

Maywufa Company Ltd.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Maywufa Company Ltd.

Opinion

We have audited the accompanying financial statements of Maywufa Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended 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 Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Validity of Occurrence of Revenue Recognition

Maywufa Company Ltd.'s sales come from various channels, such as e-commerce, medical institutions, wholesalers and retailers, and the transaction terms are customized. For the year ended December 31, 2023, the operating revenue from some customers increased compared to the year ended December 31, 2022. Because revenues from such customers have materially influenced the Company's financial statements, we considered the validity of the occurrence of revenue recognition for the year ended December 31, 2023 a key audit matter.

For accounting policy on revenue recognition, refer to Note 4(l); for operating revenue recognition policy, refer to Note 21.

The audit procedures that we performed with respect to the sales revenue from the aforementioned customers are as follows:

- 1 We obtained an understanding of the internal controls related to the sales revenue from the aforementioned customers. We also evaluated the design of the controls and tested the operating effectiveness of the controls.
- 2 We selected samples of sales transactions from the aforementioned customers. We checked the details of the external documentation and confirmed that sales were valid and did occur.

Other Matters

We did not audit the financial statements of PhytoHealth Corporation, AmCad BioMed Corporation, and Broadsound Corporation accounted for using the equity method as of December 31, 2023 and 2022, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts of investments accounted for using the equity method and other comprehensive income included in the financial statements for these investees, is based solely on the reports of other auditors. According to the reports of other auditors as of December 31, 2023 and 2022, the amounts of the investments accounted for using the equity method of Maywufa Company Ltd. were NT\$505,206 thousand and NT\$505,634 thousand, respectively, representing 18% and 20% of the total assets, respectively; the amounts of the equity accounting method - recognition of losses of Maywufa Company Ltd. for the years ended December 31, 2023 and 2022 were NT\$12,199 thousand and NT\$17,673 thousand, respectively, representing (6)% and (8)% of the total profit before income tax, respectively.

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 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's 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain 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 management.
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. 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. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audits resulting in this independent auditors' report are Chao-Mei Chen and Cheng-Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

MAYWUFA COMPANY LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 103,062	4	\$ 97,133	4
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	52,004	2
Notes receivable (Notes 4 and 8)	22,522	1	22,025	1
Accounts receivable (Notes 4, 8 and 28)	226,268	8	208,688	8
Other receivables (Notes 4, 8 and 28)	2,927	-	2,045	-
Inventories (Notes 4 and 9)	255,773	9	232,624	9
Prepayments	1,042	-	845	-
Other financial assets - current (Notes 4 and 10)	395,130	14	354,870	14
Other current assets (Note 15)	<u>1,576</u>	<u>-</u>	<u>899</u>	<u>-</u>
Total current assets	<u>1,008,300</u>	<u>36</u>	<u>971,133</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	127,105	4	119,228	5
Investments accounted for using the equity method (Notes 4 and 12)	646,384	23	652,575	26
Property, plant and equipment (Notes 4, 13 and 29)	892,993	32	655,271	26
Right-of-use assets (Notes 4 and 14)	4,588	-	8,404	-
Intangible assets (Note 4)	4,637	-	3,609	-
Deferred tax assets (Notes 4 and 23)	26,117	1	23,993	1
Refundable deposits	5,267	-	5,086	-
Net defined benefit assets - non-current (Notes 4 and 19)	59,742	2	60,152	3
Other non-current assets (Note 15)	<u>54,646</u>	<u>2</u>	<u>27,350</u>	<u>1</u>
Total non-current assets	<u>1,821,479</u>	<u>64</u>	<u>1,555,668</u>	<u>62</u>
TOTAL	<u>\$ 2,829,779</u>	<u>100</u>	<u>\$ 2,526,801</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 17)	\$ 125	-	\$ 250	-
Accounts payable (Notes 17 and 28)	83,514	3	78,255	3
Other payables (Notes 18 and 28)	213,912	7	178,179	7
Current tax liabilities (Notes 4 and 23)	25,631	1	20,265	1
Lease liabilities - current (Notes 4 and 14)	3,564	-	8,168	-
Other current liabilities	<u>24,950</u>	<u>1</u>	<u>24,198</u>	<u>1</u>
Total current liabilities	<u>351,696</u>	<u>12</u>	<u>309,315</u>	<u>12</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 16 and 29)	437,893	16	218,185	9
Deferred tax liabilities (Notes 4 and 23)	5	-	16	-
Lease liabilities - non-current (Notes 4 and 14)	1,084	-	399	-
Guarantee deposits (Note 28)	<u>1,945</u>	<u>-</u>	<u>1,893</u>	<u>-</u>
Total non-current liabilities	<u>440,927</u>	<u>16</u>	<u>220,493</u>	<u>9</u>
Total liabilities	<u>792,623</u>	<u>28</u>	<u>529,808</u>	<u>21</u>
EQUITY (Note 20)				
Share capital - ordinary shares	<u>1,329,152</u>	<u>47</u>	<u>1,329,152</u>	<u>53</u>
Capital surplus	<u>189,320</u>	<u>7</u>	<u>188,042</u>	<u>7</u>
Retained earnings				
Legal reserve	197,797	7	178,465	7
Special reserve	106,162	3	59,357	2
Unappropriated earnings	<u>304,546</u>	<u>11</u>	<u>348,139</u>	<u>14</u>
Total retained earnings	<u>608,505</u>	<u>21</u>	<u>585,961</u>	<u>23</u>
Other equity	<u>(89,821)</u>	<u>(3)</u>	<u>(106,162)</u>	<u>(4)</u>
Total equity	<u>2,037,156</u>	<u>72</u>	<u>1,996,993</u>	<u>79</u>
TOTAL	<u>\$ 2,829,779</u>	<u>100</u>	<u>\$ 2,526,801</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 27, 2024)

MAYWUFA COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 1,293,853	100	\$ 1,229,113	100
OPERATING COSTS (Notes 4, 9, 19, 22 and 28)	<u>446,702</u>	<u>35</u>	<u>424,204</u>	<u>34</u>
GROSS PROFIT	847,151	65	804,909	66
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(710)	-	(723)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>723</u>	<u>-</u>	<u>930</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>847,164</u>	<u>65</u>	<u>805,116</u>	<u>66</u>
OPERATING EXPENSES (Notes 4, 19, 22 and 28)				
Selling and marketing expenses	551,333	43	514,453	42
General and administrative expenses	93,604	7	88,302	7
Expected credit impairment loss (gain on reversal) (Note 8)	<u>679</u>	<u>-</u>	<u>(652)</u>	<u>-</u>
Total operating expenses	<u>645,616</u>	<u>50</u>	<u>602,103</u>	<u>49</u>
PROFIT FROM OPERATIONS	<u>201,548</u>	<u>15</u>	<u>203,013</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	6,208	1	4,001	-
Other income (Note 28)	16,937	1	20,086	2
Other gains and losses	992	-	1,384	-
Interest expense	(92)	-	(2,561)	-
Share of profit or loss of subsidiaries and associates (Notes 4 and 12)	<u>(15,345)</u>	<u>(1)</u>	<u>(17,570)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>8,700</u>	<u>1</u>	<u>5,340</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	210,248	16	208,353	17
INCOME TAX EXPENSE (Notes 4 and 23)	<u>41,150</u>	<u>3</u>	<u>46,523</u>	<u>4</u>
NET PROFIT	<u>169,098</u>	<u>13</u>	<u>161,830</u>	<u>13</u>

(Continued)

MAYWUFA COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 12, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (803)	\$ -	\$ 10,039	\$ 1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	7,859	-	(28,237)	(2)
Share of the other comprehensive income of associates accounted for using the equity method	11,568	1	768	-
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translation of financial statement of foreign operations	<u>(2,630)</u>	<u>-</u>	<u>2,114</u>	<u>-</u>
Total other comprehensive income (loss) (net of income tax)	<u>15,994</u>	<u>1</u>	<u>(15,316)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 185,092</u>	<u>14</u>	<u>\$ 146,514</u>	<u>12</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.27</u>		<u>\$ 1.22</u>	
Diluted	<u>\$ 1.27</u>		<u>\$ 1.21</u>	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

MAYWUFA COMPANY LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Share Capital (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity (Note 20)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 1,329,152	\$ 187,953	\$ 162,234	\$ 147,620	\$ 238,299	\$ (17,554)	\$ (41,803)	\$ 2,005,901
Appropriation of 2021 earnings								
Legal reserve	-	-	16,231	-	(16,231)	-	-	-
Special reserve	-	-	-	(88,263)	88,263	-	-	-
Cash dividends - NT\$1.17 per share	-	-	-	-	(155,511)	-	-	(155,511)
Other changes in capital surplus								
Changes in capital surplus from investments in associates accounted for using the equity method (Notes 12 and 20)	-	89	-	-	-	-	-	89
Disposal of investments in equity instruments designated at fair value through other comprehensive income/disposal of investments in equity instruments designated at fair value through other comprehensive income by associates (Notes 11, 12 and 20)	-	-	-	-	21,450	-	(21,450)	-
Net profit for the year ended December 31, 2022	-	-	-	-	161,830	-	-	161,830
Other comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,039</u>	<u>2,114</u>	<u>(27,469)</u>	<u>(15,316)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,869</u>	<u>2,114</u>	<u>(27,469)</u>	<u>146,514</u>
BALANCE AT DECEMBER 31, 2022	1,329,152	188,042	178,465	59,357	348,139	(15,440)	(90,722)	1,996,993
Appropriation of 2022 earnings								
Legal reserve	-	-	19,332	-	(19,332)	-	-	-
Special reserve	-	-	-	46,805	(46,805)	-	-	-
Cash dividends - NT\$1.10 per share	-	-	-	-	(146,207)	-	-	(146,207)
Other changes in capital surplus								
Changes in capital surplus from investments in associates accounted for using the equity method (Notes 12 and 20)	-	203	-	-	-	-	-	203
Dividends unclaimed by shareholders (Note 20)	-	1,075	-	-	-	-	-	1,075
Disposal of investments in equity instruments designated at fair value through other comprehensive income/disposal of investments in equity instruments designated at fair value through other comprehensive income by associates (Notes 11, 12 and 20)	-	-	-	-	456	-	(456)	-
Net profit for the year ended December 31, 2023	-	-	-	-	169,098	-	-	169,098
Other comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(803)</u>	<u>(2,630)</u>	<u>19,427</u>	<u>15,994</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,295</u>	<u>(2,630)</u>	<u>19,427</u>	<u>185,092</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 1,329,152</u>	<u>\$ 189,320</u>	<u>\$ 197,797</u>	<u>\$ 106,162</u>	<u>\$ 304,546</u>	<u>\$ (18,070)</u>	<u>\$ (71,751)</u>	<u>\$ 2,037,156</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 27, 2024)

MAYWUFA COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 210,248	\$ 208,353
Adjustments for:		
Depreciation expense	21,889	22,846
Amortization expense	1,542	1,038
Expected credit impairment loss (gain on reversal)	679	(652)
Net gain on fair value changes of financial assets at fair value through profit or loss	(209)	(95)
Interest expense	92	2,561
Interest income	(6,208)	(4,001)
Dividend income	(5,953)	(7,603)
Share of loss of subsidiaries and associates	15,345	17,570
Write-down of inventories	947	667
Unrealized gain on transactions with subsidiaries	710	723
Realized gain on transactions with subsidiaries	(723)	(930)
(Gain) loss on lease modification	(45)	57
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	52,213	(9,908)
Notes receivable	(514)	3,580
Accounts receivable	(18,242)	9,248
Other receivables	(815)	1,165
Inventories	(24,096)	3,136
Net defined benefit assets	(393)	(23)
Prepayments	(197)	196
Other current assets	(677)	50
Notes payable	(125)	48
Accounts payable	5,259	(9,693)
Other payables	38,898	(38,039)
Other current liabilities	<u>752</u>	<u>4,624</u>
Cash generated from operations	290,377	204,918
Interest paid	(3,257)	(4,027)
Income tax paid	<u>(37,919)</u>	<u>(62,995)</u>
Net cash generated from operating activities	<u>249,201</u>	<u>137,896</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(18)	(1,328)
Disposal of financial assets at fair value through other comprehensive income	-	36,716
Payments for property, plant and equipment	(251,559)	(227,070)
(Increase) decrease in refundable deposits	(181)	1,383
Payments for intangible assets	(2,570)	(3,323)
(Increase) decrease in other financial assets	(40,260)	244,790
Increase in other non-current assets	(27,296)	(27,918)

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MAYWUFA COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest received	\$ 6,141	\$ 3,947
Other dividends received	<u>5,953</u>	<u>7,603</u>
Net cash (used in) generated from investing activities	<u>(309,790)</u>	<u>34,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	50,000	-
Decrease in short-term borrowings	(50,000)	-
Repayments of bonds payable	-	(300,000)
Proceeds from long-term borrowings	219,708	218,185
Increase in guarantee deposits	52	-
Repayment of the principal portion of lease liabilities	(8,110)	(8,213)
Cash dividends	(146,207)	(155,511)
Dividends unclaimed by shareholders	<u>1,075</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>66,518</u>	<u>(245,539)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,929	(72,843)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>97,133</u>	<u>169,976</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 103,062</u>	<u>\$ 97,133</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

MAYWUFA COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Maywufa Company Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in October 1976. The Company’s Chinese name was change on April 30, 1998. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 17, 2001.

The main business of the company is:

- a. Manufacturing, processing and distribution of all kinds of hairdressing products (cleaning agents) soap, wholesale trading and agency.
- b. Manufacturing, processing and distribution of all kinds of cosmetics (except highly toxic), wholesale trading and agency, and trading of various department stores (the cosmetics manufacturing and processing department is limited to the main products of the factory).
- c. Distribution, wholesale and retail trading of various beauty products, health products and sports equipment.
- d. Retail and wholesale business of health food such as vitamin pills and oral liquid nutrients.
- e. Trading, wholesale and retail of medical drugs and medical equipment.
- f. Wholesale and retail sales of food, baby products and general food products enriched with vitamins, amino acids and mineral.
- g. The consulting and analysis business managed by the Pharmaceutical Affairs Bureau.
- h. Warehousing.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company’s board of directors on February 27, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the financial statements, the functional statements of the Company and its foreign operations (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of commodities, finished goods, packaging materials, raw materials and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates and joint ventures attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are included in the initially recognized amount of the financial assets or financial liabilities.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses (does not incorporate any dividends or interest earned on such financial assets). Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in gain or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from sales come from various channels, such as e-commerce, medical institutions, wholesalers and retailers. The Company has the right to set the price and use of the products in accordance with the terms of each transaction has the primary responsibility for resale and assumes risk of obsolescence, at the time the Company recognizes revenue and accounts receivable.

m. Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost.) and net interest on the net defined benefit assets are recognized as employee benefits expense in the period they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit asset represents the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income; in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

In the application of the Company's accounting policies, estimates and underlying assumptions, management of the Company did not recognize material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and petty cash	\$ 120	\$ 120
Checking accounts and demand deposits	43,662	33,923
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>59,280</u>	<u>63,090</u>
	<u>\$ 103,062</u>	<u>\$ 97,133</u>

The market interest rate intervals of bank deposits at the end of the reporting period were as follows:

	December 31	
	2023	2022
Demand deposits	0.70%-1.45%	0.25%-1.15%
Time deposits with original maturities of 3 months or less	1.10%	0.85%-1.035%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Current</u>		
Mutual funds	<u>\$ -</u>	<u>\$ 52,004</u>

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 22,749	\$ 22,235
Less: Allowance for impairment loss	<u>(227)</u>	<u>(210)</u>
	<u>\$ 22,522</u>	<u>\$ 22,025</u>

(Continued)

	December 31	
	2023	2022
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 228,563	\$ 207,834
Less: Allowance for impairment loss	<u>(2,295)</u>	<u>(2,146)</u>
	<u>226,268</u>	<u>205,688</u>
Accounts receivable from related parties	-	3,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>-</u>	<u>3,000</u>
	<u>\$ 226,268</u>	<u>\$ 208,688</u>
<u>Other receivables</u>		
Interest	\$ 254	\$ 187
Other	<u>128</u>	<u>210</u>
	382	397
Other receivables from related parties	<u>2,545</u>	<u>1,648</u>
	<u>\$ 2,927</u>	<u>\$ 2,045</u>
		(Concluded)

Notes Receivable

The average credit period of sales of goods is 1-7 months. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Company's customers are scattered and not related to each other; therefore the concentration of credit risk is limited. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated using a provision matrix by reference to the past default records of the customer and the customer's current financial position. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a note receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	1%	-	-	-	-	
Gross carrying amount	\$ 22,749	\$ -	\$ -	\$ -	\$ -	\$ 22,749
Loss allowance (Lifetime ECLs)	<u>(227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227)</u>
Amortized cost	<u>\$ 22,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,522</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.94%	-	-	-	-	
Gross carrying amount	\$ 22,235	\$ -	\$ -	\$ -	\$ -	\$ 22,235
Loss allowance (Lifetime ECLs)	<u>(210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(210)</u>
Amortized cost	<u>\$ 22,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,025</u>

The movements of the loss allowance of notes receivable were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 210	\$ 422
Provision (reversal)	<u>17</u>	<u>(212)</u>
Balance at December 31	<u>\$ 227</u>	<u>\$ 210</u>

Accounts Receivable

The average credit period of sales of goods is 1-7 months. No interest is charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Company's customers are scattered and not related to each other; therefore the concentration of credit risk is limited. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix and reference to the past default records of the customer, the customer's current financial position. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company different customer base.

The Company writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For example, if the counterparty is in liquidation or the debt is more than 180 days past due, the related accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables

due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	1%	1%-1.02%	1.7%	-	-	
Gross carrying amount	\$ 223,209	\$ 5,350	\$ 4	\$ -	\$ -	\$ 228,563
Loss allowance (Lifetime ECLs)	<u>(2,241)</u>	<u>(54)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,295)</u>
Amortized cost	<u>\$ 220,968</u>	<u>\$ 5,296</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,268</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	1.01%	1.1%-3.63%	-	-	-	
Gross carrying amount	\$ 201,430	\$ 9,404	\$ -	\$ -	\$ -	\$ 210,834
Loss allowance (Lifetime ECLs)	<u>(2,042)</u>	<u>(104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,146)</u>
Amortized cost	<u>\$ 199,388</u>	<u>\$ 9,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,688</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 2,146	\$ 2,586
Provision (reversal)	662	(440)
Amounts written off	<u>(513)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,295</u>	<u>\$ 2,146</u>

Other Receivables

The Company measures the loss allowance for other receivables at an amount equal to lifetime ECLs. The Company estimated by reference to the past default experience of the customer, the customer's current financial position used other publicly available financial information or its own trading records to rate default risk of different receivables. As of December 31, 2023 and 2022, the management estimates that there were no expected credit losses on the other receivables.

9. INVENTORIES

	December 31	
	2023	2022
Commodities	\$ 64,451	\$ 62,925
Finished goods	102,502	83,172
Raw materials	40,989	36,461
Packaging materials	35,337	39,190
Work in progress	<u>12,494</u>	<u>10,876</u>
	<u>\$ 255,773</u>	<u>\$ 232,624</u>

The nature of the cost of goods sold were as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 439,980	\$ 415,657
Inventory write-downs	947	667
Inventory obsolescence loss	5,845	8,163
Gain on physical inventory	<u>(70)</u>	<u>(283)</u>
	<u>\$ 446,702</u>	<u>\$ 424,204</u>

10. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	<u>\$ 395,130</u>	<u>\$ 354,870</u>

The market intervals of time deposits with original maturities of more than 3 months in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits	1.16%-1.565%	1.025%-1.440%

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 42,524	\$ 36,265
Unlisted shares	77,966	76,364
Foreign investments		
Unlisted shares	<u>6,615</u>	<u>6,599</u>
	<u>\$ 127,105</u>	<u>\$ 119,228</u>

Refer to Note 33, Table 1 of marketable securities held, for information relating to above investments.

Refer to Note 20 (e) for information relating to financial assets at fair value through other comprehensive income.

These investments in equity instruments are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

After capital reduction, the unlisted domestic investees offset the amount of shares returnable to shareholders with the shares of other companies at a fair value of \$268 thousand, resulting in an unrealized loss of \$1,815 thousand on the related other equity - financial assets at fair value through other comprehensive income and loss transferred to related earnings in 2023. The Company adjusted the portion of the investment and sold certain listed ordinary shares at the fair value of \$36,716 thousand, resulting in an unrealized gain of \$20,197 thousand on the related other equity - financial assets at fair value through other comprehensive income and loss transferred to retained earnings in 2022.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
<u>Investments in subsidiaries</u>		
Unlisted company		
Maywufa Corporation	\$ 138,823	\$ 144,564
<u>Investment in associates</u>		
Listed company		
PhytoHealth Corporation	457,071	454,824
AmCad BioMed Corporation	24,811	27,713
Unlisted company		
Broadsound Corporation	23,324	23,097
Lu Te Na Company Limited	<u>2,355</u>	<u>2,377</u>
	<u>\$ 646,384</u>	<u>\$ 652,575</u>

The Company's percentage of ownership and voting rights in affiliated companies as of the balance sheet date were as follows:

	December 31	
Name of Companies	2023	2022
Maywufa Corporation	100.00%	100.00%
PhytoHealth Corporation	17.69%	17.69%
AmCad BioMed Corporation	6.52%	6.53%
Broadsound Corporation	10.00%	10.00%
Lu Te Na Company Limited	35.00%	35.00%

The Company holds less than 20% of the shares of PhytoHealth Corporation, AmCad BioMed Corporation, and Broadsound Corporation, but obtains some of the seats of directors of these companies, so it has significant influence over these companies, which they are all accounted for using the equity method.

Refer to Note 33 and Table 2 of the notes to financial statements for more information on the investees.

For the years ended December 31, 2023 and 2022, the Company's investment income or loss recognized using the equity method in its affiliated companies was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Subsidiaries</u>		
Maywufa Corporation	\$ (3,124)	\$ 136
<u>Associates</u>		
PhytoHealth Corporation	(9,478)	(13,912)
AmCad BioMed Corporation	(2,948)	(3,490)
Broadsound Corporation	227	(271)
Lu Te Na Company Limited	<u>(22)</u>	<u>(33)</u>
	<u>\$ (15,345)</u>	<u>\$ (17,570)</u>

The Company recognized an increase of \$171 thousand and \$89 thousand in capital surplus for the changes in other equity of the associates in proportion to its shareholding as of December 31, 2023 and 2022, respectively.

As a result of the change in paid-in capital due to the exercise of employee stock options issued by AmCad BioMed Corporation for the year ended December 31, 2023, the Company's shareholding in AmCad BioMed Corporation was reduced to 6.52%, which resulted in a change in the net value of the Company's investment in the Company's net assets, and the capital surplus should be adjusted for an increase of \$32 thousand.

The Company recognized \$2,271 thousand and \$1,253 thousand of equity instruments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, respectively, based on the percentage of ownership of the associates, and the related other equity - unrealized gain was transferred to retained earnings.

Share of the other comprehensive income (loss) of associates accounted for using the equity method is recognized based on the financial statements of each associates audited by accountants for the same period.

The summarized information on the Company's associates is summarized as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
The Company's share of:		
Loss from continuing operations	\$ (12,221)	\$ (17,706)
Other comprehensive income (loss)	<u>11,568</u>	<u>768</u>
Total comprehensive income (loss) for the year	<u>\$ (653)</u>	<u>\$ (16,938)</u>

Information on the Level 1 fair value of related companies with open market quotations is as follows:

	December 31	
	2023	2022
PhytoHealth Corporation	<u>\$ 762,336</u>	<u>\$ 670,996</u>
AmCad BioMed Corporation	<u>\$ 92,750</u>	<u>\$ 55,407</u>

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Land	\$ 293,932	\$ 293,932
Buildings	112,902	119,025
Machinery and equipment	13,269	15,123
Income-generating equipment	740	1,163
Other equipment	25	108
Construction in progress	<u>472,125</u>	<u>225,920</u>
	<u>\$ 892,993</u>	<u>\$ 655,271</u>

	Land	Buildings	Machinery and Equipment	Income-generating equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 293,932	\$ 265,035	\$ 49,270	\$ 2,438	\$ 2,181	\$ 225,920	\$ 838,776
Additions	-	2,857	2,497	-	-	246,205	251,559
Balance at December 31, 2023	<u>\$ 293,932</u>	<u>\$ 267,892</u>	<u>\$ 51,767</u>	<u>\$ 2,438</u>	<u>\$ 2,181</u>	<u>\$ 472,125</u>	<u>\$1,090,335</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ (146,010)	\$ (34,147)	\$ (1,275)	\$ (2,073)	\$ -	\$ (183,505)
Depreciation expenses	-	(8,980)	(4,351)	(423)	(83)	-	(13,837)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (154,990)</u>	<u>\$ (38,498)</u>	<u>\$ (1,698)</u>	<u>\$ (2,156)</u>	<u>\$ -</u>	<u>\$ (197,342)</u>
Carrying amount at December 31, 2023	<u>\$ 293,932</u>	<u>\$ 112,902</u>	<u>\$ 13,269</u>	<u>\$ 740</u>	<u>\$ 25</u>	<u>\$ 472,125</u>	<u>\$ 892,993</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 293,932	\$ 281,463	\$ 94,918	\$ 3,430	\$ 2,081	\$ -	\$ 675,824
Additions	-	256	705	89	100	225,920	227,070
Disposals	-	(16,684)	(46,353)	(1,081)	-	-	(64,118)
Balance at December 31, 2022	<u>\$ 293,932</u>	<u>\$ 265,035</u>	<u>\$ 49,270</u>	<u>\$ 2,438</u>	<u>\$ 2,181</u>	<u>\$ 225,920</u>	<u>\$ 838,776</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ (153,559)	\$ (75,683)	\$ (1,859)	\$ (1,908)	\$ -	\$ (233,009)
Depreciation expenses	-	(9,135)	(4,817)	(497)	(165)	-	(14,614)
Disposals	-	16,684	46,353	1,081	-	-	64,118
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (146,010)</u>	<u>\$ (34,147)</u>	<u>\$ (1,275)</u>	<u>\$ (2,073)</u>	<u>\$ -</u>	<u>\$ (183,505)</u>
Carrying amount at December 31, 2022	<u>\$ 293,932</u>	<u>\$ 119,025</u>	<u>\$ 15,123</u>	<u>\$ 1,163</u>	<u>\$ 108</u>	<u>\$ 225,920</u>	<u>\$ 655,271</u>

On May 12, 2021, the Company's board of directors approved the building of a GMP factory on its own land in the Yangmei factory area in response to the Company's operational development. The contract was signed with a construction company on February 10, 2022 for a total contract amount of \$699,300 thousand. On November 8, 2023, taking into account factors, such as changes in construction costs and other factors, the budget proposal of factory construction was increased. This proposal has been approved by the board of directors.

There was no indication of impairment of the property, plant and equipment for the years ended December 31, 2023 and 2022.

Property, plant and equipment of the combined companies were depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main building	20-60 years
Mechanical and electrical engineering	3-20 years
Decoration engineering	3-15 years
Machinery and equipment	5-15 years
Income-generating equipment	2-5 years
Other equipment	2-5 years

The property and plant pledged as collateral for bank borrowings are set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	\$ 2,698	\$ 6,382
Transportation equipment	<u>1,890</u>	<u>2,022</u>
	<u>\$ 4,588</u>	<u>\$ 8,404</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,422</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 6,421	\$ 6,383
Transportation equipment	<u>1,631</u>	<u>1,849</u>
	<u>\$ 8,052</u>	<u>\$ 8,232</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ 3,564	\$ 8,168
Non-current	\$ 1,084	\$ 399

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.079%-1.596%	1.596%
Transportation equipment	1.079%-1.596%	1.596%

c. Material leasing activities and terms

The Company leases buildings for operating purposes for a period of 2.75 years.

The Company leases transportation equipment for general operating activities for a period of 3 to 5 years.

At the end of the lease terms, the Company does not have bargain purchase options to acquire the above lease subjects.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 2,599	\$ 1,154
Expenses relating to low-value asset leases	\$ 347	\$ 347
Total cash outflow for leases	\$ (11,142)	\$ (9,922)

The Company elected to apply the exemption from recognition to certain leases of office equipment that qualify as short-term leases of buildings and construction and that qualify as low-value leases of assets, and not to recognize the related right-of-use assets and lease liabilities for these leases.

15. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Temporary payments	\$ 1,576	\$ 899
<u>Non-current</u>		
Prepayments for equipment	\$ 54,646	\$ 27,350

16. BORROWINGS

Long-term Borrowing

	December 31	
	2023	2022
Secured borrowings (Note 29)		
Bank loans	<u>\$ 437,893</u>	<u>\$ 218,185</u>

Bank loan's floating rates are calculated monthly on the balance of the principal, with interest paid monthly for the first 66 months and the principal repayable in equal monthly installments from the 67th month (February 2028) onward, at an effective interest rate of 0.68% to 1.08% per annum, and the loan period is eight years. The Company used the loan to build a factory.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	<u>\$ 125</u>	<u>\$ 250</u>
<u>Accounts payable</u>		
Operating	\$ 59,329	\$ 57,152
Related parties	<u>24,185</u>	<u>21,103</u>
	<u>\$ 83,514</u>	<u>\$ 78,255</u>

Accounts Payable

The Company has a financial risk management policy to ensure that all accounts payable are repaid within the prearranged credit period, which ranges from one to six months.

18. OTHER PAYABLES

	December 31	
	2023	2022
Payables for promotion fee	\$ 69,002	\$ 61,057
Payables for salaries and bonuses	50,365	47,098
Payables for advertising fee	49,362	49,843
Others	<u>45,183</u>	<u>20,181</u>
	<u>\$ 213,912</u>	<u>\$ 178,179</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amount of the defined benefit plans presented in the balance sheet is as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 49,015	\$ 52,912
Fair value of plan assets	<u>(108,757)</u>	<u>(113,064)</u>
Net defined benefit asset	<u>\$ (59,742)</u>	<u>\$ (60,152)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	<u>\$ 52,912</u>	<u>\$ (113,064)</u>	<u>\$ (60,152)</u>
Service costs			
Current service costs	344	-	344
Net interest expense (income)	<u>612</u>	<u>(1,338)</u>	<u>(726)</u>
Recognized in profit or loss	<u>956</u>	<u>(1,338)</u>	<u>(382)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,066)	(1,066)
Actuarial losses - experience adjustments	<u>1,869</u>	<u>-</u>	<u>1,869</u>
Recognized in other comprehensive income	<u>1,869</u>	<u>(1,066)</u>	<u>803</u>
Contributions from the employer	-	(11)	(11)
Benefits paid	<u>(6,722)</u>	<u>6,722</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 49,015</u>	<u>\$ (108,757)</u>	<u>\$ (59,742)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 65,648</u>	<u>\$ (115,738)</u>	<u>\$ (50,090)</u>
Service costs			
Current service costs	455	-	455
Net interest expense (income)	<u>417</u>	<u>(745)</u>	<u>(328)</u>
Recognized in profit or loss	<u>872</u>	<u>(745)</u>	<u>127</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,103)	(9,103)
Actuarial losses - experience adjustments	983	-	983
Actuarial losses - change in financial assumptions	<u>(1,919)</u>	<u>-</u>	<u>(1,919)</u>
Recognized in other comprehensive income	<u>(936)</u>	<u>(9,103)</u>	<u>(10,039)</u>
Contributions from the employer	-	(150)	(150)
Benefits paid	<u>(12,672)</u>	<u>12,672</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 52,912</u>	<u>\$ (113,064)</u>	<u>\$ (60,152)</u> (Concluded)

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in both domestic and foreign equity and debt securities, bank deposits, etc. The investments are conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.20%	1.20%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rates		
0.25% increase	\$ (731)	\$ (834)
0.25% decrease	\$ 751	\$ 857
Expected rates of salary increase		
0.25% increase	\$ 749	\$ 859
0.25% decrease	\$ (733)	\$ (840)

The above sensitivity analysis presented may not be representative of actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ -	\$ 647
Average duration of the defined benefit obligation	6 years	6 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	300,000	300,000
Shares authorized	\$ 3,000,000	\$ 3,000,000
Shares issued and fully paid (in thousands of shares)	132,915	132,915
Shares issued and fully paid	\$ 1,329,152	\$ 1,329,152

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 161,940	\$ 161,940
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates	26,305	26,102
Dividends unclaimed by shareholders (Note 2)	1,075	-
	<u>\$ 189,320</u>	<u>\$ 188,042</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: According to the letter Jingshangzi No. 10602420200 issued by the Ministry of Economic Affairs on September 21, 2017, unclaimed dividends should be recognized as capital reserves.

A reconciliation of the carrying amount at the beginning and at the end of the years ended December 31, 2023 and 2022, for each class of capital surplus was as follows:

	Issuance of Ordinary Shares	Changes in Capital surplus from Investment in Associates Accounted for Using Equity Method	Dividends unclaimed by shareholders	Total
Balance at January 1, 2023	\$ 161,940	\$ 26,102	\$ -	\$ 188,042
Changes in Capital surplus from Investment in Associates Accounted for Using Equity Method	-	203	-	203
Dividends unclaimed by shareholders	-	-	1,075	1,075
Balance at December 31, 2023	<u>\$ 161,940</u>	<u>\$ 26,305</u>	<u>\$ 1,075</u>	<u>\$ 189,320</u>
Balance at January 1, 2022	\$ 161,940	\$ 26,013	\$ -	\$ 187,953
Changes in Capital surplus from Investment in Associates Accounted for Using Equity Method	-	89	-	89
Balance at December 31, 2022	<u>\$ 161,940</u>	<u>\$ 26,102</u>	<u>\$ -</u>	<u>\$ 188,042</u>

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at least used 50% by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22 (g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on May 26, 2023 and May 25, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 19,332	\$ 16,231
Special reserve	\$ 46,805	\$ (88,263)
Cash dividends	\$ 146,207	\$ 155,511
Cash dividends per share (NT\$)	\$ 1.10	\$ 1.17

The Board of Directors of the Company proposed the following distribution of earnings for 2023 on February 27, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 16,875
Reversal of special reserve	\$ (16,341)
Cash dividends	\$ 152,853
Cash dividends per share (NT\$)	\$ 1.15

The appropriation of earnings for 2023 is subject to the resolution of the shareholders' meeting to be held on May 29, 2024.

d. Special reserve

The cumulative translation adjustment transferred to retained earnings was \$8,874 thousand when the company initially adopted IFRSs. The increase in retained earnings from the initial adoption of IFRSs was not enough to provide for the increase in retained earnings, so only a special reserve of \$1,875 thousand was provided for the increase in retained earnings from the conversion to IFRSs.

e. Other equity items

	For the Year Ended December 31	
	2023	2022
Exchange differences on translation of foreign financial statements		
Attributable to the Company	\$ (18,070)	\$ (15,440)
Unrealized valuation gain (loss) on financial assets at FVTOCI		
Attributable to the Company	(94,208)	(103,882)
Share from associates accounted for using the equity method	22,457	13,160
	<u>(71,751)</u>	<u>(90,722)</u>
	<u>\$ (89,821)</u>	<u>\$ (106,162)</u>

1) Exchange differences on translation of financial statements of foreign operations

Translation differences arising from the translation of the net assets of foreign operations from their functional currency into the Company's presentation currency (i.e., New Taiwan dollars) are recognized directly in other comprehensive income as translation differences in the financial statements of foreign operations. The cumulative translation differences on the financial statements of foreign operations are transferred to profit or loss upon disposal of the foreign operations.

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (15,440)	\$ (17,554)
Recognized for the year		
Exchange differences on translation of foreign financial statements	<u>(2,630)</u>	<u>2,114</u>
Other comprehensive income recognized for the year	<u>(2,630)</u>	<u>2,114</u>
Balance at December 31	<u>\$ (18,070)</u>	<u>\$ (15,440)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (90,722)	\$ (41,803)
Recognized for the year		
Unrealized gain (loss) - equity instruments	7,859	(28,237)
Share from associates accounted for using the equity method	<u>11,568</u>	<u>768</u>
Other comprehensive income	<u>19,427</u>	<u>(27,469)</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(456)</u>	<u>(21,450)</u>
Balance at December 31	<u>\$ (71,751)</u>	<u>\$ (90,722)</u>

Unrealized gains and losses on financial assets at fair value through other comprehensive income. Please refer to Note 27 (b) for the reconciliation of the fair value measurements in Level 3.

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods		
Consumer Business Unit	\$ 884,144	\$ 867,123
Pharmaceutical Business Unit	<u>409,709</u>	<u>361,990</u>
	<u>\$ 1,293,853</u>	<u>\$ 1,229,113</u>

Revenue from sale of goods

The Company sales come from various channels, such as e-commerce, medical institutions, wholesalers and retailers, and discounts are granted to different sales targets on different terms. Revenue is measured at the fair value of the consideration received or receivable, less estimated customer returns, discounts and other similar discounts.

Refer to Note 8 for the explanation of accounts receivable generated from contracts.

22. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Bank deposits	<u>\$ 6,208</u>	<u>\$ 4,001</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income	\$ 8,830	\$ 8,610
Dividend income	5,953	7,603
Other income	<u>2,154</u>	<u>3,873</u>
	<u>\$ 16,937</u>	<u>\$ 20,086</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	\$ 209	\$ 95
Gain (loss) on lease modification	45	(57)
Net foreign exchange gains	738	2,446
Others	<u>-</u>	<u>(1,100)</u>
	<u>\$ 992</u>	<u>\$ 1,384</u>

d. Interest expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest on bonds	\$ -	\$ 1,128
Interest on bank loans	3,296	510
Interest on deferred issue costs of corporate bonds	-	1,225
Interest on lease liabilities	86	208
Less: Capitalized interest	<u>(3,290)</u>	<u>(510)</u>
	<u>\$ 92</u>	<u>\$ 2,561</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	<u>\$ 3,290</u>	<u>\$ 510</u>
Capitalization rate	0.68%-1.08%	0.68%-0.95%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 14,567	\$ 15,345
Operating expenses	<u>7,322</u>	<u>7,501</u>
	<u>\$ 21,889</u>	<u>\$ 22,846</u>
An analysis of amortization by function		
Operating costs	\$ 701	\$ 108
Operating expenses	<u>841</u>	<u>930</u>
	<u>\$ 1,542</u>	<u>\$ 1,038</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 6,545	\$ 5,858
Defined benefit plans (Note 19)	(382)	127
Other employee benefits		
Salaries and bonuses	168,785	160,325
Labor and health insurance	14,277	13,527
Other	<u>6,162</u>	<u>6,290</u>
Total employee benefits expense	<u>\$ 195,387</u>	<u>\$ 186,127</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 39,910	\$ 38,758
Operating expenses	<u>155,477</u>	<u>147,369</u>
	<u>\$ 195,387</u>	<u>\$ 186,127</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 3%-6% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended 2023 and 2022, which were approved by the Company's board of directors on February 27, 2024 and February 24, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	3%	3%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 6,639	\$ 6,580
Remuneration of directors	4,426	4,386

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 1,057	\$ 3,529
Foreign exchange losses	<u>(319)</u>	<u>(1,083)</u>
Net gains	<u>\$ 738</u>	<u>\$ 2,446</u>

23. INCOME TAXES RELATING

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 47,216	\$ 42,976
Income tax on unappropriated earnings	-	3,942
Adjustments for prior year	<u>(3,931)</u>	<u>(2,141)</u>
	<u>43,285</u>	<u>44,777</u>
Deferred tax		
In respect of the current year	<u>(2,135)</u>	<u>1,746</u>
Income tax expense recognized in profit or loss	<u>\$ 41,150</u>	<u>\$ 46,523</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 210,248</u>	<u>\$ 208,353</u>
Income tax expense calculated at the statutory rate	\$ 42,050	\$ 41,671
Nondeductible expenses in determining taxable income	1,194	1,189
Tax-exempt income	(1,231)	(1,539)
Income tax on unappropriated retained earnings	-	3,942
Unrecognized deductible temporary differences	3,068	3,401
Adjustments for prior years' tax	<u>(3,931)</u>	<u>(2,141)</u>
Income tax expense recognized in profit or loss	<u>\$ 41,150</u>	<u>\$ 46,523</u>

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 25,631</u>	<u>\$ 20,265</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Balance at January 1	Recognized in Profit or Loss	Balance at December 31
<u>Deferred tax assets</u>			
Temporary difference			
Inventory write-downs	\$ 1,188	\$ 189	\$ 1,377
Unrealized sales discounts and allowances	2,514	23	2,537
Unrealized promotion expense	12,170	1,574	13,744
Unrealized advertisement expense	7,412	535	7,947
Unrealized impairment loss of property, plant and equipment	555	(196)	359
Others	<u>154</u>	<u>(1)</u>	<u>153</u>
	<u>\$ 23,993</u>	<u>\$ 2,124</u>	<u>\$ 26,117</u>
<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized exchange gains	<u>\$ 16</u>	<u>\$ (11)</u>	<u>\$ 5</u>

For the year ended December 31, 2022

	Balance at January 1	Recognized in Profit or Loss	Balance at December 31
<u>Deferred tax assets</u>			
Temporary difference			
Inventory write-downs	\$ 1,055	\$ 133	\$ 1,188
Unrealized sales discounts and allowances	1,990	524	2,514
Unrealized promotion expense	10,044	2,126	12,170
Unrealized advertisement expense	11,698	(4,286)	7,412
Unrealized impairment loss of property, plant and equipment	751	(196)	555
Others	<u>185</u>	<u>(31)</u>	<u>154</u>
	<u>\$ 25,723</u>	<u>\$ (1,730)</u>	<u>\$ 23,993</u>
<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized exchange gains	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	December 31	
	2023	2022
Deductible temporary difference		
Losses of subsidiaries and affiliates recognized under the equity method	\$ 83,337	\$ 80,269
Impairment loss on financial assets measured at fair value through other comprehensive income	<u>17,807</u>	<u>17,807</u>
	<u>\$ 101,144</u>	<u>\$ 98,076</u>

- e. Income tax assessment

The income tax returns through 2021 have been assessed by the tax authorities, there is no difference between the amount of approved and declared.

24. EARNINGS PER SHARE

The earning and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net profit	<u>\$ 169,098</u>	<u>\$ 161,830</u>

Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	132,915	132,915
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>352</u>	<u>380</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>133,267</u>	<u>133,295</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2023

	Balance at January 1	Cash Flows	Non-cash Changes				Balance at December 31
			New Leases	Lease Modifications	Amortization of Interest	Others	
Lease liabilities	\$ 8,567	\$ (8,110)	\$ 4,422	\$ (231)	\$ 86	\$ (86)	\$ 4,648
Guarantee deposits	<u>1,893</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,945</u>
	<u>\$ 10,460</u>	<u>\$ (8,058)</u>	<u>\$ 4,422</u>	<u>\$ (231)</u>	<u>\$ 86</u>	<u>\$ (86)</u>	<u>\$ 6,593</u>

For the year ended December 31, 2022

	Balance at January 1	Cash Flows	Non-cash Changes			Balance at December 31
			Lease Modifications	Amortization of Interest	Others	
Lease liabilities	\$ 16,957	\$ (8,213)	\$ (177)	\$ 208	\$ (208)	\$ 8,567
Guarantee deposits	<u>1,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,893</u>
	<u>\$ 18,850</u>	<u>\$ (8,213)</u>	<u>\$ (177)</u>	<u>\$ 208</u>	<u>\$ (208)</u>	<u>\$ 10,460</u>

26. CAPITAL RISK MANAGEMENT

The objective of the Company capital management is to ensure that the companies in the Company can continue to operate, and maximize shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings, and other equity).

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Among the financial assets and financial liabilities not measured at fair value, there is no material difference between the carrying amount and the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial asset at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 42,524	\$ -	\$ -	\$ 42,524
Domestic unlisted shares	-	-	77,966	77,966
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>6,615</u>	<u>6,615</u>
	<u>\$ 42,524</u>	<u>\$ -</u>	<u>\$ 84,581</u>	<u>\$ 127,105</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 52,004	\$ -	\$ -	\$ 52,004
<u>Financial asset at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 36,265	\$ -	\$ -	\$ 36,265
Domestic unlisted shares	-	-	76,364	76,364
Foreign unlisted shares	-	-	6,599	6,599
	\$ 36,265	\$ -	\$ 82,963	\$ 119,228

There were no transfers between Level 1 and Level 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial asset at FVTOCI - equity instruments

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 82,963	\$ 91,156
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	1,600	(8,193)
Purchase	286	-
Disposal	(268)	-
Balance at December 31	\$ 84,581	\$ 82,963

3) Valuation techniques and assumptions for measuring fair value

When the Company is trading mutual funds or stocks in the market, their fair values are based on their net asset value and the market closing prices at the balance sheet date.

Investments in domestic unlisted equity is calculated by the market approach or asset approach, and the fair value of investment target is calculated.

In the market approach, the fair value of the investment target is determined based on the transaction price of the stock of companies engaged in similar businesses in the active market, the value multiplier implied by the price, and the discount for lack of marketability.

In the asset approach, the market value of individual assets and liabilities covered by the investment target is used to reflect the value of the business or activities.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 52,004
Financial assets at amortized cost (Note 1)	755,176	689,847
Financial assets recognized at FVTOCI		
Equity instruments	127,105	119,228

Financial liabilities

Financial liabilities at amortized cost (Note 2)	687,024	429,664
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables (excluding salaries and bonuses payable), long-term borrowing and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, other financial assets, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risks.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company is mainly exposed to the USD, RMB and EUR.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative (positive).

	USD Impact		RMB Impact		EUR Impact	
	For the Year Ended December 31 2023	2022	For the Year Ended December 31 2023	2022	For the Year Ended December 31 2023	2022
Profit or loss	\$ (18)	\$ (175)	\$ -	\$ (144)	\$ (9)	\$ 146

The above effects of profit and loss were mainly derived from the Company's foreign currency deposits, accounts receivable and accounts payable valued in the USD, RMB and EUR which were still circulating at the balance sheet date.

The significant change in the sensitivity to exchange rates during the year compared to the same period last year was mainly due to the change in bank deposits.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 46,000	\$ 20,000
Financial liabilities	4,648	8,567
Cash flow interest rate risk		
Financial assets	452,024	431,639
Financial liabilities	437,893	218,185

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 12.5 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 12.5 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$18 thousand and \$267 thousand, which was mainly a result of demand deposits, foreign currency deposits, time deposits and long-term borrowing risk of interest rate risk.

The Company's sensitivity to interest rates decreased during the current year mainly due to the increase in long-term borrowing.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed or unlisted equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$6,355 thousand and \$5,961 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to the listed equity securities increased, mainly due to the increase in securities valuation held by the Company.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and due to financial guarantee provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's notes receivable and accounts receivable covers a wide range of customers in different industries and geographical areas, the Company does not have significant credit risk to any single counterparty or any group of counterparties with similar characteristics.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods that has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 247,186	\$ -	\$ 1,945	\$ -
Lease liabilities	2,074	1,513	1,095	-
Variable interest rate liabilities	<u>1,181</u>	<u>3,542</u>	<u>204,622</u>	<u>266,046</u>
	<u>\$ 250,441</u>	<u>\$ 5,055</u>	<u>\$ 207,662</u>	<u>\$ 266,046</u>

December 31, 2022

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 209,281	\$ 305	\$ 1,893	\$ -
Lease liabilities	2,081	6,098	400	-
Variable interest rate liabilities	<u>516</u>	<u>1,549</u>	<u>71,479</u>	<u>160,871</u>
	<u>\$ 211,878</u>	<u>\$ 7,952</u>	<u>\$ 73,772</u>	<u>\$ 160,871</u>

Financing facilities

	<u>December 31</u>	
	2023	2022
Secured bank facilities		
Amount used	\$ 437,893	\$ 218,185
Amount unused	<u>248,107</u>	<u>467,815</u>
	<u>\$ 686,000</u>	<u>\$ 686,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

Related Party Name	Related Party Category
Maywufa Corporation (Samoa Maywufa)	Subsidiaries of the Company (subsidiaries)
Maywufa Hongkong Corporation Limited (Hong Kong Maywufa)	A 100% subsidiary of Samoa Maywufa (subsidiary)
Maywufa Cosmetics (ShangHai) Co., Ltd. (Maywufa (Shanghai) Company)	A 100% subsidiary of Hong Kong Maywufa (subsidiary)
PhytoHealth Corporation	Investments accounted for using the equity method (associate)
AmCad BioMed Corporation	Investments accounted for using the equity method (associate)
Broadsound Corporation	Investments accounted for using the equity method (associate)
Lu Te Na a Limited	Investments accounted for using the equity method (associate)
Taiwan Incubator SME Development Corp.	The chairman is the same as the company (other related parties)

b. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

1) Sales

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Operating revenue	Subsidiaries	\$ 12,584	\$ 10,505
	Associates	\$ 5,932	\$ 5,940
	Other related parties	\$ 2	\$ 3

The Company had signed a contract with PhytoHealth Corporation to sell its products. The Company is responsible for sell its promotion business of medicine and health care products. According to the terms of the contract, service will be charged monthly.

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating costs	Purchases of goods		
	PhytoHealth Corporation	\$ 96,859	\$ 73,611
	Other operation costs - associates	\$ 311	\$ 435

The Company had signed a contract with PhytoHealth Corporation to sell its products “PG2® Lyo. Injection”, “Epipen F.C.,” and other drugs in Taiwan. The contract term is set to start in January 2014 to December 2016. If a party is not notified the contract would not be renewed in writing by the expiration date, and the contract would automatically be renewed for one more year.

The Company had signed a contract with AmCad BioMed Corporation to sell its products “AmCAD-Ute” in Taiwan. The contract term is set to start on April 24, 2015 and end on March 31, 2018. If a party is not notified the contract would not be renewed in writing by the expiration date, and the contract would automatically be renewed for one more year. PhytoHealth Corporation requested the Company to issue a guarantee note for \$10,000 thousand as collateral of payment.

The purchase and sales prices and collection and payment terms to related parties were not significantly different from those purchase and sales to third parties.

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Selling and marketing expenses	Associates	\$ <u>3</u>	\$ <u>25</u>

Selling expenses are the commissions paid by the Company to associates.

2) Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Subsidiaries	\$ -	\$ 2,886
	Associates	<u>-</u>	<u>114</u>
		<u>\$ -</u>	<u>\$ 3,000</u>
Other receivables	Associates		
	PhytoHealth Corporation	\$ 1,848	\$ 946
	AmCad BioMed Corporation	<u>48</u>	<u>53</u>
		<u>\$ 1,896</u>	<u>\$ 999</u>

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for accounts receivable from related parties.

Other receivables represent payments made on behalf of the Company.

3) Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Associates		
	PhytoHealth Corporation	\$ 24,171	\$ 21,000
	Other	<u>14</u>	<u>103</u>
		<u>\$ 24,185</u>	<u>\$ 21,103</u>
Other payables	Associates	<u>\$ 366</u>	<u>\$ 17</u>

4) Refundable deposits

Related Party Category/Name	December 31	
	2023	2022
Associates		
PhytoHealth Corporation	\$ 1,448	\$ 1,448
AmCad BioMed Corporation	<u>249</u>	<u>249</u>
	<u>\$ 1,697</u>	<u>\$ 1,697</u>

The refundable deposits are deposits received from PhytoHealth Corporation and AmCad BioMed Corporation for the rental of a plant and warehouse.

5) Lease arrangements

Lease arrangements - the Company is lessor under an operating lease

The Company leases the right of using part of the plant to AmCad BioMed Corporation and PhytoHealth Corporation under an operating lease. Part of the lease agreement is specified three months prior to the expiration of the lease period each year. The lease period will be automatically extended for one year if there are no objections.

Lease receivables were as follows:

Related Party Category/Name	December 31	
	2023	2022
Associates		
PhytoHealth Corporation	\$ 551	\$ 551
AmCad BioMed Corporation	<u>98</u>	<u>98</u>
	<u>\$ 649</u>	<u>\$ 649</u>

Lease payments to be received in the future were as follows:

Related Party Category/Name	December 31	
	2023	2022
Associates		
PhytoHealth Corporation	\$ 10,472	\$ 5,591
AmCad BioMed Corporation	652	711
Lu Te Na Company Limited	<u>72</u>	<u>36</u>
	<u>\$ 11,196</u>	<u>\$ 6,338</u>

Total lease revenue was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Associates		
PhytoHealth Corporation	\$ 6,301	\$ 6,301
AmCad BioMed Corporation	1,118	1,118
Lu Te Na Company Limited	<u>36</u>	<u>36</u>
	<u>\$ 7,455</u>	<u>\$ 7,455</u>

The rental amounts and collection methods are similar to that of general leasing transactions.

c. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 43,546	\$ 43,114
Post-employment benefits	<u>681</u>	<u>680</u>
	<u>\$ 44,227</u>	<u>\$ 43,794</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral for long-term borrowings:

	December 31	
	2023	2022
Land	\$ 74,189	\$ 74,189
Buildings	<u>65,439</u>	<u>67,930</u>
	<u>\$ 139,628</u>	<u>\$ 142,119</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company were as follows:

- As of December 31, 2023 and 2022, The company issued and deposited guarantee notes as purchase and performance guarantee, both of which are \$10,000 thousand.
- As of December 31, 2023 and 2022, the company had unrecognized contractual commitments of \$236,709 thousand and \$510,608 thousand for the acquisition of property, plant and equipment, respectively.

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currency)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 33	30.71 (USD:NTD)	\$ 1,025
EUR	263	33.98 (EUR:NTD)	9,033

Financial liabilities

Monetary items			
USD	21	30.71 (USD:NTD)	670
EUR	258	33.98 (EUR:NTD)	8,860

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 180	30.71 (USD:NTD)	\$ 5,534
EUR	105	32.72 (EUR:NTD)	3,448
RMB	656	4.392 (RMB:NTD)	2,883

Financial liabilities

Monetary items			
USD	66	30.71 (USD:NTD)	2,037
EUR	204	32.72 (EUR:NTD)	6,377

Refer to Note 22 (h) for the foreign currency exchange gains and losses (realized and unrealized) of the Company in 2023 and 2022. Due to the wide variety of foreign currency transactions, it is impractical to disclose the exchange gains and losses by each foreign currency.

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries and associates): (Table 1);
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- 9) Trading in derivative instruments: None;

b. Information on investees (Table 2)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 3)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 3);
 - c) The amount of property transactions and the amount of the resultant gains or losses: None;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None;
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None;

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None;
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4).

TABLE 1**MAYWUFA COMPANY LTD.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(Amounts in Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
Maywufa Company Ltd.	<u>Share</u> Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income	503	\$ 23,010	-	\$ 23,010	Listed shares
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	301	19,514	-	19,514	Listed shares
	Taiwan Incubator SME Development Corp.	Same chairman of the board of directors	Financial assets at fair value through other comprehensive income	8,526	67,713	12.08	67,713	
	Miho International Cosmetic Co., Ltd.	-	Financial assets at fair value through other comprehensive income	333	2,669	0.39	2,669	
	Career Consulting Co., Ltd.	-	Financial assets at fair value through other comprehensive income	505	7,304	3.23	7,304	
	Amersen Bioscience International, Inc.	-	Financial assets at fair value through other comprehensive income	568	-	8.43	-	
	Biowell Technology, Inc.	-	Financial assets at fair value through other comprehensive income	3,272	-	7.56	-	
	WS Fashion Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income	13	280	0.45	280	
	Amkey Biotechnology Venture Capital Inc.	-	Financial assets at fair value through other comprehensive income	147	<u>6,615</u>	6.66	6,615	
					<u>\$ 127,105</u>			

Note 1: Reference of fair value: Listed (over the counter) stocks of financial assets measured by fair value through other comprehensive income are the closing prices at the end of December 2023, and unlisted (over the counter) stocks are estimated market prices based on the fair value evaluation method.

Note 2: For information of subsidiaries and associates refer to Tables 2 and 3 below.

TABLE 2

MAYWUFA COMPANY LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency, except shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	%	Carrying Amount			
Maywufa Company Ltd.	<u>Related company</u> PhytoHealth Corporation	Fuxing N. Rd., Taipei City, Taiwan (R.O.C.)	Pharmaceutical research and development, production, manufacturing and sales	\$ 1,016,963	\$ 1,016,963	35,131	17.69	\$ 457,071	\$ (47,117)	\$ (9,478)	
	AmCad BioMed Corporation	Fuxing N. Rd., Taipei City, Taiwan (R.O.C.)	Medical materials and equipment manufacturing	65,749	65,749	3,474	6.52	24,811	(45,314)	(2,948)	
	Broadsound Corporation	Xintai Rd., Zhubei City, Taiwan (R.O.C.)	Medical materials and equipment manufacturing	26,360	26,360	2,019	10.00	23,324	6,059	227	
	Lu Te Na Company Limited	Fuxing N. Rd., Taipei City, Taiwan (R.O.C.)	Cosmetics sales	7,000	7,000	700	35.00	2,355	(62)	(22)	
	<u>Subsidiaries</u> Maywufa Corporation	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment	US\$ 8,500	US\$ 8,500	8,500	100.00	138,823	(3,124)	(3,124)	
Maywufa Corporation	Maywufa Hongkong Corporation Limited	Room 06, G/F, 535 Canton Road, Kowloon, Hong Kong	Investment	US\$ 8,500	US\$ 8,500	8,500	100.00	139,532	(3,124)	(3,124)	
Maywufa Hongkong Corporation Limited	Maywufa Cosmetics (Shanghai) Co., Ltd.	Room 902, No. 777, Hongqiao Road, Xuhui District, Shanghai	Cosmetics and household goods wholesale	US\$ 7,500	US\$ 7,500	-	100.00	139,529	(3,124)	(3,124)	

Note 1: Recognition of investment gains (losses) was based on the investee’s audited financial statements.

Note 2: For the information on investment in mainland China, refer to Table 3.

TABLE 3

MAYWUFA COMPANY LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars and US Dollars)

1. Name of the investee company in mainland China, main business, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, book value of investment at the end of the period, and repatriated investment profit and loss were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Accumulated Repatriation of Investment Income as of December 31, 2023	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance for Investment from Taiwan as of December 31, 2023
					Outward	Inward						
Maywufa Cosmetics (Shanghai) Co., Ltd.	Cosmetics and household goods wholesale	\$ 226,459 (US\$ 7,500)	Investing in mainland China through companies located in a third region (Note 1)	\$ 226,459 (US\$ 7,500)	\$ -	\$ -	\$ 226,459 (US\$ 7,500)	\$ (3,124)	100	\$ (3,124) (Note 2)	\$ 139,529	\$ -

Note 1: The Company located in a third region is Maywufa Hongkong Corporation Limited.

Note 2: Investment gains and losses are recognized according to the financial statements audited by the accountant.

2. Investment limit in mainland China

(Amounts in Thousands of New Taiwan Dollars and US Dollars)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$226,459 (US\$7,500)	\$337,755 (US\$11,000)	\$1,222,294

Note: Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA = \$2,037,156 × 60% = \$1,222,294.

3. The significant transactions with investee companies in mainland China either directly or indirectly through a third party

Investee Company	Relationship with the Company	Transaction Type	Price	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Maywufa Cosmetics (Shanghai) Co., Ltd.	Subsidiaries	Sales revenue	\$ 12,584	Determined by contract or negotiation	The credit period for hairdressing products is 3 months	Similar to general transaction	\$ -	-	\$ 710

4. Endorsements, guarantees or collateral provided to mainland investment companies directly or indirectly through companies in a third region businesses: None.

5. Financing of funds provided to mainland investment companies directly or indirectly through companies a third region businesses.: None.

6. Other transactions that have a significant impact on the current profit or loss or financial position: None.

TABLE 4**MAYWUFA COMPANY LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Cheng Yi Investment Company Ltd.	23,594,819	17.75
PhytoHealth Corporation	16,737,700	12.59
Li Ling Investment Company Ltd.	14,946,556	11.24

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

MAYWUFA COMPANY LTD.

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MAYWUFA COMPANY LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Cash		
Cash on hand and petty cash		\$ <u>120</u>
Cash in bank		
Checking accounts		48
Foreign deposits	US\$33, EUR263	10,058
Demand deposits		<u>33,556</u>
		<u>43,662</u>
Cash equivalents		
Time deposits	1.10% interest rate for bank time deposits with original maturities within 3 months or less	<u>59,280</u>
		<u>\$ 103,062</u>

Note: Foreign currency deposits are evaluated based on the spot exchange rates US\$1:NT\$30.71 and EUR1:NT\$33.98 on the balance sheet date.

MAYWUFA COMPANY LTD.**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name	The Amount
Company A	\$ 2,906
Company B	2,135
Company C	2,042
Company D	1,611
Company E	1,396
Company F	1,252
Other (Note)	<u>11,407</u>
	22,749
Less: Allowance for impairment loss	<u>(227)</u>
	<u><u>\$ 22,522</u></u>

Note: The balance of each company in others does not exceed 5% of the account balance.

MAYWUFA COMPANY LTD.**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Non-related parties	
Company G	\$ 20,004
Company H	19,521
Company I	19,063
Company J	16,618
Company K	12,398
Company L	11,604
Other (Note)	<u>129,355</u>
	228,563
Less: Allowance for impairment loss	<u>(2,295)</u>
	<u>\$ 226,268</u>

Note: The balance of each company in others does not exceed 5% of the account balance.

MAYWUFA COMPANY LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price (Note)
Commodities	\$ 64,451	\$ 67,114
Finished goods	102,502	103,694
Raw materials	40,989	42,259
Packaging materials	35,337	37,094
Work in progress	<u>12,494</u>	<u>12,501</u>
	<u>\$ 255,773</u>	<u>\$ 262,662</u>

Note: It refers to the net realizable value. Inventories are stated at the lower of cost or net realizable value.
Inventories are recorded at average cost.

MAYWUFA COMPANY LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding the Number of Shares)

Invested Company	Balance at January 1		Increase During the Year		Decrease During the Year		Unrealized gain (loss)	Balance at December 31		Provide A Guarantee or Pledge Situation	Remark
	Number of Shares	Fair Value	Number of Shares	Unrealized gain (loss)	Number of Shares	The Amount		Number of Shares	Fair Value		
Domestic listed (counter) common stock											
Cathay Financial Holdings Co., Ltd.	502,952	\$ 20,118	-	\$ -	-	\$ -	\$ 2,892	502,952	\$ 23,010	None	
Fubon Financial Holdings Co., Ltd.	286,806	16,147	14,340	-	-	-	3,367	301,146	19,514	None	Note 1
Domestic unlisted (counter) common stock											
Taiwan Incubator SME Development Corporation	8,525,709	66,360	-	-	-	-	1,353	8,525,709	67,713	None	
Miho International Cosmetic Co., Ltd.	359,440	3,277	-	-	26,764	268	(340)	332,676	2,669	None	Note 2
Career Consulting Co., Ltd.	504,760	6,727	-	-	-	-	577	504,760	7,304	None	
Amersen Bioscience International, Inc.	568,282	-	-	-	-	-	-	568,282	-	None	
Biowell Technology Inc.	3,271,923	-	-	-	-	-	-	3,271,923	-	None	
WS Fashion Group Co., Ltd.	-	-	12,673	286	-	-	(6)	12,673	280	None	Notes 2 and 3
Foreign unlisted (counter) common stock											
Amkey Biotechnology Venture Capital Inc.	146,922	<u>6,599</u>	-	<u>-</u>	-	<u>-</u>	<u>16</u>	146,922	<u>6,615</u>	None	
		<u>\$ 119,228</u>		<u>\$ 286</u>		<u>\$ 268</u>	<u>\$ 7,859</u>		<u>\$ 127,105</u>		

Note 1: The increase of Fubon Financial Holdings Co., Ltd. this year is due to receive stock dividends.

Note 2: The decrease of \$268 thousand in this year of Miho International Cosmetic Co., Ltd. and the increase of \$268 thousand in this year of WS Fashion Group Co., Ltd. were due to the reduced capital of Miho International Cosmetic Co., Ltd., which offset the amount of shares returnable to shareholders with the shares of WS Fashion Group Co., Ltd. at a fair value of \$268 thousand.

Note 3: The increase of \$18 thousand for WS Fashion Group Co., Ltd. this year is due to participation in the Company's capital injection in cash.

MAYWUFA COMPANY LTD.

STATEMENT OF CHANGES IN EQUITY METHOD INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Excluding the Number of Shares)

Investees	Balance, January 1, 2023		Increase During the Year		Decrease During the Year		Profit (loss) in Using the Equity Method Amount	Capital Surplus - Long-term Investment	Exchange Differences on Translation of Foreign Financial Statements	(Unrealized) Realized Gross Profit	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	Balance, December 31, 2023			Market Price or Net Assets Value (Note)
	Shares	Amount	Shares	Amount	Shares	Amount						Shares	%	Amount	
Maywufa Corporation	8,500,000	\$ 144,564	-	\$ -	-	\$ -	\$ (3,124)	\$ -	\$ (2,630)	\$ 13	\$ -	8,500,000	100.00	\$ 138,823	\$ 138,823
PhytoHealth Corporation	35,130,698	454,824	-	-	-	-	(9,478)	112	-	-	11,613	35,130,698	17.69	457,071	762,336
AmCad BioMed Corporation	3,473,783	27,713	-	-	-	-	(2,948)	91	-	-	(45)	3,473,783	6.52	24,811	92,750
Broadsound Corporation	2,019,000	23,097	-	-	-	-	227	-	-	-	-	2,019,000	10.00	23,324	23,324
Lu Te Na Company Limited	700,000	2,377	-	-	-	-	(22)	-	-	-	-	700,000	35.00	2,355	2,355
		<u>\$ 652,575</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ (15,345)</u>	<u>\$ 203</u>	<u>\$ (2,630)</u>	<u>\$ 13</u>	<u>\$ 11,568</u>			<u>\$ 646,384</u>	<u>\$ 1,019,588</u>

Note: The market price refers to the closing price of listed shares on December 31, 2023; the net equity value is mainly calculated based on the financial statements of the investee in unlisted shares and the Company's shareholding percentage.

MAYWUFA COMPANY LTD.**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Accounts Name	The Amount
Non-related parties	
Company M	\$ 8,860
Company N	7,626
Other (Note)	<u>42,843</u>
	<u>59,329</u>
Related parties	
PhytoHealth Corporation	24,171
Other (Note)	<u>14</u>
	<u>24,185</u>
	<u>\$ 83,514</u>

Note: The balance of each company in others does not exceed 5% of the account balance.

MAYWUFA COMPANY LTD.

**STATEMENT OF LONG-TERM LOAN
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Acceptance Agency	Description	Borrowings Amount	Contract Period	Interest Rate	Mortgage Assets
Land Bank of Taiwan	Secured loan (bank loans interest at a floating rate, with interest calculated monthly on the balance of the principal, with interest paid monthly for the first 66 mounts and the principal repayable in equal monthly installments from the 67th mount (February 2028) onward)	<u>\$ 437,893</u>	2022.07.15-2030.07.15	0.68%-1.08%	Land and buildings

MAYWUFA COMPANY LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Sales	\$ 1,306,944
Less: Sales return	12,655
Less: Sales discount	<u>436</u>
Net operating income	<u>\$ 1,293,853</u>

MAYWUFA COMPANY LTD.
STATEMENT OF COST OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Homemade cost of goods sold	
Raw materials used	
Balance, beginning of year	\$ 36,461
Add: Raw material purchased	99,498
Less: Others	(289)
Raw materials, end of year	<u>(40,989)</u>
	94,681
Packaging materials used	
Balance, beginning of year	39,190
Add: Packaging material purchased	125,420
Less: Others	(413)
Raw materials, end of year	<u>(35,337)</u>
	128,860
Direct labor	20,836
Manufacturing expenses	<u>67,598</u>
Manufacturing cost	311,975
Add: Work in process, beginning of year	10,876
Semi-finished product purchase processing	1,247
Others	2
Less: Others	(4)
Work in process, end of year	<u>(12,494)</u>
Cost of finished goods	311,602
Add: Finished goods, beginning of year	83,172
Finished goods purchased	6,344
Others	37
Less: Others	(5,701)
Finished goods, end of year	<u>(102,502)</u>
Subtotal of cost of goods sold for self-made commodities	<u>292,952</u>
Cost of goods sold for purchased commodities	
Add: Balance, beginning of year	62,925
Commodities purchased	161,505
Less: Others	(6,229)
Commodities, end of year	<u>(64,451)</u>
Subtotal of cost of goods sold for purchased commodities	<u>153,750</u>
Total operating costs	<u>\$ 446,702</u>

MAYWUFA COMPANY LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Expected Credit Impairment	Total
Payroll	\$ 90,223	\$ 55,137	\$ -	\$ 145,360
Promotion	174,578	-	-	174,578
Advertising	161,579	27	-	161,606
Other (Note)	<u>124,953</u>	<u>38,440</u>	<u>679</u>	<u>164,072</u>
	<u>\$ 551,333</u>	<u>\$ 93,604</u>	<u>\$ 679</u>	<u>\$ 645,616</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

MAYWUFA COMPANY LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expense						
Salary and bonus	\$ 32,589	\$ 128,005	\$ 160,594	\$ 31,487	\$ 120,762	\$ 152,249
Labor and health insurance	3,632	10,645	14,277	3,513	10,014	13,527
Pension	1,515	4,648	6,163	1,458	4,527	5,985
Remuneration of directors	-	8,191	8,191	-	8,076	8,076
Others	<u>2,174</u>	<u>3,988</u>	<u>6,162</u>	<u>2,300</u>	<u>3,990</u>	<u>6,290</u>
	<u>\$ 39,910</u>	<u>\$ 155,477</u>	<u>\$ 195,387</u>	<u>\$ 38,758</u>	<u>\$ 147,369</u>	<u>\$ 186,127</u>
Depreciation	<u>\$ 14,567</u>	<u>\$ 7,322</u>	<u>\$ 21,889</u>	<u>\$ 15,345</u>	<u>\$ 7,501</u>	<u>\$ 22,846</u>
Amortization	<u>\$ 701</u>	<u>\$ 841</u>	<u>\$ 1,542</u>	<u>\$ 108</u>	<u>\$ 930</u>	<u>\$ 1,038</u>

Note 1: As of December 31, 2023 and 2022, the Company had 201 and 204 employees, respectively. There were both 8 non-employee directors.

Note 2: For companies whose shares are listed on the stock exchange, the following information should be disclosed:

- a. Average employee benefits for the year ended December 31, 2023 was \$970 thousand (amounts of employee benefits for the year ended December 31, 2023 less amounts of remuneration of directors for the year ended December 31, 2023/number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023).

Average employee benefits for the year ended December 31, 2022 was \$908 thousand (amounts of employee benefits for the year ended December 31, 2022 less amounts of remuneration of directors for the year ended December 31, 2022/number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022).

- b. Average salaries for the year ended December 31, 2023 was \$832 thousand (amounts of salaries for the year ended December 31, 2023/number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023).

Average salaries for the year ended December 31, 2022 was \$777 thousand (amounts of salaries for the year ended December 31, 2022/number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022).

- c. Changes of adjustments of average salaries was 7% (Average salaries for the year ended December 31, 2023 less average salaries for the year ended December 31, 2021/average salaries for the year ended December 31, 2022).
- d. The Company's remuneration policy is to pay remuneration based on the salary level of the position in the same industry market, the scope of power and responsibility of the position in the Company, and the contribution to the Company's operating goals. The procedures for determining the remuneration are determined by the directors based on the degree of personal participation in the Company's operations and the value of their contributions, and in consideration of domestic and foreign industry standards. In addition, the managers use the Company's "Manager Salary Payment Method" as the basis for evaluation; the remuneration of directors and managers must be reviewed and approved by the remuneration committee and submitted to the board of directors for resolution.