair values of such investments at December 31,

2022 and 2021 both were NT\$134

2. Details of financial assets at fair value through other comprehensive profit or loss recognized under the profit and loss and comprehensive income are as below

Equity instruments at fair value through other comprehensive profit or loss

	<u>2022</u>	<u>2021</u>
Changes in fair value recognized in other comprehensive income	\$ <u> -</u>	\$ <u> 21</u>
(IV) <u>Notes and accounts receivable</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 6,479	\$ 5,007
Less: loss allowance	(65)	(50)
	<u>\$ 6,414</u>	<u>\$ 4,957</u>
Accounts receivable	\$ 86,517	\$ 105,213
Less: loss allowance	(119)	(260)
	<u>\$ 86,398</u>	<u>\$ 104,953</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
0 - 4 months	\$ 86,257	\$ 6,479	\$ 104,771	\$ 5,007
4 - 6 months	26	-	69	-
6- 9 months	-	-	93	-
9 - 12 months	5	-	36	-
More than one year	<u>229</u>	<u>-</u>	<u>244</u>	<u>-</u>
	<u>\$ 86,517</u>	<u>\$ 6,479</u>	<u>\$ 105,213</u>	<u>\$ 5,007</u>

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

2. On December 31, 2022 and 2021, 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, 2021 was NT\$101,444.
3. Without considering the collaterals held or other credit enhancement, at December 31, 2022 and 2021, the maximum amount exposed to the credit risk of the notes receivable representing the Company most were NT\$6,414 and NT\$4,957, respectively. The maximum amount exposed to the credit risk of the accounts receivable representing the Company most at December 31, 2022 and 2021, were NT\$86,398 and NT\$104,953, respectively.
4. The Group holds the NCDs and lands as collateral for accounts receivable.
5. Please refer to Note 12(2) for the information on credit risk of the related notes and accounts

receivable.

(V) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Loss allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 19,718	(\$ 636)	\$ 19,082
Parts	18,955	(1,138)	17,817
Work in progress	1,806	-	1,806
Finished products	66,318	(1,272)	65,046
Goods	<u>2,521</u>	<u>(83)</u>	<u>2,438</u>
	<u>\$ 109,318</u>	<u>(\$ 3,129)</u>	<u>\$ 106,189</u>

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Loss allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 23,873	(\$ 1,121)	\$ 22,752
Parts	26,739	(2,542)	24,197
Work in progress	3,939	(62)	3,877
Finished products	64,637	(957)	63,680
Goods	<u>4,072</u>	<u>(220)</u>	<u>3,852</u>
	<u>\$ 123,260</u>	<u>(\$ 4,902)</u>	<u>\$ 118,358</u>

The inventory expenses recognized by the Group as expenses:

	<u>2022</u>	<u>2021</u>
Costs of sold inventories	\$ 366,027	\$ 371,145
Revenues from selling scrapes and wasted materials	(846)	(893)
Inventory (gain from price recovery) valuation loss (Note)	(1,773)	2,033
Inventory income	(759)	(72)
Scrape loss	<u>1,908</u>	<u>1,113</u>
	<u>\$ 364,557</u>	<u>\$ 373,326</u>

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

(VI) Property, Plant and Equipment

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machine and equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2022					
Cost	\$ 98,180	\$ 149,964	\$ 70,641	\$ 26,567	\$ 345,352
Accumulated depreciation	<u>-</u>	<u>(84,045)</u>	<u>(58,923)</u>	<u>(19,955)</u>	<u>(162,923)</u>
	<u>\$ 98,180</u>	<u>\$ 65,919</u>	<u>\$ 11,718</u>	<u>\$ 6,612</u>	<u>\$ 182,429</u>
<u>2022</u>					
January 1	\$ 98,180	\$ 65,919	\$ 11,718	\$ 6,612	\$ 182,429

Addition	-	1,134	3,687	1,716	6,537
Disposal	-	-	(17)	(147)	(164)
Depreciation expense	-	(4,148)	(3,718)	(2,433)	(10,299)
Net difference of exchange	<u>-</u>	<u>2,411</u>	<u>177</u>	<u>90</u>	<u>2,678</u>
December 31	<u>\$ 98,180</u>	<u>\$ 65,316</u>	<u>\$ 11,847</u>	<u>\$ 5,838</u>	<u>\$ 181,181</u>
December 31, 2022					
Cost	\$ 98,180	\$ 154,382	\$ 75,272	\$ 27,095	\$ 354,929
Accumulated depreciation	<u>-</u>	<u>(89,066)</u>	<u>(63,425)</u>	<u>(21,257)</u>	<u>(173,748)</u>
	<u>\$ 98,180</u>	<u>\$ 65,316</u>	<u>\$ 11,847</u>	<u>\$ 5,838</u>	<u>\$ 181,181</u>
	<u>Land</u>	<u>Houses and buildings</u>	<u>Machine and equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2021					
Cost	\$ 98,180	\$ 146,422	\$ 67,606	\$ 24,652	\$ 336,860
Accumulated depreciation	<u>-</u>	<u>(79,530)</u>	<u>(56,642)</u>	<u>(16,660)</u>	<u>(152,832)</u>
	<u>\$ 98,180</u>	<u>\$ 66,892</u>	<u>\$ 10,964</u>	<u>\$ 7,992</u>	<u>\$ 184,028</u>
<u>2021</u>					
January 1	\$ 98,180	\$ 66,892	\$ 10,964	\$ 7,992	\$ 184,028
Addition	-	260	2,362	2,301	4,923
Disposal	-	-	(42)	(33)	(75)
Depreciation expense	-	(3,722)	(1,755)	(3,685)	(9,162)
Net difference of exchange	<u>-</u>	<u>2,489</u>	<u>189</u>	<u>37</u>	<u>2,715</u>
December 31	<u>\$ 98,180</u>	<u>\$ 65,919</u>	<u>\$ 11,718</u>	<u>\$ 6,612</u>	<u>\$ 182,429</u>
December 31, 2021					
Cost	\$ 98,180	\$ 149,964	\$ 70,641	\$ 26,567	\$ 345,352
Accumulated depreciation	<u>-</u>	<u>(84,045)</u>	<u>(58,923)</u>	<u>(19,955)</u>	<u>(162,923)</u>
	<u>\$ 98,180</u>	<u>\$ 65,919</u>	<u>\$ 11,718</u>	<u>\$ 6,612</u>	<u>\$ 182,429</u>

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

(VII) Lease transaction - lessee

1. The underlying assets leased by the Group are lands (right of use for lands), and the lease terms are between 5 to 50 years. Lease contracts are negotiated individually, and contains different terms and conditions; other than that the leased assets must not be provided as collateral of borrowings, no other restriction is applied.
2. The information on the carrying values and recognized depreciation expenses of right-of-use assets are as below.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 6,344	\$ 6,046
Houses	<u>14,702</u>	<u>8,724</u>
	<u>\$ 21,046</u>	<u>\$ 14,770</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 206	\$ 189
Houses	<u>1,666</u>	<u>1,655</u>
	<u>\$ 1,872</u>	<u>\$ 1,844</u>

The changes in the right-of-use assets of the Group in 2022 and 2021 are as follows:

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

	<u>2021</u>		
	<u>Land</u>	<u>Houses and buildings</u>	<u>Total</u>
January 1	\$ 5,716	\$ 10,379	\$ 16,095
Depreciation expense	(189)	(1,655)	(1,844)
Net difference of exchange	<u>519</u>	<u>-</u>	<u>519</u>
December 31	<u>\$ 6,046</u>	<u>\$ 8,724</u>	<u>\$ 14,770</u>

3. The addition to right-of-use assets of the Group in 2022 and 2021 were NT\$14,862 and NT\$0, respectively.

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

	<u>2022</u>	<u>2021</u>
<u>Items affecting the profit and loss of the current period</u>		
Interest expenses of the lease liabilities	\$ 198	\$ 196
Expenses under the short-term lease contracts	1,157	1,112
Gains on lease modification	337	-

5. The total of cash outflow from leases in 2022 and 2021 were NT\$2,949 and NT\$2,889, respectively.

(VIII) Intangible assets

	<u>Computer software</u>		<u>Computer software</u>
January 1, 2022		January 1, 2021	
Cost	\$ 12,139	Cost	\$ 11,982
Accumulated amortization	(11,643)	Accumulated amortization	(10,870)
	<u>\$ 496</u>		<u>\$ 1,112</u>
<u>2022</u>		<u>2021</u>	
January 1	\$ 496	January 1	\$ 1,112
Addition - sourced from individual acquisition	539	Addition - sourced from individual acquisition	129
Amortization expenses	(772)	Amortization expenses	(753)
Net difference of exchange	14	Net difference of exchange	8
December 31	<u>\$ 277</u>	December 31	<u>\$ 496</u>
December 31, 2022		December 31, 2021	
Cost	\$ 12,678	Cost	\$ 12,139
Accumulated amortization	(12,401)	Accumulated amortization	(11,643)
	<u>\$ 277</u>		<u>\$ 496</u>

(IX) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payable	\$ 16,018	\$ 17,140
Promotional expenses payable	6,687	5,670
Freight payable	7,031	6,659
Advertisement expenses payable	5,519	6,849
Remunerations to employees, directors, and supervisors payable	600	2,227
Dividends payable	-	2
Other payables	16,297	15,756
	<u>\$ 52,152</u>	<u>\$ 54,303</u>

(X) Other current assets - others

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refund liabilities	\$ 15,200	\$ 22,910
Other current liabilities	532	510
	<u>\$ 15,732</u>	<u>\$ 23,420</u>

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current value of the defined benefit obligation	\$ 27,520	\$ 29,989
Fair value of the plan assets	<u>(29,196)</u>	<u>(28,491)</u>
Net defined benefit (assets) liabilities	<u>(\$ 1,676)</u>	<u>\$ 1,498</u>

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

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

	(<u>435</u>)	(<u>2,304</u>)	(<u>2,739</u>)
Pension fund contribution	-	(443)	(443)
Pension payment	(<u>2,225</u>)	<u>2,225</u>	<u>-</u>
Balance at December 31	<u>\$ 27,520</u>	<u>(\$ 29,196)</u>	<u>(\$ 1,676)</u>
	<u>Current value of the defined benefit obligation</u>	<u>Fair value of the plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
2021			
Balance at January 1	\$ 28,939	(\$ 29,312)	(\$ 373)
Interest expenses (income)	<u>85</u>	<u>(87)</u>	<u>(2)</u>
	<u>29,024</u>	<u>(29,399)</u>	<u>(375)</u>
Remeasurement			
Return of plan assets (not including the amount included in the interest income or expenses)	-	(437)	(437)
Effects of the change in demographic statistic estimate	38	-	38
Effects of the change in financial estimate	(843)	-	(843)
Experience adjustment	<u>3,573</u>	<u>-</u>	<u>3,573</u>
	<u>2,768</u>	<u>(437)</u>	<u>2,331</u>
Pension fund contribution	-	(458)	(458)
Pension payment	(<u>1,803</u>)	<u>1,803</u>	<u>-</u>
Balance at December 31	<u>\$ 29,989</u>	<u>(\$ 28,491)</u>	<u>\$ 1,498</u>

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

	<u>2022</u>	<u>2021</u>
Interest costs	\$ 191	\$ 85
Interest revenue	<u>(183)</u>	<u>(87)</u>
Pension expense (income) of pension for the current period	<u>\$ 8</u>	<u>(\$ 2)</u>

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

	<u>2022</u>	<u>2021</u>
Sales cost	\$ 3	\$ -
Selling expenses	3	(1)
Administrative expenses	<u>2</u>	<u>(1)</u>
	<u>\$ 8</u>	<u>(\$ 2)</u>

(5) The fund assets of the Company's defined benefit retirement plans are the items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, or investment in domestic or foreign real estate and its securitization products) commissioned to Bank of Taiwan as a mandate to operate within the proportion and amount specified in the annual investment utilization plan of the Fund; the related utilization is overseen by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the lowest return on the Fund will not be lower than the interest of the local bank's two-year Time Deposit rate; for any deficit, the National Treasury will compensate upon the approval of the competent authority. Since the Company is not entitled to participate in the operations and management of the Fund, it is unable to disclose the categories of the fair value of plan assets pursuant to Section 142, IAS 19. Please refer to the Annual Labor Pension Fund Utilization Report announced by the government for the fair values composing the total assets of the Fund at December 31, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.25%</u>	<u>0.65%</u>
Increasing rate of the future wage	<u>2.00%</u>	<u>2.00%</u>

The assumptions of the future mortality rates of 2022 and 2021 were based on the statistics of the 5th and the 6th Experience Life Table of Life Insurance Industry in Taiwan and the experiences.

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

	<u>Discount rate</u>		<u>Increasing rate of the future wage</u>	
	<u>Increase by</u> <u>0.10%</u>	<u>Decrease by</u> <u>0.10%</u>	<u>Increase by</u> <u>0.25%</u>	<u>Decrease by</u> <u>0.25%</u>
December 31, 2022				
Effect on the current value of the defined benefit obligation	<u>(\$ 204)</u>	<u>\$ 206</u>	<u>\$ 515</u>	<u>(\$ 503)</u>
December 31, 2021				
Effect on the current value of the defined benefit obligation	<u>(\$ 236)</u>	<u>\$ 239</u>	<u>\$ 594</u>	<u>(\$ 579)</u>

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

liability for the balance sheet.

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

(7) The Group is expected to pay \$511 as the contribution to the retirement plan in 2023.

(8) As of December 31, 2022, the weighted average duration of the retirement plan is seven years.

The maturity analysis of the pension payment is as below:

Less than one year	\$	801
1 - 2 years		3,686
2 - 5 years		5,357
More than 5 years		<u>20,153</u>
	\$	<u>29,997</u>

2. (1) Since July 1, 2005, the Company established the defined contribution retirement procedures pursuant to the “Labor Pension Act,” applicable to Taiwanese staff. For the labor pension defined by the “Labor Pension Act” elected by employees, the Company contribute 6% of the wage to the personal accounts of employees at the Labor Insurance Bureau every month; the payment of employees’ pensions is made monthly or in a lump sum based on the amount in the personal pension accounts of employees and the accumulated incomes.
- (2) The subsidiary hiring employees in Vietnam complies with the defined contribution retirement plan conducted by the local governmental agency to contribute the social insurance at a certain percentage of the total employee wages and the pension of each employee is coordinated and arranged by the local government.
- (3) Mao Bao (Shanghai) Trading Ltd. contributes the pension insurance at a certain percentage of the total local employees’ wages every month pursuant to the pension insurance system stipulated by the PRC government. The pension of each employee is coordinated and arranged by the government, and the Group has no other obligations other than monthly contributions.
- (4) In 2022 and 2021, the Group recognized NT\$5,236 and NT\$4,979 as the pension costs pursuant to the aforesaid retirement procedures.

(XII) Share capital

As of December 31, 2022, the Company’s authorized capital was NT\$650,000 and the paid-in capital was NT\$424,439, with the face value of NT\$10 per share. The Company has fully received payment of all issued shares.

(XIII) 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.

(XIV) Retained earnings

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

When initially applying the IFRSs, for the special surplus reserves provided pursuant to Letter Jin-Guan-Zheng-Fa-Zhi No. 1090150022 dated on March 31, 2021, the Company

reverse such based on the shares of the originally provided special surplus reserves when using, disposing or reclassifying the related asset later.

6. On August 24, 2021, the earning distribution for 2020 proposed by the Board was as below:

	<u>Amount</u>	<u>2020</u> <u>Dividend per share (NT\$)</u>
Statutory reserves	\$ 3,808	
Special reserve	8,451	
Cash dividends	<u>21,222</u>	\$ 0.5
	<u>\$ 33,481</u>	

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

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

8. On March 24, 2023, the 2022 earning distribution proposal was approved upon the resolution adopted by the board of directors; 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.

(XV) Operating Revenue

	<u>2022</u>	<u>2021</u>
Revenues from customers' contracts	<u>\$ 587,101</u>	<u>\$ 619,352</u>

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

1. Contract liabilities:

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities - advances on sales	<u>\$ 1,012</u>	<u>\$ 1,489</u>	<u>\$ 1,196</u>

2. Beginning contract liabilities Revenues recognized for the current period

	<u>2022</u>	<u>2021</u>
Beginning balance of contract liabilities		
Revenues recognized for the current period		
Advanced on sales	<u>\$ 1,426</u>	<u>\$ 1,163</u>

(XVI) Interest revenue

	<u>2022</u>	<u>2021</u>
Interest from bank deposit	\$ 323	\$ 241
Revenues of interests from financial assets at amortized costs	<u>648</u>	<u>127</u>
	<u>\$ 971</u>	<u>\$ 368</u>

(XVII) Other income

	<u>2022</u>	<u>2021</u>
Compensation revenues	\$ 30	\$ 1,516
Dividend income	-	22
Subsidy revenues	-	966
Other revenues - others	<u>741</u>	<u>705</u>
	<u>\$ 771</u>	<u>\$ 3,209</u>

(XVIII) Other gains or losses

	<u>2022</u>	<u>2021</u>
Loss from disposal of property, plant and equipment	(\$ 26)	(\$ 75)
Gains on lease modification	337	-
Gain from foreign currency exchange	10,949	3,612
Misc expenditures	<u>(312)</u>	<u>(240)</u>
	<u>\$ 10,948</u>	<u>\$ 3,297</u>

(XIX) Financial costs

	<u>2022</u>	<u>2021</u>
Interests of the lease liabilities	\$ 198	\$ 196
Other financial expenses	<u>-</u>	<u>6</u>
	<u>\$ 198</u>	<u>\$ 202</u>

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

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

By nature \ By Function	2021		
	Belonging to operating costs	Belonging to operating expenses	Total
Expenses of employee benefits			
Wage expenses	\$ 33,621	\$ 67,533	\$ 101,154
Labor and health insurance expenses	3,568	6,151	9,719
Pension expenses	1,566	3,411	4,977
Other personnel expenses	1,536	2,012	3,548
Depreciation expense	6,151	4,855	11,006
Amortization expenses	-	753	753

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 estimated amount of the employee remunerations for 2022 and 2021 were NT\$480 and NT\$1,782; the estimated amount of the director and supervisor remunerations were NT\$120 and NT\$445. The said amounts were accounted under the wage expenses.

In 2022, the estimates were made at approximately 7% and 2% based on the profit as of the current period.

The employee remuneration and director and supervisor remuneration resolved for 2021, and the employee remuneration of NT\$1,782 and director and supervisor remuneration of NT\$445 recognized in the 2021 financial report, had difference of (\$482) and (\$165), respectively; these were adjusted in the 2022 profit and loss.

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

(XXI) Income tax

1. Income tax expenses

(1) Compositions of the income tax expenses:

	<u>2022</u>	<u>2021</u>
Income tax of the current period:		
Income tax generated from the income of the current period:	\$ 467	\$ 4,411
Levied on the undistributed earnings	-	230

Under underestimates of the income tax in previous years	<u>1,755</u>	<u>89</u>
Total income tax of the current period	<u>2,222</u>	<u>4,730</u>
Deferred income tax:		
Origin and reversal of the temporary difference	\$ <u>1,508</u>	(\$ <u>240</u>)
Total deferred income tax	<u>1,508</u>	(<u>240</u>)
Income tax expenses	<u>\$ 3,730</u>	<u>\$ 4,490</u>

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

	<u>2022</u>	<u>2021</u>
Difference from translation of the foreign operations	\$ 980	(\$ 255)
Remeasurement of defined benefit obligations	<u>548</u>	(<u>466</u>)
	<u>\$ 1,528</u>	(<u>\$ 721</u>)

2. Relationship between the income tax expenses and accounting profits

	<u>2022</u>	<u>2021</u>
Income tax calculated at the statutory tax rate for the net profit before tax	\$ 2,147	\$ 4,992
Effects of income tax from the excluded items pursuant to the tax laws	530	(821)
Change in the realizability for the deferred income tax assets	(710)	-
Not to be credited for the withheld tax of offshore income	8	-
Under underestimates of the income tax in previous years	1,755	89
Levied on the undistributed earnings	<u>-</u>	<u>230</u>
Income tax expenses	<u>\$ 3,730</u>	<u>\$ 4,490</u>

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

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

- Deferred tax liabilities:

- Reserve for added value of land	\$ 16,036	\$ -	\$ -	\$ 16,036
Unrealized exchange gains	<u>-</u>	<u>1,714</u>	<u>-</u>	<u>1,714</u>
	<u>\$ 16,036</u>	<u>\$ 1,714</u>	<u>\$ -</u>	<u>\$ 17,750</u>

	<u>2021</u>			
	<u>January 1</u>	<u>Recognized under profit and loss</u>	<u>Recognized under other comprehensive incomes</u>	<u>December 31</u>
Deferred tax assets				
- Temporary difference:				
Difference from exchange of the foreign operations	\$ 5,172	\$ -	\$ 255	\$ 5,427
Employee benefit actuarial income and loss	2,637	-	466	3,103
Others	<u>1,850</u>	<u>240</u>	<u>-</u>	<u>2,090</u>
	<u>\$ 9,659</u>	<u>\$ 240</u>	<u>\$ 721</u>	<u>\$ 10,620</u>
- Deferred tax liabilities:				
- Reserve for added value of land	<u>\$ 16,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,036</u>

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

	<u>December 31, 2022</u>		
<u>Credit item</u>	<u>Balance not yet credited</u>	<u>Amount of deferred income tax assets</u>	<u>Final credit year</u>
Research and development expenditure	<u>\$ 1,420</u>	<u>\$ 710</u>	2023

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

	<u>December 31, 2022</u>			
<u>Year of occurrence</u>	<u>Reported amount/ assessed amount</u>	<u>Amount not credited</u>	<u>Amount not recognized as the deferred income tax assets</u>	<u>Final deduction year</u>
2022	<u>\$ 2,595</u>	<u>\$ 2,595</u>	<u>\$ -</u>	2032

6. The profit-seeking enterprise income tax have been approved by the tax collection authority up to 2020.

(XXII) Earnings per share

	<u>2022</u>		
Amount	Number of weighted average outstanding shares	Earnings per share	
<u>(NT\$ thousand)</u>	<u>(Thousand shares)</u>	<u>(NT\$)</u>	

Basic earnings per share

Current net profit	\$ 5,167	42,444	\$ 0.12
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Diluted earnings per share

Current net profit	\$ 5,167	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	-	15	
Net profit of the current period belonging to the holders of common shares plus effects of potential common shares	\$ 5,167	42,459	\$ 0.12

2021

	Amount	Number of weighted average outstanding shares	Earnings per share
	(NT\$ thousand)	(Thousand shares)	(NT\$)

Basic earnings per share

Current net profit	\$ 19,409	42,444	\$ 0.46
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Diluted earnings per share

Current net profit	\$ 19,409	42,444	
Effects of potential common shares with diluting effect			
Employee remuneration	-	71	
Net profit of the current period belonging to the holders of common shares plus effects of potential common shares	\$ 19,409	42,515	\$ 0.46

XXI. Related Party Transaction

(I) Parent company and the ultimate controller

The Company is controlled by Pacific Worldwide Investment Co., Ltd. (registered and incorporated in the R.O.C., “Pacific Worldwide”), which owns 16% of the Company’s stake; and the directors of Pacific Worldwide also owns the Company’s shares, so it is determined as the substantial controller of the Company.

(II) Information on the compensations of the major management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 6,773	\$ 6,689
Benefit after retirement	79	79
Total	\$ 6,852	\$ 6,768

XXII. Pledged Assets

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

Carrying value

<u>Asset item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose of guarantee</u>
Land	\$ 98,180	\$ 98,180	Limit of bank borrowings
Houses and buildings	<u>35,008</u>	<u>37,000</u>	"
	<u>\$ 133,188</u>	<u>\$ 135,180</u>	

XXIII. Significant Contingent Liabilities and Unrecognized Commitments

None.

XXIV. Losses Due to Major Disasters

None.

XXV. Significant Events After Balance Sheet Date

For the earning distribution for 2022 approved upon the resolution adopted by the Board on March 24, 2023, please refer to Note 6(14).

XXVI. Others

(I) Capital management

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

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive profit or loss	<u>\$ 134</u>	<u>\$ 134</u>
Financial assets measured at amortized cost	<u>\$ 314,642</u>	<u>\$ 332,814</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost	<u>\$ 122,581</u>	<u>\$ 132,507</u>
Lease liabilities	<u>\$ 14,744</u>	<u>\$ 9,031</u>

The Group, based on the IFRS 9, is classified as financial assets measured at amortized cost include cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable, other receivables and refundable deposit; financial liabilities measured at amortized cost include the accounts payable and other payables.

2. Risk management policy

1. The daily operation of the Group is affected by various financial risks, including market

risks (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk.

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

3. Natures and degrees of material financial risks

1. Market risk

Exchange rate risk

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

<u>December 31, 2022</u>					
			<u>Sensitivity analysis</u>		
<u>Foreign currencies</u>		<u>Carrying amount</u>		<u>Extent of</u>	<u>Affecting</u>
<u>(NT\$ thousand)</u>	<u>Exchange rate</u>	<u>(NT\$)</u>		<u>change</u>	<u>profit and</u>
<u>loss</u>					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: TWD	\$ 3,092	30.71	\$ 94,955	1%	\$ 950
CNY: TWD	3,388	4.41	14,934	1%	149
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: TWD	136	30.71	4,177	1%	42

December 31, 2021

	Foreign currencies		Carrying amount (NT\$)	<u>Sensitivity analysis</u>	
	<u>(NT\$ thousand)</u>	<u>Exchange rate</u>		<u>Extent of change</u>	<u>Affecting profit and loss</u>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: TWD	\$ 2,630	27.68	\$ 72,798	1%	\$ 728
CNY: TWD	1,657	4.34	7,198	1%	72
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: TWD	98	27.68	2,713	1%	27

D. Because the exchange rate fluctuation had great influence over the Group's monetary items, the summarized amount of all the exchange gain and loss (including realized and unrealized) recognized in 2022 and 2021 were NT\$10,949 and NT\$3,612, respectively.

Price risk

- A. The Group's equity instruments exposed to the price risk are the financial assets at fair value through other comprehensive profit or loss. To manage the price risk of the investments in the equity instruments, the Group will diversify the portfolio within the limit set by the Group.
- B. The Group mainly invests in the equity instruments issued by the domestic companies; prices of such equity instruments are subject to the uncertainty of the future prices for the underlying investments. If the price of such equity instrument increases or decreases by 10%, and all other factors remaining the same, the gain or loss of the investment in equity measured at FVOCI classified under other comprehensive income in 2022 and 2021 were both increased or decreased by NT\$13.

(2) Credit risk

- A. The Group's credit risk is the risk of financial loss sustained by the Group due to the failure of performing contractual obligations by customers or counterparties of financial instruments, and mainly are the accounts payable unable to be repaid by transaction counterparties as required by payment terms, and the contractual cash flow measured at amortized costs.
- B. The Group establishes the management for credit risk from the perspective of the Group. Pursuant to the credit granting policy defined internally, before any operating entity within the Group establishes the payment and delivery terms and conditions with a new customer, such customer shall be managed and the credit risk must be analyzed. The internal risk control is to evaluate the credit quality of a

customer by considering its financial position, past experience and other factors. The individual risk limit is set by the Board based on the internal or external rating, and the utilization of credit limit is regularly monitored.

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

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

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

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

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

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

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

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

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

- G. The Group includes the forward-looking consideration in the economy observation report of Taiwan Institute of Economic Research, to adjust the loss rate established based on the certain historic period and current information, to estimate the loss allowance of the notes and accounts receivable. The matrix prepared at December 31, 2022 and 2021 are as follows:

	<u>Individual</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	100%	0.03%	0.03%~0.14%	0.03%~1.00%	
Total carrying value	\$ -	\$ -	\$ 86,517	\$ 6,479	\$ 92,996
Loss allowance	\$ -	\$ -	\$ 119	\$ 65	\$ 184
	<u>Individual</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2021</u>					
Expected loss rate	100%	0.03%	0.03%~0.21%	0.03%~1.00%	

Total carrying value	\$	40	\$	-	\$	105,173	\$	5,007	\$	110,220
Loss allowance	\$	40	\$	-	\$	220	\$	50	\$	310

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

	<u>2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
January 1	\$ 260	\$ 50
Provision of loss allowance	-	15
Reversal of impairment loss	(151)	-
Effects of foreign exchange	<u>10</u>	<u>-</u>
December 31	<u>\$ 119</u>	<u>\$ 65</u>

	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
January 1	\$ 176	\$ 27
Provision of loss allowance	79	23
Effects of foreign exchange	<u>5</u>	<u>-</u>
December 31	<u>\$ 260</u>	<u>\$ 50</u>

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

(3) Liquidity risk

- A. The forecast of cash flow is conducted by the Group, and aggregated by the Finance Department. The Group's Finance Department monitors the forecast of required liquidity of the Company, to ensure sufficient funds to support the operating demands.
- B. Where the remaining cash held by the Group exceeds the required working capital for the purpose of management, the Finance Department will invest the remaining funds in the time deposits with interests, money market deposit, and marketable securities. The instruments selected have proper maturity or sufficient liquidity to support the aforesaid forecasts with enough level for deployment. As of November 31, 2022 and 2021, the money market position held by the Group were NT\$129,115 and NT\$165,216, and it is expected to generate cash flow instantly to manage the liquidity risk.
- C. The undrawn borrowing limit of the Group, NT\$110,000 are all expired within a year.
- D. The following table are the Group's non-derivative liabilities and grouped by the

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

<u>Non-derivative liabilities:</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities		
Within a year	\$ 1,837	\$ 1,777
More than one year	14,175	7,627

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

(III) Information on fair value

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

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

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

Level 3: The unobservable inputs of assets or liabilities. The Group's investments in equity instruments without active market belong to the category.

2. The carrying amount of the Group's cash and cash equivalents, financial assets at amortized costs accounted (time deposits with an initial maturity of within three months, notes receivable, accounts receivable (related parties included), other receivables (related parties included), refundable deposit, accounts payable (related parties included) and other payable are the reasonable approximate value of the fair value financial assets not measured at fair value.

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

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Repetitive fair value</u>				
Financial assets at fair value through other comprehensive profit or loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 134</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>

Asset

Repetitive fair value

Financial assets at fair value through other comprehensive profit or loss

Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 134</u>
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4. During 2022 and 2021, there was no transfer between Level 1 and Level 2.

5. The following table demonstrate the changes in Level 3 during 2022 and 2021.

	<u>2022</u>	<u>2021</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 134	\$ 113
Profit or loss recognized under other comprehensive incomes accounted for unrealized valuation gain or loss from investments in equity instruments measured at FVOCI	<u>-</u>	<u>21</u>
December 31	<u>\$ 134</u>	<u>\$ 134</u>

6. During 2022 and 2021, there was no transfer from and to Level 3.

7. The evaluation process of the Group for the fair value categorized at Level 3 is that the Financial Department takes the charge of individually verifying the fair value of financial instruments, to have the evaluation results closer to the market conditions via the information from independent sources, and confirm that the information source is independent, reliable, and consistent to other resources, and representing the executable prices, while calibrating the evaluation model regularly, conducting retrospective test, updating the inputs required for the evaluation model, and other necessary adjustment to the fair values, to ensure the evaluation results are reasonable.

8. For the quantified information of material unobservable inputs used in the valuation model adopted for the measurement items of Level 3 fair value, and the sensitivity of changes in the material unobservable inputs, the descriptions are as below:

	<u>December 31, 2022</u>	<u>Valuation techniques</u>	<u>Material unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair values</u>
Non-derivative equity instruments:					
Non TWSE or TPEX listed shares	<u>\$ 134</u>	Comparable TWSE or TPEX listed company method	Multiples of P/B ratio	1.99	The higher the multiples are, the higher the fair value is
			Market illiquidity discount	30%	The higher the market illiquidity discount is, the lower the fair value is
	<u>December 31, 2021</u>	<u>Valuation techniques</u>	<u>Material unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair values</u>

Non-derivative equity instruments:

Non TWSE or TPEX listed shares	\$ <u>134</u>	Comparable TWSE or TPEX listed company method	Multiplies of P/E ratio	26.40	The higher the multiplies are, the higher the fair value is
			Market illiquidity discount	30%	The higher the market illiquidity discount is, the lower the fair value is

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

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

		<u>December 31, 2021</u>				
			<u>Recognized under profit and loss</u>		<u>Recognized under other comprehensive incomes</u>	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	Market illiquidity discount	±1%	\$ -	\$ -	\$ 1	(\$ 1)

XXVII. Other Disclosures

(一) 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.

(二) 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.

(三) 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.

(四) Information on major shareholders

Information on major shareholders: please refer to Table 7.

XXVIII. Information on Operating Departments

(1) General information

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

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

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

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

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

The accounting policies of the Group's operating departments are identical to the summary of

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

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

	<u>2021</u>				
	<u>Department A</u>	<u>Department B</u>	<u>Department C</u>	<u>Adjustment and cancellation</u>	<u>Total</u>
Revenues					
Revenues from external customers	\$ 548,548	\$ 12,369	\$ 58,435	\$ -	\$ 619,352
Inter-department revenues	<u>35,869</u>	<u>4,624</u>	<u>-</u>	<u>(40,493)</u>	<u>-</u>
Total revenue	<u>\$ 584,417</u>	<u>\$ 16,993</u>	<u>\$ 58,435</u>	<u>(\$ 40,493)</u>	<u>\$ 619,352</u>
Departmental profit and loss	<u>\$ 23,899</u>	<u>(\$ 1,226)</u>	<u>\$ 5,871</u>	<u>(\$ 4,645)</u>	<u>\$ 23,899</u>
Departmental profit and loss include:					
Interest revenue	<u>\$ 841</u>	<u>\$ 3</u>	<u>\$ 35</u>	<u>(\$ 511)</u>	<u>\$ 368</u>
Financial costs	<u>(\$ 202)</u>	<u>(\$ 511)</u>	<u>\$ -</u>	<u>\$ 511</u>	<u>(\$ 202)</u>
Gain from investment recognized by the equity method	<u>\$ 3,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,621)</u>	<u>\$ -</u>
Depreciation and	<u>(\$ 9,768)</u>	<u>(\$ 1,983)</u>	<u>(\$ 8)</u>	<u>\$ -</u>	<u>(\$ 11,759)</u>

amortization

Gain (expense) from income come tax	<u>(\$ 4,225)</u>	<u>\$ -</u>	<u>(\$ 265)</u>	<u>\$ -</u>	<u>(\$ 4,490)</u>
Total departmental assets	<u>\$ 724,415</u>	<u>\$ 58,337</u>	<u>\$ 46,680</u>	<u>(\$ 159,605)</u>	<u>\$ 669,827</u>
Total departmental liabilities	<u>(\$ 175,926)</u>	<u>(\$ 58,472)</u>	<u>(\$ 27,037)</u>	<u>\$ 77,454</u>	<u>(\$ 183,981)</u>

(3) Information on reconciliation of departmental profit and loss

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

(4) Information by products and services

The components of the revenue balance

	<u>2022</u>	<u>2021</u>
Detergent series	\$ 375,865	\$ 382,231
Domestic cleaning series	163,906	199,925
Others	<u>47,330</u>	<u>37,196</u>
Total	<u>\$ 587,101</u>	<u>\$ 619,352</u>

(5) Information by area

The information of the Group for 2022 and 2021 by region are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Revenues</u>	<u>Non-current assets</u>	<u>Revenues</u>	<u>Non-current assets</u>
Taiwan	\$ 524,902	\$ 175,099	\$ 548,548	\$ 164,448
Others	<u>62,199</u>	<u>39,928</u>	<u>70,804</u>	<u>38,442</u>
Total	<u>\$ 587,101</u>	<u>\$ 215,027</u>	<u>\$ 619,352</u>	<u>\$ 202,890</u>

(6) Information on key customers

The information on key customers of the Group for 2022 and 2021 are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Total revenue</u>	<u>Department</u>	<u>Total revenue</u>	<u>Department</u>
Customer A	\$ 137,038	Department A	\$ 131,758	Department A
Customer B	67,348	Department A	114,915	Department A and C
Customer C	60,603	Department A and C	69,996	Department A and C

Mao Bao Inc. and the subsidiaries
Loaning of funds to others
January 1, 2022 to December 31, 2022

Table 1

Unit: NT\$ thousand
(Unless specified otherwise)

No. (Note 1)	Company providing loan	Counterparty of loan	Transaction item (Note 2)	Related party or not	Highest amount of the period (Note 3)	End balance (Note 8)	Amount actually drafted	Range of interest rate	Nature of loaned fund (Note 4)	Transaction amount (Note 5)	Reason of short-term financing needed (Note 6)	Amount of loss allowance provided	Collateral Name Value	Loan limit to single counterparty (Note 7)	Total limit of loaned fund (Note 7)	Remarks
0	Mao Bao Inc.	Mao Bao Vietnam Inc.	Others Payables	Yes	\$ 61,470	\$61,420	\$ 21,503	1%	Short-term financing	-	Business turnover	-	None -	\$ 120,567	\$ 192,907	Note 9
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Others Payables	Yes	61,470	61,420	\$ 43,007	1%	Short-term financing	-	Business turnover	-	None -	61,008	64,219	Note 10

Note 1: Instruction of number column is as below:

(1) Issuer = 0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 9: The Company, upon the resolution of the board of directors on September 21, 2010, loaned a fund within USD2,000 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of December 31, 2022, the drafted amount is USD700 thousand.

Note 10: The Company's subsidiary, Pacific Worldwide Holdings Ltd., upon the resolution of the board of directors on December 22, 2010, loaned a fund within USD2,000 thousand to the sub-subsidiary, Mao Bao Vietnam Inc., at the interest rate of 1% per annum; as of December 31, 2022, the drafted amount is USD1,400 thousand.

Mao Bao Inc. and the subsidiaries

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

January 1, 2022 to December 31, 2022

Table 2

Unit: NT\$ thousand
(Unless specified otherwise)

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

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

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

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

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

Mao Bao Inc. and the subsidiaries

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

January 1, 2022 to December 31, 2022

Table 3

Unit: NT\$ thousand

(Unless specified otherwise)

No. (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Account	Transaction Amount	Transaction conditions	Ratio to consolidated total revenue or total assets (Note 3)
0	The Company	Mao Bao Vietnam Inc.	1	Processing fee	\$ 5,116	3	1%
0	The Company	Mao Bao Vietnam Inc.	1	Other payables	21,503	-	3%
0	The Company	Mao Bao (Shanghai) Trading Ltd.	1	Accounts receivable	7,652	1	1%
0	The Company	Mao Bao (Shanghai) Trading Ltd.	1	Revenue from sales	17,685	1	3%
1	Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	3	Other payables	43,007	-	7%

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

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

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

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

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

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

Note 5: The transaction conditions are listed below.

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

Mao Bao Inc. and the subsidiaries

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

January 1, 2022 to December 31, 2022

Table 4

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investment company	Name of investee		Major business	Original amount invested		Holding at the end of period			Profit/loss of the investee for the period	Investment profit/loss recognized for the period	Remarks
	(Note 1, 2)	Location		End of the current period	End of last year	No. of shares	Ratio	Carrying amount	(Note 2(2))	(Note 2(3))	
Mao Bao Inc.	Pacific Worldwide Holdings Ltd.	Samoa	Overseas holding companies	\$ 154,012	\$ 154,012	5,000,015	100.00	\$ 62,725	(\$ 3,322)	(\$ 3,322)	
Pacific Worldwide Holdings Ltd.	Mao Bao Vietnam Inc.	Vietnam	Production of various cleaning products	94,939	94,939	3,000,000	100.00	(10,256)	(10,312)	(10,312)	

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) Columns such as "name of the investee," "location," "main business items," "original investment amount," and "shareholding at the end of period" should be entered based on the status of the (public) company's reinvestment and the reinvestments made by each directly or indirectly controlled investee in order, and indicate the relationship between each investee and the (public) company (such as a subsidiary or a sub-subsidiary) in the remarks column.
- (2) In column of "Profit and loss of the investee for the current period," the amount of profit and loss of each investee for the current period shall be entered.
- (3) In the column of "Investment gain and loss recognized for the period," it is only required to enter the gain and loss amount of each directly invested subsidiary recognized by the (public) company, and each investee valued with the equity method, all others may be exempted. When filling in the "recognized amount of the profit and loss from each directly reinvested subsidiary for the period," it shall be confirmed that the profit and loss amount of each subsidiary for the period has included the investment profit or loss that shall be recognized pursuant to the regulations for its reinvestment.

Mao Bao Inc. and the subsidiaries
Information on investment in China - basic information

January 1, 2022 to December 31, 2022

Table 5

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investee in China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount of investment remitted from Taiwan to China at the beginning of the period	Investment amount remitted or recovered during the period		Accumulated amount of investment remitted from Taiwan to China at the end of the period	Profit/loss of the investee for the period	The shareholding of the Company through the direct or indirect investment	Investment loss or gain recognized for the current period (Note 2)	Carrying amount of investment at the end of period	Amount of investment gains remitted back to Taiwan as of the period	Remarks
					Remitted	Recovered							
Mao Bao (Shanghai) Trading Ltd.	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export	\$ 4,539	(2)	\$ 4,539	\$ -	\$ -	\$ 4,539	\$ 8,718	100.00	\$ 8,718 (2)B	\$ 28,621	\$ -	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	\$	289,360						

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

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

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

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

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

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

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

Mao Bao Inc. and the subsidiaries

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

January 1, 2022 to December 31, 2022

Table 6

Unit: NT\$ thousand

(Unless specified otherwise)

Name of investee in China	Sales (purchase)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee for notes, or collaterals provided			Fund financing			Others
	Amount	%	Amount	%	Balance	%	End balance	Purpose	Highest balance	End balance	Range of interest rate	Interest rate of the current period	
Mao Bao (Shanghai) Trading Ltd.	\$ 17,685	3%	\$ -	-	\$ 7,652	1%	\$ -	-	\$ -	\$ -	-	\$ -	-

Mao Bao Inc. and the subsidiaries

Information on major shareholders

January 1, 2022 to December 31, 2022

Table 7

Names of major shareholders	No. of shares held	Shares	Shareholding ratio
Pacific Worldwide Investment Co., Ltd.	6,790,856		15.99%
Ling-Yu Investment Co., Ltd.	6,450,000		15.19%
Mr. Wu, Hsien-Tai	4,034,459		9.50%

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

I. Financial position:

Comparison Analysis of Financial Position

Unit: NT\$ thousand

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		427,953	456,183	(28,230)	(6.19)
Property, Plant and Equipment		181,181	182,429	(1,248)	(0.68)
Other assets		44,954	31,215	13,739	44.01
Total assets		654,088	669,827	(15,739)	(2.35)
Current liabilities		140,896	159,028	(18,132)	(11.40)
Non-current liabilities		30,925	24,953	5,972	23.93
Total Liabilities		171,821	183,981	(12,160)	(6.61)
Share capital		424,439	424,439	0	0.00
Capital reserve		2,704	2,704	0	0.00
Retained earnings		60,654	68,151	(7,497)	(11.00)
Other equities		(5,530)	(9,448)	3,918	(41.47)
Total equity of shareholders		482,267	485,846	(3,579)	(0.74)
Description: Increase or decrease between the most recent 2 years is more than 20% with significant amount.					
1. The increase in other assets is due to the modification of usage rights assets in the current period.					
2. The increase in non current liabilities is due to the modification of lease liabilities in the current period.					
3. The increase in other equity is mainly due to the adjustment of exchange differences in the financial statements of foreign operating institutions.					

Note: the source is the 2021 and 2022 consolidated financial statements.

II. Operating Results

Comparison Analysis of Operating Results

Unit: NT\$ thousand

Item	Year		Amount increased (decreased) by	Change ratio %
	2022	2021		
Net operating revenue	587,101	619,352	(32,251)	(5.21)
Sales cost	(364,557)	(373,326)	8,769	(2.35)
Gross Profit	222,544	246,026	(23,482)	(9.54)
Operating expenses	(226,139)	(228,799)	2,660	(1.16)
Operating income (loss)	(3,595)	17,227	(20,822)	(120.87)
Non-operating Income and Expenses	12,492	6,672	5,820	87.23
Net income (net loss) before tax	8,897	23,899	(15,002)	(62.77)
Gain (expense) from income come tax	(3,730)	(4,490)	760	(16.93)
Net income (net loss) for the period	5,167	19,409	(14,242)	(73.38)
Total of items not re-classified	2,191	(1,844)	4,035	(218.82)
Total of items that may be reclassified subsequently to profit or loss	3,918	(1,018)	4,936	(484.87)
Total comprehensive income for the period	11,276	16,547	(5,271)	(31.85)
<p>Descriptions of changes more than 20%:</p> <p>(I) The decrease in operating profit and net profit before tax compared to the previous period is mainly due to the continuous increase in raw material costs and a decrease in profits in overseas markets.</p> <p>(II) The non-operating income and expenses increased from the previous period, mainly because the gain from the foreign currency exchange valuation.</p> <p>(III) Total amount of these not re-classified to profit and loss increased from the previous period, mainly due to the remeasurement of the defined benefit plan adjusted based on the retirement actuarial report.</p> <p>(IV) Total amount items that may be reclassified subsequently to profit or loss increased from the previous period, mainly because the accumulated exchanges changed due to the exchange rate fluctuation.</p>				

Note: the source is the 2021 and 2022 consolidated financial statements.

III. Cash flow:

(I) Liquidity analysis of the most recent two years

Item \ Year	Year		Increased (decreased) by %
	2022	2021	
Cash flow ratio	19.52	27.30	(28.50)
Cash flow adequacy ratio	209.75	204.54	2.55
Cash reinvestment ratio	1.93	3.43	(43.73)
Descriptions of changes: The cash flow ratio and the cash reinvestment ratio decreased from the previous period, mainly because the cash inflow from operating activities decreased.			

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

(III) Liquidity analysis for the coming year

Unit: NT\$ thousand

Beginning cash balance (1)	Expected net cash flow from operating activities for the whole year (2)	Expected cash outflow for the whole year (3)	Expected amount of cash balance (deficit) (1)+(2)-(3)	Remedial measure of expected cash deficit	
				Investment plans	Treasury plans
129,255	27,537	15,860	140,932	-	-

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

V. Reinvestment policy for the most recent fiscal year:

Item \ Description	Policy	Main reason of profit or loss	Improvement plant	Other investment plans in the future
Pacific Worldwide Holdings Ltd..	Overseas holding companies	Incomes of Mao Bao Vietnam Inc. and Mao Bao (Shanghai) Trading are recognized with the equity method.	As below.	—
Mao Bao Vietnam Inc.	Expanding overseas market	The construction of Vietnam Plant was completed in February 2012, and the sales in Vietnam started at mid-2013; however, the breakeven has not yet achieved.	The sales channels in Vietnam will be constructed as soon as possible.	Marketing advertisement for channels.
- Mao Bao (Shanghai) Trading Ltd.	Expanding overseas market	Established on May 23, 2012, and it has been committed to the manufacturing, sales, and the local domestic market actively.	The customers in mainland China and channels are to be increased.	Marketing advertisement for channels.

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

- (I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future: none.
- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future: none.
- (III) Research and development work to be carried out in the future, and further expenditures expected for

research and development work: the domestic cleaning products meeting consumers' needs are expected to be launched continuously, with the expected expenditures expected for research and development work for NT\$5.69 million.

- (IV) Effect on the company's finance and operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: the Company's sales markets are mainly local, and its finance and operations are both compliant with the current regulations of the competent authorities. In the past, and for the near-term, the company's finance and operations neither have been nor are expected to be affected by important policies adopted and changes in the legal environment at home and abroad.
- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: the Company is not a technology advanced company, so the effect is not material. The Company's IT department has prevented and promoted the cyber security risks regularly. The Company has been engaged in product research and innovation, while establishing its own brand for many years. The products are developed in house, so the Company has absolute independence to enhance its market competitiveness.
- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: none.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: none.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: none.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: none.
- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, independent director or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: none.
- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: none.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: involve the company and/or any company director, any independent director, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: none.
- (XIII) Other important risks: none.

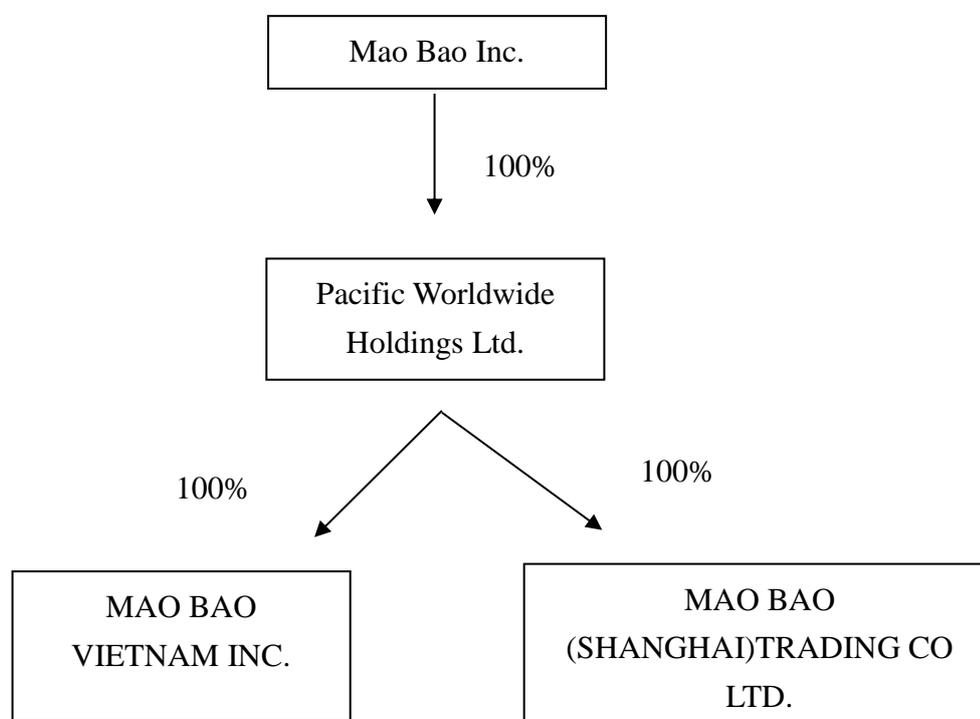
VII. Other important matters: none

Eight. Special items to be included

I. Information related to the company's affiliates

(I) Consolidated business report

1. Organizational chart of affiliates



2. Basic information on each affiliate

Unit: NT\$ thousand

Company name	Incorporation date	Address	Paid-up capital (Note)	Major business
Pacific Worldwide Holdings Ltd.	January 11, 2006	Offshore Chambers, P.O. Box 217, Asia, Samoa	153,550	Overseas holding companies
Mao Bao Vietnam Inc.	October 16, 2006	No. 3 road, Longthanh Industrial Zone, Taman Village, Longthanh District, Dongnai Province, Vietnam	92,130	Production of various cleaning products
- Mao Bao (Shanghai) Trading Ltd.	May 23, 2012	20F, Mirae Asser Tower, 166 Lujiazui Ring Road, Pudong Shanghai 200120, China	4,607	Wholesale of daily necessities, cosmetics, and protection products, agency for commission, and package service of import and export

(Note) Translated with the exchange rate at the end of 2022.

3. Information of the mutual shareholders of the presumed controlling company and subordinate companies:
none.

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

Unit: thousand shares

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

5. Overview of each affiliate's operation

Unit: NT\$ thousand

Company name	Capital	Total assets	Total Liabilities	Net value	Operating Revenue	Operating Income	Income (loss) of the period	Earnings per share (NT\$)
Pacific Worldwide Holdings Ltd.	153,550	63,187	462	62,725	-	(2,164)	(3,322)	-
MaoBao Vietnam Inc.	92,130	58,825	69,081	(10,256)	22,870	(7,628)	(9,604)	-
- Mao Bao (Shanghai) Trading Ltd.	4,607	38,100	9,479	28,621	45,653	8,967	8,718	-

(Note) Translated with the exchange rate at the end of 2022.

(II) Consolidated financial statements of affiliates

Mao Bao Inc. and the subsidiaries

Declaration of consolidated financial statements of affiliates

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 endorsed by the Financial Supervisory Commission are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022, (January 1-December 31, 2022) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

It is hereby certified

Company Name: Mao Bao Inc.

Person in Charge: Wu, Rui-Hua

March 24, 2023

(III) Relationship report: none:

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

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

- IV. Other matters that require additional description: none.**

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

Mao Bao Inc.

Chairman: Wu, Jui-Hua