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美吾華股份有限公司
Maywufa Company Limited



2023 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Company website: <https://www.maywufa.com.tw>

I. Spokesperson

Name : Lu Shu-Chun
Job Title : Financial Supervisor
Telephone : 02-2713-6621
E-mail : jean@maywufa.com.tw

Deputy Spokesperson

Name : Kao Bih-Lin
Job Title : Associate Director
Telephone : 02-2713-6621
E-mail : eunice@maywufa.com.tw

II. Headquarters, Branches and Plant

1. Corporate Headquarters

Address : 5F, No.167, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
Telephone : 02-2713-6621

2. Maywufa Factory

Address : No.10, Shi 2nd Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)
Telephone : 03-464-4796

3. Taichung Office

Address : 8F, No.105, Sec. 2, Taiwan Blvd., West Dist., Taichung City 403, Taiwan (R.O.C.)
Telephone : 04-2302-0968

4. Kaohsiung Office

Address : 8F, No.687, Mingcheng 3rd Rd., Gushan Dist., Kaohsiung City 804, Taiwan (R.O.C.)
Telephone : 07-550-2926

III. Stock Transfer Agent:

Name of Stock Transfer Agency : Grand Fortune Securities Co.,Ltd.
Address : 6F, No.6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City, Taiwan.
Telephone : 02-2371-1658
Website : <https://www.gfortune.com.tw>

IV. Contact Information of the Certified Public Accountants for the Latest Financial Report :

Name of CPA : Chen Chao-Mei, Yu Cheng-Chuan ◦
Name of Firm : Deloitte & Touche Taipei, Taiwan Republic of China
Address : 20F, Taipei Nan Shan Plaza, No. 100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan
Telephone : 02- 2725 - 9988
Website : <https://www2.deloitte.com>

V. Overseas Trade Places for Listed Negotiable Securities and Method to Inquire for Such Overseas Negotiable Securities: None ◦

VI. Company website : <https://www.maywufa.com.tw>

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1. Letter to Shareholders

Dear Shareholders,

For the past 48 years, our company has maintained a leading position in the hair dye market with our brands, Maywufa[®] and Colorful, for both gray hair coverage and hair color dye. To meet the trend of young generation, we have not only established our e-commerce channels, but also developed our native online brand, SAHOLEA, to expand our market share among young people and millennials. As one of Taiwan's top 100 brands, Maywufa solidifies the loyalty of our existing customers with high-quality products, and develops new products that meet market demand to provide consumers with diversified choices. According to the Kantar report of 2022(a globally authoritative market research company), our company's shampoo products hold the top brand market share in Taiwan. Our company has a professional team to cover both consumer and medical products. On top of being distributor of Mustela, a well-known French pharmaceutical brand for women and children's skincare products, we also drive self-developed products from Phytohealth and Amcad company to well implement "research and development from Photohealth and Amcad, sales and marketing from Maywufa" as a corporate strategy.

We hereby provide a report on our business results in 2023, business plans in 2024, future development strategy, impact of external competition environment, regulatory, and macroeconomic environment on our company as below.

I. Business Results for Fiscal Year 2023

(I) Results of the Implementation of the 2023 Annual Business Plan

1. Consumer Business Unit :

- (1) Hair dye products maintain their leading position in covering gray hair and steady growth through brand strategy marketing. Hair coloring products sustain their leadership and sales momentum in the Taiwan market through brand upgrades and trendy new colors. Hair care products continue to be favored by consumers, particularly the perfume series, with the introduction of new limited edition IP collaboration shampoo, maintaining sales momentum and market attention. Additionally, products such as INNEX[®], Oriental Herb, IngreLux[®], and ibubble, developed according to market trends, not only gain consumer favor but also generate highly positive reviews in online discussions.
- (2) SAHOLEA[®] won "Monde Selection World Quality Awards" in 2023 and "The Veggie Awards" in 2023, winning international beauty awards for three consecutive years, which affirmed the brand's strength. With high levels of discussion and user acclaim, SAHOLEA[®] expands its customer base through television commercials and diverse new media, consolidating customer loyalty and strengthening brand visibility, establishing a professional image of high quality and perfect results in the minds of consumers.
- (3) The skincare brand for pregnant women and infants, 'Mustela[®]', has launched four exclusive care products tailored to different skin types of infants, as well as the Mustela Maternity series for expectant mothers. Through online and offline promotion and recommendations from physicians, it has built a good reputation. The star product, "VBC", known as the Butt Cream, is widely used in hundreds of maternity centers and postnatal care centers, recommended by medical staff. Additionally, the brand once again won the "Popular Essence Award" at the Maternal and Child Essence Awards. The Mustela Maternity series was once again voted as the top anti-stretch mark product by 40,000 mothers, and the maternity oil received its first professional evaluation from experts in obstetrics and gynecology, pediatrics, and dermatology, earning it a professional evaluation award. The brand has maintained steady growth in the low birth rate environment.

2. Pharmaceutical Business Unit

- (1) We vigorously promoted the launch of the new product, Oraphine[®], by increasing its exposure and visibility through large medical exhibition events. Simultaneously, we

focused on actively engaging medical centers for drug procurement and grassroots medical institutions for adoption. We successfully submitted applications to the Pharmaceutical Affairs Council and obtained the first medical center procurement approval, as well as adoption by multiple grassroots medical institutions. This has generated momentum for growth in clinical usage.

- (2) We increased the frequency of large-scale academic education seminars and incorporated focused discussions on in-depth case studies. We actively organized medical education seminars for clinical healthcare professionals, totaling nearly 40 large-scale seminars, over 400 product briefings, and 10 patient education events throughout the year. These activities covered training for over 500 healthcare professionals, with academic promotion reaching over 12,500 participants. This significantly enhanced the utilization of PG2[®], leading to a substantial increase in discussions and interest among clinical healthcare professionals and cancer patients. This, in turn, drove growth momentum in performance.
- (3) In response to the successful procurement of the injection drug Cerebrolysin[®] in major hospitals and the emerging need for new treatments for severe conditions such as stroke and traumatic brain injury, clinical academic seminars and expert meetings were organized to delve into and share insights on the usage patterns and post-usage improvements of Cerebrolysin[®] in clinical patients. Continuously, efforts were made to integrate networks for treating stroke and traumatic brain injury-related diseases between major hospitals and grassroots medical institutions, facilitating the exchange of clinical experiences and promoting successful practices of "early and prolonged use" of Cerebrolysin[®] in clinical settings. This initiative aimed to broaden the scope and duration of product usage.
- (4) AmazPower[®] Sachet positions itself in the market of pharmaceutical-grade health supplements and hospital distribution channels, aiming to increase recommendations from healthcare professionals and positive word-of-mouth from patients, while implementing a strategy that complements PG2[®] to attract new patients and drive business growth.

(II) Budget Execution Status

According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies," financial forecast information for 2023 has not been disclosed, so this item is not applicable.

(III) Financial revenue and expenditure and profitability analysis:

Unit: NTD thousands

Tem		Year		
		2023	2022	Increase (Decrease)%
Financial revenue and expenditure	Operating revenue	1,300,721	1,245,105	4.5
	Gross profit	854,372	816,557	4.6
	Operating income	194,668	199,159	(2.3)
	Non-operating income	15,580	9,194	69.5
	Profit after tax	169,098	161,830	4.5
Profitability	Return on assets (%)	6.31%	6.28%	0.5
	Return on shareholders' equity (%)	8.38%	8.09%	3.6
	Net profit rate (%)	13.00%	13.00%	0.0
	EPS (NTD)	1.27	1.22	4.1

(IV) Research and Development Status

Some of our products are developed and produced in-house, and the research and development status is as follows :

1. Research and Development Expenses

Unit: NTD thousands

Item	Year	2 0 2 3
Operating revenue	(A)	1,300,721
R&D expenses	(B)	17,454
Total number of employees	(C)	203
Total number of R&D personnel	(D)	8
R&D expense ratio	(B/A)	1.34%
Ratio of R&D personnel to total personnel	(D/C)	3.94%

2. Research and development achievements

We had a multitude of new items for both hair dyes and shampoos in 2023, including Maywufa[®] Herbal Color Cream, Maywufa[®] Oriental Herb Color Cream, ibubble Color Cream, Maywufa[®] Colorful Hair Color Cream, SAHOLEA[®] Premium, INNEX[®] Hair Care, BlackVerse Hair Care, Pure Selection Hair Care, Herbology Hair Care, IngreLux[®], Super Good Luck Hair Care and Black Polygonum. All of above delivered strong momentum and results.

II. Overview of the 2024 Business Plan

(I) Business Strategy

1. Consumer Business Unit

- (1) Maywufa[®] continues to maintain its leadership in hair dye. Maywufa[®] Herbal Color Cream keeps popular among consumers by launching new fashion hair colors. Colorful Hair Color Cream, the most youthful brand in portfolio, maintains its leading position with continuous formula and package upgrade.
- (2) Maywufa[®] accelerates the growth in shampoo and treatment category. Maywufa[®] expands into more advanced brands and products to meet market trends, including functional benefits, environmentally friendly ingredients, and co-op with famous characters with limited editions.
- (3) Maywufa[®] grows our brands and business from competitive media exposure, both traditional TV and online digital communication. We continue to collaborate well with brick-and-mortar customers, and build up business with e-commerce platforms and our own Brand.com.
- (4) Saholea[®], outstanding market performance among premium haircare brands, grows continuously from both selected offline stores, and online Brand.com and e-commerce platforms. It builds strong business momentum through new celebrity, new product lines, and new media choices with competitive exposure.
- (5) Mustela[®] continues to promote the concepts of “Dedicated for Different Skin Types” and “Stretch Mark Prevention and Breastfeeding Care for Pregnancy”, and to introduce organic products for family. The brand expands consumers through professional channels, consumer channels, and e-commerce platforms.

2. Pharmaceutical Business Unit :

- (1) We continue to increase local marketing expansion through hospital listing program in three main products-PG2[®], Cerebrolysin[®] and BIOTHREE[®]. We continue to strengthen the promotion of the three main products: PG2[®], Cerebrolysin[®] and BIOTHREE[®]. Actively promote drug launch plans in various medical institutions, combined with subsequent marketing and promotion, expand market share in the domestic market.
- (2) Oraphine[®] is the first globally approved oral nabuphine for treating moderate to severe pain. The product will position as a highly effective and well tolerance oral pain killer to ease post operation pain. Our team will collaborate with

Phytohealth Corp (4108) to continue promoting Oraphine[®]. We will particularly focus on drug introduction to medical centers and procurement for primary healthcare facilities.

- (3) The Pharmaceutical Unit is making every effort to increase the popularity and market share of PG2[®], and is committed to allowing stage 4 breast cancer patients who are eligible for health insurance benefits to receive treatment, and using health insurance to drive the development of the self-pay market. At the same time, we are also actively conducting real-world clinical research to enhance the clinical use experience of our products, and continue to cooperate with relevant medical societies to update clinical treatment guidelines, organize continuing medical education and other activities, and strengthen the clinical assessment of cancer fatigue by medical staff.
- (4) For Cerebrolysin[®], in line with global evidence, we will cooperate with neurologist, neurosurgeons, rehabilitation physician and other clinical experts to review current evidence in stroke, TBI and dementia and facilitate real world experience exchange.
- (5) Collaborate with neurologists, neurosurgeons, rehabilitation physicians, and other clinical experts to review domestic and international research evidence on the use of Cerebrolysin[®] in conditions such as stroke, traumatic brain injury, and dementia. Facilitate the sharing and exchange of clinical experiences to enhance clinical value and expand the application of the product.
- (6) For BIOTHREE[®], we will focus to drive market in pediatric, GI and other therapeutic area with high adoption on probiotic in newly listing hospitals.

(II) Expected sales quantity and its basis

1. Consumer Business Unit

- (1) Maywufa[®] is the leading hair dye player in Taiwan, which devotes to provide all hair dye products with safety and quality. Recently, we accelerate to young and colorful hair dye segment to expand market share through product line extension and digital communication. Besides, there is still a vast opportunity in shampoo market, and we focus on mid to high price tier and functional segment. Our channel strategy keeps on both offline and online customers.
- (2) Mustela[®] continues to launch new products with innovative research and development achievements, and to upgrade formula and package for existing products. We optimize brand exposure, and maximize online and offline operation to boost maternal and baby business.
- (3) In addition to our Brand.com of Saholea[®] Mustela[®] and Maywufa[®], we cooperate closely with e-commerce platforms to achieve excellent results.

2. Pharmaceutical Business Unit

- (1) Research shows that up to 92% of cancer patients in Taiwan suffer from cancer-related fatigue during their cancer treatment, and more than 25% of cancer patients suffer from moderate to severe fatigue; such a high prevalence rate makes doctors' clinical assessment extremely important. Importantly, by providing appropriate treatment options, we can simultaneously achieve the goal of improving the patient's overall treatment effect and quality of life.
- (2) PG2[®] is the first globally approved prescription drug treating for cancer related fatigue and recommended as Level1A, grade A in Taiwan clinical guideline. We will continue to work with medical society on CME to strengthen clinical management on cancer related fatigue
- (3) According to global evidence, Cerebrolysin[®] is the multimodal neuropeptide to help regain independence of patient suffering from stroke, TBI and dementia. With aging population in Taiwan, we believe patient adoption will be enlarged through our hospital listing program and promotion from area hospital to medical center.

(III) Important production and marketing policies

1. We strengthen new product development, focus on mid-to-high price tier segment, implement channel strategy and maximize digital marketing.
2. In the thriving Taiwan e-commerce market, we continuously optimize online operation. On the one hand, we deepen our direct B2C business and membership management. On the other hand, we increase our B2B2C collaborations with various online shopping channels. Therefore, we keep high growth in the e-commerce field through the new retail trend of omni-channel integration.
3. As the distributor of Mustela brand in Taiwan, we promote through both medical professional and consumer channels. We establish CRM (Customer Relationship Management) under Brand.com, and leverage bloggers, influencers and social media to strengthen brand awareness and loyalty to boost business and profits.
4. Taiwan e-commerce market is still growing rapidly, and consumer demand is becoming more and more diverse. We optimize our e-commerce operation to expand our competitive advantage.
5. Our pharmaceutical department team focuses to expand market access on key prescription drug products in hospital channel. All the promotion events are complied with industry standard aiming to support headquarter marketing strategy.

III. Future Development Strategy:

- (I) In addition to revenue growth, our company will place greater emphasis on improving profitability in the future.
- (II) With evolution and growth of our e-commerce for years, we achieved direct communication to members of our brands. In the future, we will move towards the new retail direction to integrate omni-channels to achieve high-speed revenue and profit growth in our business.
- (III) Mustela deepens consumer market to establish as the first choice of pregnancy and baby skincare brand. We differentiate from competitors with a profession and efficacy image, and strengthen KA (Key Account) channel operations.
- (IV) It has been many years to be a distributor of Mustela brand in Taiwan with solid business results. We will continue to leverage social media to communicate with consumers directly to strengthen Mustela as an expert in pregnancy and baby skincare to increase brand awareness and customer loyalty.
- (V) Our pharmaceutical business Unit has been a long term trust worthy partner of global pharmaceutical companies and Phytohealth Corp. With profound marketing experience, we will ensure to further grow current products in three therapeutic area-cancer, pain and neurology. We will also look for license in opportunities to enrich product portfolio to maximize revenue.

IV. Influenced by the external competitive environment, regulatory environment, and overall operational environment

(I) Consumer Business Unit

1. External competition environment:

In the post-pandemic era, an increasing amount of shopping is done through orders placed on smartphones, making fingertip opportunities not only a new consumer trend but also a prominent aspect of the industry. E-commerce has become an unstoppable trend. In the Taiwanese market for personal care and hair dye products, besides domestic brands, there are also numerous imports from Japan, South Korea, Europe, and the United States. The market is flooded with various products, which exhibit high substitutability. Brands, in order to establish consumer brand loyalty and adapt to their shopping behaviors, must inevitably invest more resources and manpower into different types of social platforms, media advertisements, and marketing promotions. Our company, by thoroughly implementing OMO (Online merge Offline, the integration of virtual and real), has activated dual engines of online and offline, resulting in synchronized performance improvement. While seizing the leading position in online shampoo brands, we also cooperate with leading channels to embrace consumers comprehensively.

2. Regulatory environment:

In addition to strictly complying with government regulations, our company, in response to consumers' shifting demands for hair care products towards those with special functions and diversified fragrances, has initiated the Meiwah Project, investing over 900 million Taiwanese dollars to build a cosmetics GMP smart factory in the Yangmei Youshi Industrial Zone. The factory will obtain dual certifications for "International Cosmetics GMP Certification" and "Green Building Label" upon completion, and it will commence operations. The new factory is equipped with an automated smart warehouse system to enhance productivity and quality, aiding in addressing the company's robust business development capabilities and the rapidly changing consumer market. Furthermore, to align with carbon reduction goals, the factory design incorporates strategies such as water conservation, energy-efficient building shells, air conditioning, and lighting, meeting daily energy-saving targets. Additionally, product packaging will gradually transition to eco-friendly materials, integrating environmental, social, and corporate sustainability (ESG) into investment decisions.

3. Overall Business Environment :

- (1) The Directorate-General of Budget, Accounting and Statistics (DGBAS) has released its latest forecast for economic growth, predicting a growth rate of 3.35% in 2024, higher than the previous two years. On the domestic front, factors such as salary adjustments for military and civil servants, increases in the minimum wage, and a stable job market are expected to contribute to steady growth in private consumption. Our company, with the long-standing trust of consumers in the Meiwah Hair brand, has cultivated a loyal customer base. In addition to actively developing new products that meet market demand and consumer preferences, we have also expanded into organic and hair care-related products, as well as continuously expanding our online business, providing consumers with more diverse and multi-channel choices to maintain brand awareness and increase market share. Our top hair brand, SAHOLEA, actively leverages the emerging trends of e-commerce and new retail, developing high-quality and diversified products for online channels.
- (2) In recent years, consumers' demands for shampoo products have shifted from merely providing hair cleaning to specific scalp and hair needs, sensations or fragrances, and diversified functions. Many brands have also entered the hair dye, shampoo and pregnancy and baby skin care market, resulting in more fierce competition in the market. Natural, plant-derived, fragrant, and functional beauty products have gained support from specific consumer groups.
- (3) According to eMarketer's estimations, 2024 is expected to be a particularly dynamic year for marketers. With the rise of generative artificial intelligence (AI) and an increasing number of streaming options, coupled with continuously evolving customer preferences, surprises are expected along the way due to gradual changes in the economy, environment, and culture over the past few years. eMarketer forecasts that by 2024, global e-commerce sales will reach nearly \$6.77 trillion (approximately 189 trillion New Taiwan dollars), accounting for one-fifth of total retail sales.

(II) Pharmaceutical Business Unit

1. External competition environment:

- (1) The National Health Insurance Administration has strictly controlled the expenditure on pharmaceuticals product. Each year, drug reimbursement prices are slashed through pricing surveys. The review process for new drug applications and related reimbursement standards have increasingly stringent.
- (2) Currently, there are many organizations and companies engaged in research and development of new drugs, health, and wellness products both domestically and internationally. There are often many types of products with similar efficacy and functions, resulting in fierce market competition. To stand out as a leading brand, it requires considerable effort, coupled with the best marketing strategies and plans. As an

agent, we need to have a keen observation and judgment to find the best and most suitable products for introduction into the domestic market.

2. Regulatory environment:

- (1) Since the establishment of regulations for botanical drugs by the US FDA in 2005, new versions of these regulations were also announced in 2015 and 2017, indicating that Western countries have begun to pay attention to new botanical drugs. This trend in the medical field is favorable for the promotion of PG2®.
- (2) The Ministry of Health and Welfare's National Health Insurance Administration has aligned with international standards and announced that starting from January 1, 2017, disease classification in all contracted medical institutions and clinics will be based on ICD-10-CM/PCS, which will enhance physicians' and patients' correct understanding of "cancer-related fatigue R53.0", benefiting the promotion of PG2®.

3. Overall Business Environment :

The global healthcare trend is gradually shifting from a focus on combatting diseases to providing holistic care and emphasizing quality of life. With the continuous increase in self-care awareness among the public in Taiwan, the market for supplementary treatment and self-care services for related diseases is becoming increasingly important.

Our company has a clear development strategy, which focuses on our core business through continuous innovation and faster and better services to our customers. We are committed to improving our operational capabilities while maintaining our excellent liquidity, debt repayment ability, and sound financial structure.

For consumer business unit, Maywufa® brand has a 48-year history and has been recognized as one of the "Top 100 Brands in Taiwan" by the Ministry of Economic Affairs, the exclusive brand for this recognition in this industry. We have strong research and development, production capabilities, and with a combination of stability, professional skills, and innovative spirit, we embrace consumers through a multi-brand strategy. We are optimistic about excellent results in 2024. Besides, by thoroughly implementing OMO (Online merge Offline), we activate the dual engines of online and offline to grow faster. While taking the lead in the online shampoo market, we also cooperate with leading channels in every possible way. To sharpen our competitiveness, we are upgrading and constructing a new cosmetic factory, which will be certified by the Ministry of Health and Welfare with both the "Good Manufacturing Practice for Cosmetics" (GMP) and "Green Building Label" certifications. The factory will be built on the site of our existing hair care factory, and is expected to be completed and put into operation in 2024.

As for our pharmaceutical business unit, we leverage our advantages in channels and business marketing to actively increase the business of higher gross margin products, aiming to create better returns on investment for our shareholders. We hope that all of our shareholders will continue to support and encourage our management team.

In conclusion, we wish all of our shareholders good health and prosperity.

Chairman **Lee Chen Chia**
General manager **Lai Yu Ju**

2. Company Profile

2.1 Date of Incorporation: October 1, 1976

2.2 Company History :

Year	Milestones
1976	<ul style="list-style-type: none"> • Taiwan Maywufa Co, Ltd. was established on October 1st and is the import agent for American "ALBERTO VO5" products such as the Fresh Cleansing Apple Shampoo.
	<ul style="list-style-type: none"> • Taiwan Maywufa opens a factory in Taoyuan Youth Industrial Park to manufacture Maywufa[®] hair care products.
1979	<ul style="list-style-type: none"> • Mr. Lee Chen-Chia, the chairman of the company, achieved success in his youth entrepreneurship and was commended by the late President Chiang Ching-kuo for his accomplishments.
1984	<ul style="list-style-type: none"> • Mr. Lee Chen-Chia, the chairman of the company, was elected as one of the "Top 10 Outstanding Youth" in the 22nd National Youth Awards.
1985	<ul style="list-style-type: none"> • Taiwan Maywufa Co, Ltd. receives the prestigious CCIS "Taiwan Pioneer Business Award".
1989	<ul style="list-style-type: none"> • Maywufa Co, Ltd. receives the prestigious BSMI "Quality Trademark Award."
1992	<ul style="list-style-type: none"> • Maywufa[®] is the only hair care manufacturer to receive the prestigious CICDA "8th Golden Brand Award."
1993	<ul style="list-style-type: none"> • Maywufa Co, Ltd. achieves OTC listed status.
1994	<ul style="list-style-type: none"> • The company was awarded the Outstanding Brand Award by the National Gold Commercial Mark Promotion Committee.
1996	<ul style="list-style-type: none"> • The company was awarded the Gold Medal Award for its cleaning series products in the National Consumer Excellent Manufacturer Selection Campaign.
1997	<ul style="list-style-type: none"> • The company won the "13th Golden Name Award" and was also commended for receiving the award for five consecutive years or more.
1998	<ul style="list-style-type: none"> • Due to company diversification, Maywufa Co, Ltd.(美吾髮(股)公司)renames itself Maywufa Co, Ltd. (美吾華(股)公司)
2000	<ul style="list-style-type: none"> • The company was awarded the "2nd National Consumer Gold Award" and the "Consumer Association Millennium National Consumer Gold Medal Award".
2001	<ul style="list-style-type: none"> • Maywufa Co, Ltd. advances its status from OTC listed to stock exchange listed.
2003	<ul style="list-style-type: none"> • The company has been awarded the "Annual Excellent Manufacturer Award" by the General Welfare Service Ministry for 17 consecutive years.
2004	<ul style="list-style-type: none"> • Maywufa Logistics Center distribution processing passes the Ministry of Health and Welfare audit and receives GMP certification.
	<ul style="list-style-type: none"> • Maywufa acquires "Boden, The Pharmacy Franchise."
2005	<ul style="list-style-type: none"> • The hair coloring product was awarded the "Reader's Digest Trusted Brand Gold Award" for the second time.
2006	<ul style="list-style-type: none"> • Mawufa[®] hair color products receive the prestigious "National Biotechnology and Medical Care Quality Award" and the "Symbol of National Quality Award" in recognition of its premium quality.
2007	<ul style="list-style-type: none"> • The company signed a project contract with the Department of Industrial Technology's Institute for Information Industry to execute the "Boden Pharmacy National Medical Channel Community Care Program" as part of the exemplary technology application project.
	<ul style="list-style-type: none"> • The company signed a donation/supplement agreement with the National Health Administration (NHA) to implement the "Trial Project of Drug Supply Platform and Best Service Model in Community Pharmacies."

Year	Milestones
2008	<ul style="list-style-type: none"> • Boden, the Pharmacy Franchise under Maywufa Co, Ltd. receives the prestigious Ministry of Economic Affairs 16th Industrial Science and Technology Development Award.
2009	<ul style="list-style-type: none"> • Maywufa[®] hair color products receive the prestigious Reader's Digest "Trusted Brand" Platinum Award. • Maywufa Cosmetics (Shanghai) Co. Ltd is established as the Mainland China Operations Office. • The company signed a project contract with the Department of Industrial Technology's Innovative Technology Applications and Services (ITAS) program to execute the "Boden Pharmacy National Chronic Disease Membership Prescription Care 'e-pharmacy' Innovative Service Program." • Signed a contract with the Department of Industrial Technology for the "Industrial Technology Innovation Center Program (ITICP)" and executed the "Boden Chain Customer Value Research and Development Center Project," establishing the "Boden Chain Customer Value Research and Development Center."
2010	<ul style="list-style-type: none"> • Maywufa[®] Instant Coloring Cream receives the prestigious Ministry of Economic Affairs "Taiwan Excellence Award."
2011	<ul style="list-style-type: none"> • Maywufa[®] Sunflower Coloring Cream & Maywufa[®] Sandalwood series have won the "Taiwan Excellence" award organized by the Ministry of Economic Affairs, R.O.C. • Signed a contract with the Department of Industrial Technology's Industrial Technology Innovation Center Program (ITICP) to implement the "Maywufa Customer Value R&D Center Project," expanding the organization's level of research and development, and establishing the "Maywufa Customer Value R&D Center." • Maywufa[®] is the only hair care brand in its industry to receive "TOP 100 Taiwan Brand Award" in recognition of top companies from various industries to celebrate the 100th anniversary of the founding of the Republic of China.
2012	<ul style="list-style-type: none"> • The hair dye product has won the "Platinum Trusted Brand Award" for four consecutive years, as selected by Reader's Digest. • Recognized as a "Well-known Trademark" by Xiamen Municipal Bureau of Industry and Commerce. • Maywufa Co, Ltd. (Yangmei Plant) receives ISO 22716 (cosmetics GMP) certification for its hair color and shampoo, personal care, hairdressing and skincare products in recognition of its exemplary good manufacturing practices. • This company has been awarded the "Good Distribution Practice (GDP) Excellence Award" for its outstanding performance in the field of pharmaceutical distribution.
2013	<ul style="list-style-type: none"> • The hair dye product was voted by readers of Common Health Magazine as the top brand in the hair dye category for health in the "Healthy Brand" award. • Established an e-commerce channel "Boden Pharmacy". • Ranked No.1 Ideal Brand of Hair Dye by consumers in Management Magazine.
2014	<ul style="list-style-type: none"> • Maywufa[®] Coloring Cream is nominated by consumers to receive the prestigious Management Magazine "Ideal Brand Award - Champion" under the hair color category.
2015	<ul style="list-style-type: none"> • Maywufa Co, Ltd. receives an "A+ rating for Information Transparency and Disclosure" during the 12th rating exercise conducted by the Securities and Futures Institute (SFI).
2016	<ul style="list-style-type: none"> • Maywufa[®] was awarded the second place in the online voting for the top ten hair dye brands in China, and is the only Taiwanese brand to make the list. • Maywufa[®] Instant Coloring Cream receives the prestigious "Symbol of National Quality Award" and the "National Biotechnology and Medical Care Quality Award" in recognition of its premium quality. • The French baby care brand Mustela[®], which we represent, has won the "Popular Product" honor in the consumer voting of the 15th "2016 Favorite Maternal and Child Essence Award" by Mombaby Magazine.
2017	<ul style="list-style-type: none"> • The Taiwan Academy of Hospice Palliative Medicine and the Taiwan Oncology Nursing

Year	Milestones
	<p>Society have released the first clinical treatment guidelines for cancer-related fatigue, which include PG2[®] as the only evidence-based medication recommended for treating this condition.</p> <ul style="list-style-type: none"> • Maywufa[®] Instant Coloring Cream has once again been honored with the "Symbol of National Quality Award."
2018	<ul style="list-style-type: none"> • Maywufa Logistics Center has obtained PIC/S GDP certification after being evaluated by the Taiwan Food and Drug Administration. • PURE[®] Essential Oil series was launched and immediately won the "New Talent Award" at the Watson's Health and Beauty Awards 2018 in August. • SAHOLEA[®] Aqua Rose series and Scalp Care series have respectively won the "Best Comprehensive Skincare Product Award" at the Beauty Award and the "Best Anti-Aging Award for Hair Products" at the BAZAAR Hair Awards. • SAHOLEA[®] Pure Balance Chamomile series has been awarded the first place in the "Best Hair Product" category at the "Lookin Superb Single Item Awards" and the "Kiss Me Cosmetics Heartfelt Award."
2019	<ul style="list-style-type: none"> • Boden Pharmacy Chain collaborates with Great Tree Pharmacy Co., Ltd. • Maywufa[®] hair coloring products have been voted as the top "Healthy Brand" in the hair coloring category by readers of Common Health Magazine. • SAHOLEA[®] Pure Balance Tea Tree Oil series has been awarded the "Women's Choice Award" and the "BEAUTY Beauty Award for Comprehensive Beauty Products," while Maywufa[®] Perfume Shampoo has also won the "BEAUTY Beauty Award for Comprehensive Beauty Products." • Colorful[®] Hair Color Cream was awarded the title of "Best Selling Product" at the Watson 2019 Health and Beauty Awards. • Maywufa[®] Instant Coloring Cream has once again been awarded the "Symbol of National Quality Award". • The French brand Mustela[®], represented by us, received the "Popular Essence" award in the consumer voting category at the 18th Mombaby Magazine "2019 Favorite Maternal and Child Essence Awards". • Maywufa Company Limited has been awarded the "Best Partner of Carrefour 2019" honor.
2020	<ul style="list-style-type: none"> • The hair dye product has been awarded the first place in the hair dye category for "healthy brand" by readers' vote of Common Health Magazine. • Maywufa[®] Instant Coloring Cream was awarded as one of the "TOP 100 Goods of the Year" by PX-Mart. • Colorful[®] Hair Color Cream has been awarded the "Best Selling Product" at the Watson's Health and Beauty Awards 2020. • Maywufa[®] Herbal Color Cream and SAHOLEA[®] products respectively won the "Heartfelt Award" and "Fairy Award" at the "Bella Choice" Beauty Awards organized by the fashion and beauty magazine, "NONG NONG" • The new product of Maywufa[®] Poppy Peony Perfume Shampoo won the honor of "No.1 Open Shelf Shampoo" in "ELLE BEAUTY STAR Beauty Awards". • The French Mustela[®] maternal and child care products, represented by our company, have won the No.1 "popular product" award in the consumer vote of the 19th "2020 Favorite Maternal and Child Essence Award" held by Mombaby Magazine. In addition, Mustela's flagship store on Shopee has also been awarded the Shopee Shopping Gold Award. • Maywufa Company Limited has been awarded the "Best Partner of Carrefour 2020" honor.
2021	<ul style="list-style-type: none"> • Maywufa[®] Instant Coloring Cream, Herbal Color Cream EX, and Perfume Shampoo have been awarded the "TOP 100 Goods of the Year" by PX-Mart.

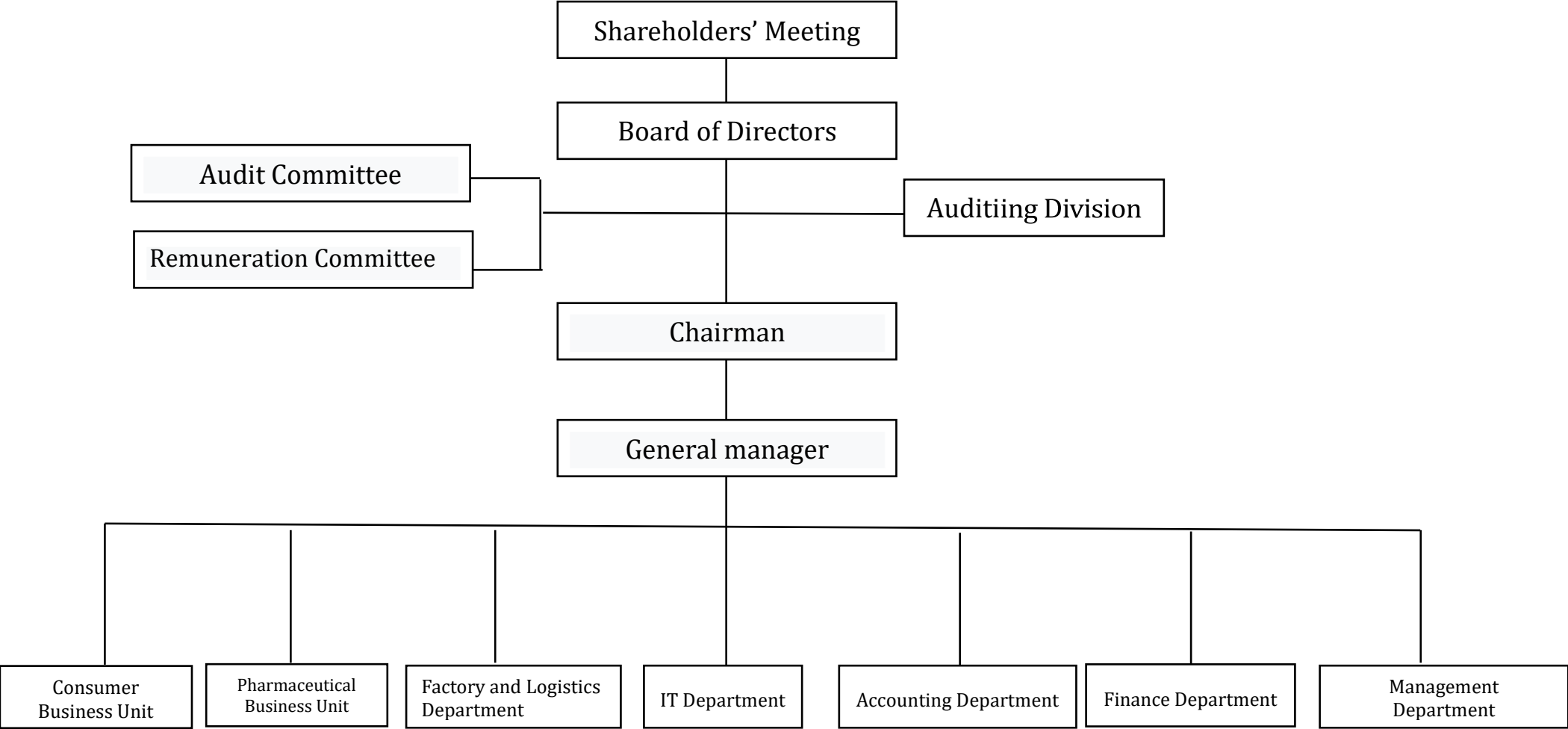
Year	Milestones
	<ul style="list-style-type: none"> • The Pharmaceutical Business Unit has officially included PG2[®] in the National Health Insurance coverage, expanding its connection to both the government-funded and self-pay markets. This, in conjunction with the government's promotion of "early palliative care for cancer," strengthens the breadth and depth of PG2[®] clinical use. • Maywufa[®] hair dye products have won the first place in the "Trusted Brand" hair dye category, as voted by the readers of Common Health Magazine. • SAHOLEA[®] has won the Silver Award at the 2021 MONDE SELECTION and has been nominated for the "Pure Beauty Global Awards". Additionally, SAHOLEA has been awarded the Gold and Silver Awards at the "ASIA 2021 Global Makeup Awards," the Silver Award at the "Muse Design Awards," and the Gold Award at the "Global Green Beauty Award." • The series of Colorful[®] Hair Color Cream was awarded the Best Selling Product in the Watson Health and Beauty Awards 2021, while the series of SAHOLEA[®] Pure Balance Tea Tree Oil was named the Newcomer of the Year in the Shampoo Category. • The French baby care brand Mustela[®], represented by the company, has once again won the No. 1 "Popular Product" honor in the 20th MomBaby Magazine Consumer Choice Awards, and was awarded the "2021 Favorite Maternal and Child Essence Award".
2022	<ul style="list-style-type: none"> • Kantar's market research report indicates our shampoo products hold the top brand market share in Taiwan. • Maywufa[®] Instant Coloring Cream, Maywufa[®] Oriental Herb Shampoo, Maywufa[®] Oriental Herb Peptide Essence, Maywufa[®] Sunflower Shampoo won PX-Mart "TOP 100 Goods of the Year". • Maywufa[®] won CommonHealth Magazine "Good for Life and Health First Place for Hair Dye". • Maywufa[®] Herbal Color Cream won "Beauty Innovation Awards Hair Coloring Product of the Year", and "Global Beauty and Wellness Awards Finalist for Best Color Brush". • BLACKVERSE won "Global Beauty and Wellness Awards for Best Volumizing Shampoo". • Maywufa Company won "Watsons HWB Awards Best Category Partner of the Year, Hair". • Maywufa[®] Colorful won "Watsons HWB Awards Best Seller, Hair Dye". • SAHOLEA[®] won "Watsons HWB Awards Best Seller, Shampoo and Conditioner". • SAHOLEA[®] won "Global Green Beauty Awards Best Natural Shampoo Bronze Award". • Mustela[®] won Mombaby Magazine "Mombaby Award".
2023	<ul style="list-style-type: none"> • Maywufa[®] Company won "Watsons HWB Awards Best Exclusive Partner of the Year, Personal Care" • iBubble won "Watsons HWB Awards New Talent, Hair Dye". • Herbology won "Watsons HWB Awards New Talent, Shampoo and Conditioner". • SAHOLEA[®] won "Watsons HWB Awards Best Seller, Shampoo and Conditioner". • SAHOLEA[®] won "MONDE SELECTION World Quality Awards", and "The Veggie Awards" • Maywufa[®] Maywufa Herbal Color Cream won "Asia Global Makeup Awards, Best Hair Product" and "Global Green Beauty Awards, Best Natural Hair Product". • Maywufa[®] Perfume Shampoo won "Asia Global Makeup Awards, Best Shampoo" • IngreLux[®] won "Beauty Innovation Awards, Shampoo Product of the Year". • Maywufa[®] Pure Selection won "The Veggie Awards". • Mustela[®] won Mombaby Magazine "Mombaby Awards".

3. Corporate Governance Report

3.1 Organization

3.1.1 Company Organizational Structure:

March.31.2024



3.1.2 Major Corporate Functions

Department	Primary Duties
Consumer Business Unit	Execute and manage the business sales, marketing, and planning for Maywufa [®] series products in Taiwan and mainland China market.
Factory and Logistics Department	Execute and control procurement operations of raw materials, materials, and machinery equipment, and manage related matters such as product production, equipment maintenance, factory general affairs, personnel, warehousing, and distribution.
Pharmaceutical Business Unit	Responsible for marketing and management of pharmaceutical and healthcare products through channels such as teaching hospitals, regional hospitals, clinics, and pharmacies.
Management Department	Responsible for coordinating and handling general affairs and human resources related tasks of the company.
Finance Department	Responsible for executing and managing financial and stock-related operations of the company.
Accounting Department	Responsible for executing and managing the accounting operations of the company.
IT Department	Responsible for executing and managing computer-related operations and activities of our company.
Auditing Division	Responsible for the audit and recommendations of internal controls and business operations including finance, accounting, marketing, procurement, production, and human resources.

3.2 Information on Directors, General Manager, Vice President and Assistant Vice President and Heads of Departments and Branches:

3.2.1 Information on Directors:

March 31, 2024

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks						
							Shares	%	Shares	%	Shares	%	Shares	%			Job title	Name	Relation							
Chairman	R.O.C.	Cheng Yi Investment Company Ltd. Representative: Lee Chen-Chia	Male 71~80	5/26/2023	3 years	2/16/1990	23,594,819	17.75%	23,594,819	17.75%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> > Honorary PH.D , National Taipei University Of Technology > EMBA, National Chengchi University > BS, Kaohsiung Medical University, School Of Pharmacy > Fonder/Chairman, Phytohealth Corp. > Founder/Chairman, Amcad Biomed Corp. > Chairman, Broadsound Corp. > National Policy Consultants,Presidential Palace > Director, Central Bank Of The Republic Of China (Taiwan) > Representatives Of The National Assembly > Director, Straits Exchange Foundation > Chairman,Taiwan Federation Of Industry > Chairman, Taiwan Province Industry Ssocation 	<ul style="list-style-type: none"> > Chairman, Maywufa Company Ltd. > Director, Phytohealth Corp. > Director, Amcad Biomed Corp. > Chairman, Taiwan Incubator SME Development Corporation 	Vice Chairman	Lee Yi-Li	Father and daughter	None						
				5/26/2023													2,697,451	2.03%	0	0.00%	0	0.00%	Director	Lee I-Lin	Father and daughter	None
				5/26/2023																			Director	Lai Yu-Ju	Weng son-in-law	None
				5/26/2023																			Director	Lee Yu-Chia	Brother	None
Vice Chairman	R.O.C.	Cheng Yi Investment Company Ltd. Representative: Lee Yi-Li	Female 41~50	5/26/2023	3 years	2/16/1990	23,594,819	17.75%	23,594,819	17.75%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> > MBA, Rutgers University > BBA In Finance, National Taiwan University > Director, Phytohealth Corp. > Director, Amcad Biomed Corp. > Supervisor, Taiwan Bio Industry Organization > 2016 Top 10 Female Heads Of The Biomedical Industry > Vice President, International Global Corporate, Standard Chartered Bank > Vice President, Credit Agricole Corporate And Investment Bank > Manager, Corporate Banking Group, Citibank, N.A. 	<ul style="list-style-type: none"> > Vice Chairman, Maywufa Company Ltd > Chairman, Phytohealth Corp. > Chairman /General Manager, Amcad Biomed Corp. > Chairman, Broadsound Corp. > Director, Maywufa Cosmetics (Shanghai) Co., Ltd. > Director, Taiwan Incubator SME Development Corp. > Director, Lu Te Na Company Ltd. > Independent Director, Sinyi Realty Inc. 	Chairman	Lee Chen-Chia	Father and daughter	None						
				5/26/2023													1,392,000	1.05%	205,000	0.15%	0	0.00%	Director	Lee I-Lin	Sisters	None
				5/26/2023																			Director	Lai Yu-Ju	Couple	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Job title	Name	Relation	
Director	R.O.C.	Li Ling Investment Company Ltd. Representative: Lee I-Lin	Female 41~50	5/26/2023	3 years	4/30/1999	14,946,556	11.25%	14,946,556	11.25%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ MBA, Carnegie Mellon University ➢ B.ACC., National Taiwan University ➢ Product Manager, (Sales And Marketing), Janssen Pharmaceutical Factory Of Johnson & Johnson ➢ Auditor/Risk Assessment Consultant, Deloitte Taiwan 	<ul style="list-style-type: none"> ➢ Executive Director, Maywufa Company Ltd. ➢ Vice Chairman/, General Manager, Phytohealth Corp., ➢ Vice Chairman, Amcad Biomed Corp. ➢ Vice Chairman, Broadsound Corp. ➢ Supervisor, Maywufa Cosmetics (Shanghai) Co., Ltd. ➢ Supervisor, Lu Te Na Company Ltd. ➢ Supervisor, Taiwan Bio Industry Organization 	Chairman	Lee Chen-Chia	Father And Daughter	None
				5/26/2023			140,000	0.11 %	0	0.00%	0	0.00%	Vice Chairman	Lee Yi-Li			Sisters	None		
				5/26/2023									Director	Lai Yu-Ju			In Law	None		
Director	R.O.C.	Cheng Yi Investment Company Ltd. Representative: Lai Yu-Ju	Male 51~60	5/26/2023	3 years	2/16/1990	23,594,819	17.75%	23,594,819	17.75%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ MBA, UCLA ➢ BBA, National Taiwan University ➢ Vice President, Citibank, Taiwan ➢ 2012 Ernst & Young Entrepreneur Of The Year Award 	<ul style="list-style-type: none"> ➢ Director /General Manager, Maywufa Company Ltd. ➢ Director, Phytohealth Corp. ➢ Chairman, Maywufa Cosmetics (Shanghai) Co.,Ltd. ➢ Director, Taiwan Incubator Sme evelopment Corp. ➢ Director, Lu Te Na Company Ltd. 	Chairman	Lee Chen-Chia	Weng Son-In-Law	None
				5/26/2023			205,000	0.15%	1,392,000	1.05%	0	0.00%	Vice Chairman	Lee Yi-Li			Couple	None		
				5/26/2023									Director	Lee I-Lin			In Law	None		
Director	R.O.C.	Hua Wei Ltd. Representative: Chen Wen-Hwa	Male 71~80	5/26/2023	3 years	5/26/2023	78,000	0.06%	78,000	0.06%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ BS, Kaohsiung Medical University, School Of Pharmacy ➢ Certified Pharmacist ➢ Director /General Manager , Phytohealth Corp. ➢ Director, Amcad Biomed Corp. ➢ Sales Manager, Bristol-Myers Squibbs Company, Taiwan ➢ Director, Maywufa Cosmetics (Shanghai) Co., Ltd. 	<ul style="list-style-type: none"> ➢ Director, Maywufa Company Ltd. ➢ Director, Lu Te Na Company Ltd. 	None	None	None	None
Director	R.O.C.	Yi Xin International Company Ltd. Representative: Lee Yu-Chia	Male 61~70	5/26/2023	3 years	6/18/2014	2,000,000	1.50%	1,550,000	1.17%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ EMBA, National Taiwan University Of Science And Technology ➢ Director, Commerce Development Research Institute ➢ Vice Chairman, Small And Medium Enterprise Foundation ,Taiwan ➢ Committee Member, Ministry Of Health And Welfare 	<ul style="list-style-type: none"> ➢ Director, Maywufa Company Ltd. ➢ Director, Taiwan Incubator SME Development Corp. ➢ Director, Mender International Co., Ltd. ➢ Chairman, Yi Xin International Company Ltd. ➢ Supervisor, Lu Te Na Company Ltd. ➢ Managing Director, National Association Of Small & Medium Enterprises ,R.O.C. ➢ Convenor, Cross-Strait Ceo Summit Sme Cooperation And Youth Entrepreneurship Promotion Team ➢ Director, Small And Medium Enterprise Credit Guarantee Fund Of Taiwan 	Chairman	Lee Chen-Chia	Brother	None
				5/26/2023			104,500	0.08%	10,000	0.01%	0	0.00%	Director	Lee Bi-Jen			Brother And Sister	None		

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Job title	Name	Relation	
Director	R.O.C.	Li Ling Investment Company Ltd. Representative: Lee Bi-Jen	Female 71~80	5/26/2023	3 years	4/30/1999	14,946,556	11.25%	14,946,556	11.25%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ EMBA,Royal Roads University ➢ Supervisor, Maywufa Company Ltd. ➢ Supervisor, Triad International Corporation ➢ Founder, Caribbean Industrial Company ➢ President, Rotary Club of Taipei New Century ➢ President, Distinguished Ladies Club ➢ Supervisor, Phytohealth Corp. 	<ul style="list-style-type: none"> ➢ Director, Maywufa Company Ltd. ➢ Chairman, Triad International Corporation ➢ Chairman, Caribbean Industrial Company ➢ Chairman, Bi Yi International Ltd. ➢ Supervisor, Yi Xin International Company Ltd. 	Chairman	Lee Chen-Chia	Brother And Sister	None
				5/26/2023													267,000	0.20 %	0	0.00%
Director	R.O.C.	Hua Wei Ltd. Representative: Liu Wen-Cheng	Male 71~80	5/26/2023 5/26/2023	3 years	5/26/2023	78,000	0.06%	78,000	0.06%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ MBA, Northrop University ➢ Chairman, Taiwan Corporate Governance Association ➢ Vice Chairman, Taiwan Corporate Governance Association ➢ Independent Director, Global Unichip Corp. ➢ Chairman /General Manager, Bristol-Myers Squibb Company, Taiwan ➢ Deputy Managing / Chief Financial Officer, Bristol-Myers Squibb Company,Taiwan 	<ul style="list-style-type: none"> ➢ Director, Maywufa Company Ltd. ➢ Executive Director, Taiwan Corporate Governance Association ➢ Independent Director, Vanguard International Semiconductor Corporation ➢ Independent Director, Advantech Co., Ltd. ➢ Independent Director,Chenbro Micom Co., Ltd. 	None	None	None	None
Director	R.O.C.	Yi Xin International Company Ltd. Representative: Yu Chang-Min	Male 40~50	5/26/2023 5/26/2023	3 years	6/18/2014	2,000,000	1.50%	1,550,000	1.17%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ MBA, National Chengchi University ➢ Sales Assistant Manager, Procter & Gamble Taiwan Ltd. 	<ul style="list-style-type: none"> ➢ Director /Deputy General Manager Of Business Unit,Maywufa Company Ltd. ➢ Director,Lu Te Na Company Ltd 	None	None	None	None
Independent Director	R.O.C.	Chen Hui-Yiu	Male 51~60	5/26/2023	3 years	6/14/2017	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ BS In AS, National Taiwan University ➢ Vice Chairman, Choice Development, Inc. ➢ Independent Director, Everliance Co., Ltd. 	<ul style="list-style-type: none"> ➢ Independent Director, Maywufa Company Ltd. ➢ Chairman, Choice Development, Inc. ➢ Independent Director, Senao Networks, Inc. ➢ Director, Microloops Co.,Ltd. ➢ Independent Director, TCM Biotech International Corp. ➢ Director,LIA-ROC ➢ Director,Transglobe life Insurance Inc. 	None	None	None	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Job title	Name	Relation	
Independent Director	R.O.C.	Ou Shu-Fan	Female 61~70	5/26/2023	3 years	5/27/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	> Dms, Guangzhou Jinan University > Industry Consultant, National Taiwan University Innovation Incubation Center > Review Physician, Taiwan Medical Association Of National Health Insurance Global Budget Payment System Executive Committee > Ophthalmologist, Cardinal Tien Hospital > Ophthalmologist, Taipei City Hospital Zhongxiao Branch > Ophthalmologist, Cathay General Hospital	> Independent Director, Maywufa Company Ltd > Chairman, Universal Vision Biotechnology Co., Ltd. > Vice President, National Association Of Small & Medium Enterprises R.O.C. > Director, Ten Outstanding Young Persons Foundation > Honorary President, Global Federation Of Chinese Business Women Of Chinese Chairwomen Chapter > Vice President, Taipei Neihu Technology Park Development Association > President, National Award Of Outstanding Smes Committee > President, Distinguished Ladies Club > Director, Taiwan Visual Optics And Refraction Associatio > Director, Taiwan University Industry Development Association	None	None	None	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Job title	Name	Relation	
Independent Director	R.O.C.	Chang Hong-Jen	Male 61~70	5/26/2023	3 years	5/26/2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ M.S.,Harvard University ➢ M.S.,Taiwan University ➢ Medicinae Doctor,College Of Medicine,NYCU ➢ Deputy Director,Ministry Of Health And Welfaregeneral ➢ Manager,National Health Insurance Administration ➢ Director,Taiwan Centers For Disease Control 	<ul style="list-style-type: none"> ➢ Independent Director, Maywufa Co.,Ltd. ➢ Chairman/CEO,Yfy Biotech Management Co.,Ltd. ➢ Chairman,Micareo Taiwan,Inc. ➢ Chairman,Micareo,Inc. ➢ Chairman/CEO, Eusol Biotech Co.,Ltd. ➢ Chairman, A2+ Biotech Consulting Co.,Ltd. ➢ Vice Presidenttaiwan, Taiwan Research-based Biopharmaceutical Manufacturers Association(TRPMA) ➢ Director, aigen Medical R&D Co.,Ltd. ➢ Director, aigen Biotechnology Co.,Ltd. ➢ Director,Excelsior Biopharma Inc. ➢ Director,Medeon Biodesign,Inc ➢ Director,Medeoninternational,Inc. ➢ Director,Acepodia, Inc.(Ky) ➢ Director, Taiwania Capital Management Corp. ➢ Director, Taiwania Capital Biotechnology Corp. ➢ Independent Director, TOT Biopharm Co.,Ltd. ➢ Director,Formosa Pharmaceuticals,Inc. ➢ Adjunct Professor, Institute of Public Health, National Yang Ming Chiao Tung University ➢ Director, TCCD Angels Investment Co.,Ltd. ➢ Director, AmMax Bio Inc 	None	None	None	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Job title	Name	Relation	
Independent Director	R.O.C.	Lin Chi-Feng	Male 61~70	5/26/2023	3 years	5/26/2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ Master of Science in Management, Baker University Assistant Manager, Citibank, Taiwan. ➢ Assistant Manager, First Securities Investment Trust Co., Ltd. ➢ Deputy General Manager, Cigna & Cmb Life Insurance Company Ltd. ➢ Taiwan Branch general Manager, Marketing Consulting Co., Ltd. ➢ Chairman / General Manager, Momo.Com Inc. 	<ul style="list-style-type: none"> ➢ Independent Director, Maywufa Co., Ltd. ➢ Senior Consultant, Momo.Com Inc. ➢ Chairman, Fubon Gehua (Beijing) Enterprise Ltd. ➢ Director, ChainSea Information Integration Co., Ltd. ➢ Director, Deesse Vivante Biomedical Technology Co., Ltd. 	None	None	None	None

Note : When the chairman and the general manager (or the highest level executive) of the company are the same person, are spouses, or are first-degree relatives, the reason, rationality, necessity, and future improvement measures should be explained.

The chairman and the general manager of our company are first-degree relatives due to the second-generation succession plan of the group in recent years, and because the general manager, Lai Yu-Ju, has served as a director of our company for many years, and has a background in finance, accounting, and foreign banks, which has brought risk management thinking to the company and actively developed the e-commerce field, resulting in significant profits. In addition, the chairman and the general manager are also closely communicating with all directors to fully understand the company's operation and plan to implement corporate governance. The Company's 2023 General Meeting of Shareholders re-elected 4 independent directors to enhance the functions of the Board of Directors and strengthen the supervisory function. our company has the following specific measures:

- (1) The four current independent directors have expertise in the fields of financial accounting, business flow development and medical biotechnology, and are able to perform their supervisory functions and bring significant benefits to the company's operations.
- (2) Independent directors can fully discuss and provide suggestions in all functional committees for reference by the board of directors to implement corporate governance.
- (3) More than half of the board members do not hold concurrent positions as employees or executives, and are experts and scholars in various professional fields

1. Major Shareholders of Corporate Shareholders

March 31, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder
Cheng Yi Investment Company Ltd.	Lee Chen-Chia (33.42%), Lee Yi-Li (43.25%), Lee I-Lin (9.04%), Tsai Yu-Yun (14.29%)
Li Ling Investment Company Ltd.	Lee Chen-Chia (41.33%), Tsai Yu-Yun (38.31%), Lee I-Lin (20.02%), Lee Yi-Li (0.34%)
Yi Xin International Company Ltd.	Lee Yu-Chia (35%), Lee Bi-Jen (50%), Lee Yong-Rui (7.5%), Lee Yin-Rui (7.5%)
Hua Wei Ltd.	Guo Li-Rong (100%)

Note: The name of the main shareholder of the legal person shareholder (whose shareholding ratio accounts for the top ten) and the shareholding ratio.

2. Major shareholders of corporate shareholders with a institutions, its main shareholder: None.

3. Information on Directors and Supervisors:

(1) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors: :

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chairman Lee Chen-Chia	<ol style="list-style-type: none"> 1. Maywufa Company Limited Founder and Chairman. 2. Phytohealth Corp., Amcad Biomed Corp. Director, Founder, and Former Chairman. 3. National Policy Consultants, Presidential Palace. 4. Director, Central Bank Of The Republic Of China (Taiwan). 5. Director, Straits Exchange Foundation Managing Director. 6. Taiwan Federation Of Industry Managing Director, National Association of Small & Medium Enterprises, R.O.C. President. 7. The person has over 45 years of leadership experience in associations of listed and over-the-counter companies, related industries, government agencies, and the biotech and medical industry market. 	There are no circumstances as specified in Article 30 of the Company Act.	0
Vice Chairman Lee Yi-Li	<ol style="list-style-type: none"> 1. Phytohealth Corp. Chairman. 2. Amcad Biomed Corp. Chairman and General Manager. 3. Sinyi Realty Inc. Independent Director, Audit Committee Member, Remuneration Committee Member. 4. Director, International Global Corporate, Standard Chartered Bank. 5. Vice President, Credit Agricole Corporate And Investment 6. The person has over 20 years of experience in the biotech and medical industry market, finance and banking, and capital markets. 		1

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Director Lee I-Lin	<ol style="list-style-type: none"> 1. Maywufa Company Limited Executive Director. 2. Phytohealth Corp. Vice Chairman and General Manager. 3. Amcad Biomed Corp. Vice Chairman. 4. Product Manager (Sales And Marketing), Janssen Armaceutical Factory Of Johnson & Johnson 5. Auditor/Risk Assessment Consultant, Deloitte Taiwan. 6. The person has over 15 years of experience in the biotech and medical industry market, risk management in accounting firms, and financial auditing. 	There are no circumstances as specified in Article 30 of the Company Act.	0
Director Lai Yu-Ju	<ol style="list-style-type: none"> 1. Maywufa Company Limited Director and General Manager. 2. Phytohealth Corp. Director. 3. Vice President, Citibank, Taiwan. 4. The person has over 25 years of experience in the e-commerce industry market, biotech and medical industry market, finance and banking, and capital markets. 		0
Director Chen Wen-Hwa	<ol style="list-style-type: none"> 1. Former Phytohealth Corp. General Manager and Director. Former Amcad Biomed Corp. Director. 2. Certified Pharmacist. 3. Sales Manager, Bristol-Myers Squibbs Company, Taiwan. 4. The person has over 45 years of experience in the biotech and medical industry market. 		0
Director Lee Yu-Chia	<ol style="list-style-type: none"> 1. Managing Director, National Association Of Small & Medium Enterprises R.O.C. 2. Convenor, Cross-Strait Ceo Summit Sme Cooperation And Youth Entrepreneurship Promotion Team. 3. Director, Small And Medium Enterprise Credit Guarantee Fund Of Taiwan. 4. Vice Chairman, Small And Medium Enterprise Foundation. 5. Committee Member, Ministry Of Health And Welfare. 6. The person has over 40 years of experience as a government health agency committee member, leader of a foundation for small and medium-sized enterprises, and in the biotech and medical industry market. 		0
Director Lee Bi-Jen	<ol style="list-style-type: none"> 1. Former Supervisor, Maywufa Company Limited and Phytohealth Corp. 2. Chairman, Triad International Corporation and Industrial Company. 3. President of the New Century Rotary Club of Taipei City. 4. President, Distinguished Ladies Club. 5. The person has over 35 years of experience in the biotech and medical, as well as textile industry market. 		0

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Director Liu Wen-Cheng	<ol style="list-style-type: none"> Executive Director, Taiwan Corporate Governance Association. Independent Director, Vanguard International Semiconductor Corporation, Advantech Co. and Chenbro Micom Co. Ltd. Former Chairman, Taiwan Corporate Governance Association, Independent Director, Global Unichip Corp and Chairman & General Manager, Bristol-Myers Squibbs Company, Taiwan. The person has over 45 years of experience as a leader in the Chinese Corporate Governance Association and foreign biotech companies' board of directors, as well as in the biotech and medical, and electronic industry market. 		3
Director Yu Chang-Min	<ol style="list-style-type: none"> Maywufa Company Limited Vice General Manager of the Maywufa Division. Lu Te Na Company Ltd. Director Sales Manager for the Hong Kong and Taiwan markets at Baoqiang Home Products. The person has over 20 years of experience as in the e-commerce industry market and the biotechnology and medical industry market. 		0
Independent Director Chen Hui-Yiu	<ol style="list-style-type: none"> CHOICE DEVELOPMENT, INC. Chairman. Senao Networks Inc. and TCM Biotech International Corp. Independent Director. EVERLANCE CO., LTD., Former Independent Director. Director of Global Life Insurance Co., Ltd., and Chairman of the Life Insurance Business Association of the Republic of China. The person has over 30 years of experience in the biotech and medical, Business Management, as well as electronic industry market. 	There are no circumstances as specified in Article 30 of the Company Act.	2
Independent Director Ou Shu-Fang	<ol style="list-style-type: none"> UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. Chairman. National Association of Small & Medium Enterprises, R.O.C. and Ten Outstanding Young Persons Foundation Executive Director. Honorary Chairman of the World Chinese Women Entrepreneurs Association. Former Taiwan Dental Association - Physician Reviewer of the National Health Insurance Primary Capitation Payment System Implementation Committee. Cardinal Tien Hospital, Taipei City Hospital Zhongxiao Branch and Cathay General Hospital Ophthalmologist. The person has over 30 years of experience as an ophthalmologist in large medical institutions, a university professor, Business Management and in the biotech and medical industry market. 		0

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Independent Director Chang Hung-jen	<ol style="list-style-type: none"> 1. Chairman of Shang Teng Biotech Consultants, Shang Jun Microfluidics, and Yaxiang Biomedical Technology Co., Ltd. 2. Chairman of Shiang Yong Biotech Management Consultants Co., Ltd., and Micareo, Inc. 3. Director of TaiGen Biopharmaceuticals Holdings, TaiGen Biotechnology, Kymab Biopharma, and Yian Biotech Inc. 4. Vice Chairman of the Taiwan Research-based Biopharmaceutical Manufacturers Association (TRPMA). 5. Adjunct Professor at the Institute of Public Health, National Yang-Ming Chiao Tung University. 6. Deputy Director of the Department of Health, Executive Yuan; Director-General of the Centers for Disease Control, Executive Yuan; General Manager of the National Health Insurance Administration, Executive Yuan. Over 40 years of experience in the management and operation of the biotechnology and medical industries. 		0
Independent Director Lin Chi-Feng	<ol style="list-style-type: none"> 1. Senior Consultant of Fubon Media Technology Co., Ltd. Former Chairman and General Manager of Fubon Media Technology Co., Ltd. 2. Chairman of Fubon Gehua (Beijing) Trading Co., Ltd. 3. Director of Chengxi Information Integration and Liton Biomedical Technology Co., Ltd. 4. Former Assistant Manager at Citibank Taiwan Branch. and Taiwan First Securities Investment Co., Ltd and Deputy General Manager of the Taiwan Branch of MetLife, Inc. 5. The person has over 40 years of experience as finance and banking, capital markets and business management. 		0

Note 1 : Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Meets the Independence Criteria Name and Title	Includes but is not limited to whether oneself, spouse, or first-degree relatives serve as directors, supervisors, or employees of the company or its affiliated enterprises.	The number and proportion of shares held by oneself, spouse, and first-degree relatives (or held under others' names).	Whether serving as a director, supervisor, or employee of companies with specific relationships with the company (referring to provisions 5-8 of Article 3, Paragraph 1 of the Measures for the Appointment of Independent Directors of Publicly Traded Companies).	The amount of compensation received for providing business, legal, financial, accounting, or other services to the company or its affiliated enterprises in the past 2 years.
Chen Hui-Yiu Independent Director	No	0 stocks 0%	No	0 NTD
Ou Shu-Fang Independent Director	No	0 stocks 0%	No	0 NTD
Chang Hung-jen Independent Director	No	0 stocks 0%	No	0 NTD
Lin Chi-Feng Independent Director	No	0 stocks 0%	No	0 NTD

(2) Board diversity and independence :

A. Board diversity :

The company has established "Corporate Governance Best Practice Guidelines", which stipulate that the composition of the board of directors should consider diversity and formulate a diversity policy for basic criteria and professional knowledge and skills based on its own operations, operating style, and development needs. When appointing directors, the company not only considers their professional background, but also diversity as an important factor. According to Article 20, Paragraph 3 of the "Corporate Governance Best Practice Guidelines", board members should generally have the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors as a whole should have the following abilities :

- (A) Business judgement.
- (B) Financial and accounting analysis ability.
- (C) Management skills.
- (D) Crisis management skills.
- (E) Industry knowledge.
- (F) International market perspective.
- (G) Leadership skills.
- (H) Decision-making skills.

The board of directors of our company consists of 13 members (including 4 independent directors), of whom 3 directors and 1 independent director are female. The members' professional backgrounds cover management, pharmacy, finance, accounting and medicine experts. The board of directors has diversified industry, academic, and knowledge backgrounds, and can provide professional opinions from different perspectives, which is of great help in enhancing the company's operational and management performance.

In addition, our company also attaches great importance to gender equality in the composition of the board of directors. The target ratio of female directors is above 20%, and the current ratio of female directors (including independent directors) is 31%. The implementation of the board of directors' diversification is shown in the following table. :

Core elements of diversity Director Name	Nationality	Gender	Employed by the company.	Age					Length of tenure as an independent director			Industry experience		Professional expertise						
				41 to 50	51 to 60	61 to 70	71 to 80	81 to 90	Less than 3 years.	3 to 9 years	9 years or more	Biotechnology and Medical Industry	Finance and banking	Business management	Doctor	Pharmacist	Accountant	Financial Accounting	Risk Management	
Lee Chen-Chia Chairman	Republic of China	M	✓				✓						✓						✓	
Lee Yi-Li Vice Chairman		F	✓	✓										✓	✓	✓			✓	✓
Lee I-Lin Director		F	✓	✓										✓	✓	✓			✓	✓
Lai Yu-Ju Director		M	✓		✓									✓	✓	✓			✓	✓
Chen Wen-Hwa Director		M						✓						✓		✓		✓		✓
Lee Yu-Chia Director		M	✓					✓						✓		✓				✓
Lee Bi-Jen Director		F						✓						✓		✓				✓
Liu Wen-Cheng Director		M						✓						✓	✓	✓			✓	✓
Yu Chang-Min Director		M	✓	✓										✓	✓	✓			✓	✓
Chen Hui-Yiu Independent Director		M						✓						✓		✓				✓
Ou Shu-Fang Independent Director		F						✓						✓		✓	✓			✓
Chang Hung-jen Independent Director		M						✓						✓		✓				✓
Lin Chi-Feng Independent Director		M						✓							✓	✓			✓	✓

B. Independence of the Board of Directors :

- (A) Currently, there are 13 directors in the Company, including 4 independent directors, accounting for 30.77% of the total board members.
- (B) There are 6 directors who have relationships within the second degree of kinship in the Company. Lee Chen-chia, the Chairman, is the father of Lee Yi-Li, the Vice Chairman, and Lee I-Lin, a director. Lee Chen-chia is also the sibling of Lee Yu-Chia and Lee Bi-Jen, who are also directors. Lee Chen-chia and Lee I-Lin are related by marriage to Lai Yu-Ju, another director. Lee Yi-Li and Lee I-Lin are siblings. The percentage of directors with kinship relationships is only 46.15%, which is less than 50%, and therefore does not meet the provisions of Article 26-3, paragraphs 3 and 4, of the Securities and Exchange Act.

3.2.2 General Manager, Vice President and Assistant Vice President of Departments and Branches

March 31, 2024

Job title	Nationality or place of registration	Name	Gender	Date of appointment to position	Shares held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Shares	%	Shares	%	Shares	%			Job title	Name	Relationship	
General Manager	R.O.C.	Lai Yu-Ju	Male	06/10/2005	205,000	0.15%	1,392,000	1.05%	0	0.00%	<ul style="list-style-type: none"> ➢ MBA, UCLA ➢ BBA, National Taiwan University ➢ Vice President, Citibank, Taiwan ➢ 2012 Ernst & Young Entrepreneur Of The Year Award 	<ul style="list-style-type: none"> ➢ Director /General Manager, Maywufa Company Ltd. ➢ Director, Phytohealth Corp. ➢ Chairman, Maywufa Cosmetics (Shanghai) Co.,Ltd. ➢ Director, Taiwan Incubator Sme development Corp. ➢ Director, Lu Te Na Company Ltd. 	Chairman	Lee Chen-Chia	Weng Son-In-Law	Note
Deputy General Manager Of Business Unit	R.O.C.	Yu Chang-Min	Male	01/01/2017	10,000	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ MBA, National Chengchi University ➢ Sales Assistant Manager, Procter & Gamble Taiwan Ltd. 	<ul style="list-style-type: none"> ➢ Director /Deputy General Manager Of Business Unit,Maywufa Company Ltd. ➢ Director,Lu Te Na Company Ltd 	None	None	None	None
Factory Director	R.O.C.	Lin Ho-Chen	Male	12/14/2020	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ Bachelor Of Manufacturing Engineering And Management Technology, Yuan Ze University ➢ Assistant Manager Of Factory Affairs Office , Maywufa Company Ltd. ➢ Team Leader Of Production Management, FEDERAL CORPORATION ➢ Senior Manager Of Production Management, Rapidtek Co., Ltd. 	None	None	None	None	None
Financial Supervisor	R.O.C.	Lu Shu-Chun	Female	09/01/2014	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ Bachelor Of Accounting, Soochow University 	None	None	None	None	None
Audit Supervisor	R.O.C.	Wei-Chi Chang	Female	11/08/2023	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> ➢ B.ACC.,Tamkang University ➢ Auditor Assistant Manager/Medical Imaging Corporation ➢ Auditor /CMC ➢ Auditor/KPMG Taiwan ➢ CIA Exam Passed 	None	None	None	None	None

Note: When the general manager or an equivalent level position is the same person as the chairman of the board, or when they are spouses or first-degree relatives, the relevant information such as the reasons, rationality, necessity, and future improvement measures should be explained: The current general manager and chairman of the board of the company are first-degree relatives. This is due to the group's recent launch of second-generation succession, and because Ms. Lai Yu-Ju, the general manager, has served as a director of the company for many years and has a background in finance, accounting, and foreign banks, which brings risk management thinking to the company and has actively developed the e-commerce field, achieving substantial gains and creating high profits. In addition, the chairman and the general manager regularly communicate with the directors to fully understand the company's operating status and plan, and to implement corporate governance. The Company's 2023 General Meeting of Shareholders re-elected 4 independent directors to enhance the functions of the Board of Directors and strengthen the supervisory function. our company has the following specific measures:

1. The four current independent directors have expertise in the fields of financial accounting, business flow development and medical biotechnology, and are able to perform their supervisory functions and bring significant benefits to the company's operations.
2. Independent directors can fully discuss and provide suggestions for the board of directors in each functional committee to implement corporate governance.
3. More than half of the board members do not concurrently hold positions as employees or managers, and are experts and scholars in various professional fields

2. Remuneration Range Table

Remuneration Range for Each of the Company's Director	Name of Directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company	All consolidated entities (H)	The Company	All consolidated entities (I)
Under NTD 1,000,000	Lee Yi-Li, Lee I-Lin, Lai Yu-Ju, Chen Wen-Hwa, Lee Yu-Chia, Liu Wen-Cheng, Lai Ginn-Shyang, Lee Chan-Fwu, Lee Bi-Jen, Yu Chang-Min, Tsai Wen-Yu, Chen Hui-Yiu, Ou Shu-Fang, Chang Homg-Jen, Lin Chi-Feng	Lee Yi-Li, Lee I-Lin, Lai Yu-Ju, Chen Wen-Hwa, Lee Yu-Chia, Liu Wen-Cheng, Lai Ginn-Shyang, Lee Chan-Fwu, Lee Bi-Jen, Yu Chang-Min, Tsai Wen-Yu, Chen Hui-Yiu, Ou Shu-Fang, Chang Homg-Jen, Lin Chi-Feng	Chen Wen-Hwa, Liu Wen-Cheng, Lai Ginn-Shyang, Lee Chan-Fwu, Lee Bi-Jen, Tsai Wen-Yu, Chen Hui-Yiu, Ou Shu-Fang, Chang Homg-Jen, Lin Chi-Feng	Liu Wen-Cheng, Lai Ginn-Shyang, Lee Chan-Fwu, Lee Bi-Jen, Tsai Wen-Yu, Chen Hui-Yiu, Ou Shu-Fang, Chang Homg-Jen, Lin Chi-Feng
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Lee Chen-chia	Lee Chen-chia	0	Chen Wen-Hwa
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	0	0	Lee Yu-Chia	Lee Yu-Chia
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	0	0	Yu Chang-Min	Yu Chang-Min
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	0	0	Lee Yi-Li, Lee I-Lin Lai Yu-Ju	Lai Yu-Ju
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	0	0	Lee Chen-chia	Lee Yi-Li, Lee I-Lin
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	0	0	0	Lee Chen-chia
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	0	0	0	0
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	0	0	0	0
Over NTD 100,000,000	0	0	0	0
Total	16	16	16	16

3.3.2 Remuneration of General Manager and Vice Presidents:

1. Summary Table of Remuneration:

Dec. 31, 2023; Unit: NTD thousands

Job title	Name	salary (A)		Retirement pay and pension (B) (Note 1)		Rewards and special disbursements. (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								cash	stock	cash	stock			
General manager	Lai Yu-Ju	6,384	6,384	216	216	4,300	4,300	636	0	636	0	11,536	11,536	533
Deputy General Manager of Business Unit	Yu Chang-Min											6.82%	6.82%	

Note 1: The actual amount of retirement benefits paid in the 2023 fiscal year was NTD 0, with NTD 216,000 recorded as an expense for retirement benefits..

2. Remuneration Range Table

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Names of General Manager(s) and Assistant General Manager(s)	
	The Company	All consolidated entities (E)
Under NTD 1,000,000	0	0
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	0	0
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	0	0
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	Yu Chang-Min	Yu Chang-Min
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	Lai Yu-Ju	Lai Yu-Ju
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	0	0
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	0	0
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	0	0
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	0	0
Over NTD 100,000,000	0	0
Total	2	2

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

Dec. 31, 2023; Unit: NTD thousands

Job title		Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial officers	Chairman	Lee Chen-Chia	0	2,460	2,460	1.45%
	Vice Chairman	Lee Yi-Li				
	Director And General Manager	Lai Yu-Ju				
	Director	Lee I-Lin				
	Director	Lee Yu-Chia				
	Deputy General Manager Of Business Unit	Yu Chang-Min				
	Financial Supervisor	Lu Shu-Chun				
	Factory Director	Lin Ho-Chen				

3.3.4 Compare and describe separately the analysis of ratios of total remunerations paid to directors, supervisors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or individual financial reports. In addition, describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future:

1. An analysis of the total amount of remuneration paid to the directors, general manager, and deputy general managers of the Company and its consolidated subsidiaries in the past two fiscal years as a percentage of the net profit after tax is provided as follows:

Year Job Title	Ratio of total remuneration paid to directors, supervisors, general manager and vice presidents to net income (%)				Increase (decrease) %	
	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements
	2023	2022	2023	2022		
Director	26.94%	25.43 %	26.94%	25.43 %	1.51%	1.51%
Supervisor						
General Manager / Vice presidents						

2. The policy, standard and combination of payment of remuneration, the procedure of setting remuneration, and the correlation with business performance and future risks:

To establish a sound compensation system for our company's directors and managers, the Board of Directors has established a "Compensation Committee" in accordance with the "Regulations for Establishing and Exercising the Authority of the Compensation Committee for Stock Listing or Trading at Securities Business Places". The committee objectively considers factors such as industry standards, individual time and responsibility, achievement of goals, and compensation given to other employees in similar positions in recent years, as well as the company's short- and long-term business goals, financial condition, and future risks. The goal is to avoid directing directors and managers to engage in behavior that exceeds the company's risk tolerance in pursuit of compensation. The committee develops the compensation policies and systems for our directors and managers. Managers are evaluated based on the "Manager Compensation Payment Regulations" of our company, which includes criteria such as the salary level for the position in the industry, the range of responsibilities within the company, and the contribution to the company's operating goals. The evaluation also includes financial indicators (such as the company's revenue and pre- and after-tax net profit achievement rates) and non-financial indicators (such as the

completion of planning and execution of various projects, and the significant deficiencies in compliance with laws and operational risks of the departments under their jurisdiction).

The annual remuneration of directors and managers is determined in accordance with Article 28 of our company's articles of association. If our company makes a profit during the year (profit is defined as pre-tax profit minus employee and director remuneration), after reserving for the accumulated loss, if any, 3% to 6% of the remaining profit is allocated for employee compensation and up to 4% for director compensation. The compensation for directors and managers mentioned above must be approved by the Compensation Committee and submitted to the Board of Directors for resolution.

3.4 The corporate governance report

3.4.1 Operation of the Board of Directors:

Prior to the recent annual election, the board of directors convened 2 times (A1), while after the election, the board of directors convened 3 times (A2). The attendance by the directors and supervisors was as follows:

Prior to the shareholders' meeting held on May 26, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/ A1】	Remarks
Chairman	Lee Chen-Chia	2	0	100%	Former
Vice Chairman	Cheng Yi Investment Company Ltd. Legal Representative : Lee Yi-Li	2	0	100%	Former
Director	Cheng Yi Investment Company Ltd. Legal Representative : Lee I-Lin	2	0	100%	Former
Director	Chen Wen-Hwa	2	0	100%	Former
Director	Li Ling Investment Company Ltd. Legal Representative : Lai Yu-Ju	2	0	100%	Former
Director	Yi Xin International Company Ltd. Legal Representative : Lee Chan-Fwu	0	2	0%	Former
Director	Yi Xin International Company Ltd. Legal Representative : Lee Yu-Chia	2	0	100%	Former
Director	Mao Yuan Ltd. Legal Representative : Lee Bi-Jen	2	0	100%	Former
Director	Mao Yuan Ltd. Legal Representative : Liu Wen-Cheng	1	1	50%	Former
Director	Li Ling Investment Company Ltd. Legal Representative : Lai Ginn-Shyang	1	0	50%	Former
Independent Director	Tsai Wen-Yu	1	1	50%	Former
Independent Director	Chen Hui-Yiu	2	0	100%	Former
Independent Director	Ou Shu-Fang	2	0	100%	Former

After the shareholders' meeting held on May 26, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/ A2】	Remarks
Chairman	Representative Of Cheng Yi Investment Company Ltd. Lee Chen-Chia	3	0	100%	May 26, 2023 Re-elected
Vice Chairman	Representative Of Cheng Yi Investment Company Ltd. Lee Yi-Li	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Li Ling Investment Company Ltd. Lee I-Lin	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Cheng Yi Investment Company Ltd. Lai Yu-Ju	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Hua Wei Ltd. Chen Wen-Hwa	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Hua Wei Ltd. Liu Wen-Cheng	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Li Ling Investment Company Ltd. Lee Bi-Jen	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Yi Xin International Company Ltd. Lee Yu-Chia	3	0	100%	May 26, 2023 Re-elected
Director	Representative Of Yi Xin International Company Ltd. Yu Chang-Min	3	0	100%	May 26, 2023 Newly appointed
Independent Director	Chen Hui-Yiu	3	0	100%	May 26, 2023 Re-elected
Independent Director	Ou Shu-Fang	2	1	67%	May 26, 2023 Re-elected
Independent Director	Chang Hung-jen	3	0	100%	May 26, 2023 Newly appointed
Independent Director	Lin Chi-Feng	2	1	67%	May 26, 2023 Newly appointed

Other information required to be disclosed :

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

(I) Any matter under Article 14-3 of the Securities and Exchange Act(All independent directors had no objections to the resolutions of the board meetings of the Company for the year 2023 and the first quarter of 2024, and therefore, the Company did not need to address any opinions from independent directors.) :

Board of Directors Date/Term	Agenda items and follow-up actions
2023.02.24 16th 14th	1. To discuss the amendment of the company's articles of association.
	2. To discuss the amendment of the "Shareholders Meeting Rules".
	3. To discuss the removal of restrictions on directors and their representatives from engaging in competitive activities.
	4. To discuss the revision of the "Corporate Governance Best Practices Guidelines."
	5. To discuss the remuneration/attendance fees proposal for the directors of the 17th Board of Directors, the 2nd Audit Committee, and the 5th Remuneration Committee.
	The above resolutions: Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.
2023.05.10 16th 15th	1. To discuss the appointment of the Corporate Governance Officer.
	2. To discuss the revision of the "Standard Operating Procedure for Handling Director Requests."
	The above resolutions: Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.
2023.08.02 17th 2nd	1. To discuss the revision of the "Organizational Regulations of the Compensation Committee" of our company.
	The above resolutions: Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.
2023.11.08 17th 3rd	1. To discuss the revision of our company's "Risk Management Policy and Procedures."
	The above resolutions: Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.
2024.02.27 17th 4th	1. To discuss the amendment of the "Board Meeting Rules."
	2. To discuss the amendment of the company's articles of association.
	3. To discuss the removal of restrictions on directors' non-compete clauses.
	The above resolutions: Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.

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

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted : There were no such incidents in 2023.

III. Implementation of Evaluations of the Board of Directors :

Assessment cycle	The evaluation period	Evaluation Scope	Assessment methods	Evaluation Content
Once a year	January 1st, 2023 to December 31st, 2023	Board of Directors, individual directors, and functional committees	Overall board of directors, individual board members, and functional committees performance evaluation.	Note

Note : The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

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

- (I) The operation of the Board of Directors of the Company is carried out in accordance with laws, the company's articles of incorporation, and shareholder resolutions to exercise their powers. All directors, in addition to possessing the necessary professional knowledge, skills, and qualities for performing their duties, abide by the principles of honesty, integrity, and the duty of care to create maximum benefits for all shareholders.
- (II) The shareholders' meeting in 2023 elected four independent directors. In order to establish a sound corporate governance system for the board of directors, strengthened the monitoring function, and enhanced management capabilities. The Company has also formulated the Board Meeting Rules in accordance with the regulations of the securities regulator, which includes the main content of the agenda, operation procedures, matters to be recorded in the minutes, announcements, and other matters to be followed.
- (III) The Company has established a performance evaluation system for the Board of Directors and has approved the Board of Directors' Performance Evaluation Method. Each year, the Board conducts a self-evaluation and peer evaluation questionnaire to summarize and review. At least every three years, an external professional independent institution or team of experts and scholars is appointed to conduct an evaluation, which serves to motivate Board members and enhance the sound operation of the Board.
- (IV) In addition to conducting regular self-checks of the Board of Directors' operation and strengthening the Board's functions, internal audit personnel also prepare an audit report on the Board's operation, and monthly audit reports are provided to each independent director for review before the end of the following month, in compliance with the regulations of the securities regulator.
- (V) In accordance with the regulations of the securities regulator, the Company established the Compensation Committee on December 15, 2011, and held three meetings in 2023 to review the compensation policies and remuneration distribution of directors, managers, and employees to fulfill the corporate governance requirements.
- (VI) In compliance with the regulations of the securities regulator, the Company replaced the role of supervisor with the Audit Committee after the shareholder meeting on May 27, 2020. The Audit Committee held four meetings in 2023 and submitted resolutions to the Board of Directors to fulfill the corporate governance requirements.

V. Attendance of independent directors at each board meeting in the current and recent fiscal year :

(◎ : Personally attended ★ : Proxy Attendance ◆ : Absent)

2023	1st	2nd	3rd	4th	5th
Tsai Wen-Yu (Note 1)	◎	★			
Chen Hui-Yiu	◎	◎			
Ou Shu-Fang	◎	◎	★	◎	◎
Chang Hung-jen (Note 2)			◎	◎	◎
Lin Chi-Feng (Note 2)			★	◎	◎
2024	1st				
Chen Hui-Yiu	◎				
Ou Shu-Fang	◎				
Chang Hung-jen	◎				
Lin Chi-Feng	◎				

Note 1: The shareholders' meeting held on May 26, 2023, saw the resignation of board members. For the year 2023, the board members were expected to attend two board meetings.

Note 2: The shareholders' meeting held on May 26, 2023, saw the appointment of new board members. For the year 2023, the board members were expected to attend three board meetings.

3.4.2 Operation of the Audit Committee :

The company appointed four independent directors at its 2023 shareholders' meeting, and these four independent directors formed the Audit Committee. The Audit Committee meets at least once every quarter and is responsible for assisting the Board of Directors in overseeing the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls.

The matters reviewed by the Audit Committee mainly include :

1. First quarter, second quarter, third quarter, and annual financial reports.
2. Audit of financial statements and accounting policies and procedures.
3. Internal control system and related policies and procedures.
4. Assessment of the effectiveness of the internal control system.
5. Significant asset or derivative transactions.
6. Significant loans, endorsements, or guarantees.
7. The issuance or offering of securities.
8. Appointment, removal, or compensation of the certifying accountant.
9. Appointment or removal of financial, accounting, or internal audit executives.
10. Self-evaluation questionnaire of the Audit Committee's performance assessment.

Prior to the shareholders' meeting election, the Audit Committee convened 2 times (A1), while after the election, the Audit Committee convened 2 times (A2). The attendance of independent directors is as follows :

Prior to the shareholders' meeting held on May 26, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A1】	Remarks
Independent Director	Tsai Wen-Yu	1	1	50%	Note 1
Independent Director	Chen Hui-Yiu	2	0	100%	Former position
Independent Director	Ou Shu-Fang	2	0	100%	Former position
After the shareholders' meeting held on May 26, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A2】	Remarks
Independent Director	Chen Hui-Yiu	2	0	100%	May 26, 2023 Re-elected
Independent Director	Ou Shu-Fang	2	0	100%	May 26, 2023 Re-elected
Independent Director	Chang Hung-jen	2	0	100%	Note 2
Independent Director	Lin Chi-Feng	2	0	100%	Note 2
<p>Note 1: The shareholders' meeting held on May 26, 2023, saw the resignation of board members. For the year 2023, the board members were expected to attend two audit committee meetings.</p> <p>Note 2: The shareholders' meeting held on May 26, 2023, saw the appointment of new board members. For the year 2023, the board members were expected to attend two audit committee meetings.</p> <p>Other information required to be disclosed :</p> <p>I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee :</p> <p>(I) Any matter under Article 14-5 of the Securities and Exchange Act :</p>					
Board of Directors Date/Term	Audit Committee Date/Term	Agenda items and follow-up actions			
2023.02.24 16th 14th	2023.02.24 1st 12th	1. Approve the individual financial statements, consolidated financial statements, and business report for the year 2022.			
		2. Approve the assessment of the effectiveness of the internal control system and the declaration of the internal control system for the year 2022.			
		3. To discuss the amendment of the "Internal Control System".			
		4. To discuss the payment of auditor fees and evaluation of their independence.			
		5. To discuss the establishment of the "General Principles for Pre-approval of Non-Assurance Services Policy" between our company and Deloitte & Touche, along with its related entities.			
		Audit Committee Resolution : Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.			
		Handling of the audit committee's opinions by the company : All attending directors agreed to approve.			

Board of Directors Date/Term	Audit Committee Date/Term	Agenda items and follow-up actions
2023.05.10 16th 15th	2023.05.10 1st 13th	1.Approved the consolidated financial statements for the first quarter of 2023.
		Audit Committee Resolution : Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company : All attending directors agreed to approve.
2023.08.02 17th 2nd	2023.08.02 2nd 1st	1.Approved the consolidated financial statements for the second quarter of 2023.
		Audit Committee Resolution : Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company : All attending directors agreed to approve.
2023.11.08 17th 3rd	2023.11.08 2nd 2nd	1.Approved the consolidated financial statements for the third quarter of 2023.
		2.To discuss the revision of the "Operating Procedures for Specific Company, Group Enterprises, Related Parties, and Related Enterprise Transactions" of our company.
		3.To discuss the internal audit plan for the year 2024.
		4.Approval of the appointment of the internal audit director of the company.
		5.To Discuss the additional budget for the construction of factory buildings in the Yongmei section of Yangmei District, Taoyuan City.
		Audit Committee Resolution : Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company : All attending directors agreed to approve.
2024.02.27 17th 4th	2024.02.27 2nd 3rd	1.Approve the individual financial statements, consolidated financial statements, and business report for the year 2023.
		2.Approve the recognition of capital expenditure for equipment acquisition.
		3.Approve the assessment of the effectiveness of the internal control system and the declaration of the internal control system for the year 2023.
		4.To discuss the amendment of the "Internal Control System" and "The internal control self-assessment procedure".
		5.To discuss the revision of the "Audit Committee Organization Regulations".
		6.Approval of the replacement of the company's auditor, auditor remuneration, and assessment of their independence.
		7.To discuss the process and general policies for reconfirming the pre-approval of non-assurance services with Deloitte & Touche and its related entities.
		Audit Committee Resolution : Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company : All attending directors agreed to approve.

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors : None °

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted : None.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.) :

(I) The head of internal audit of the company regularly communicates the audit report results and their follow-up execution with the independent directors every month, and the execution status and effectiveness of the audit business have been fully communicated.

(II) The head of internal audit of the company regularly communicates the audit report results and their follow-up execution with the independent directors at the audit committee meetings held every quarter, and the execution status and effectiveness of the audit business have been fully communicated.

(III) Before the audit committee meeting on February 27, 2024, the auditing accountant reported and communicated with the independent directors on the audit results of the financial statements and other related legal requirements.

(IV) The communication channels between the head of internal audit, the accountant, and the independent directors are open, and they can contact each other directly as needed.

3.4.3 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons :

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		(1) The company established the "Corporate Governance Practice Guidelines" on December 23, 2009, which was approved by the board of directors. The guidelines have been revised and approved by the board of directors on February 25, 2015, August 14, 2019, August 12, 2020, and February 24, 2023, in accordance with the revisions made by the competent authority and to align with the company's actual operations. The revisions were reported at the respective annual shareholders' meetings. (2) The company has disclosed the Corporate Governance Practice Guidelines on its website.	No difference.
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The company has established a spokesperson and a proxy spokesperson system in accordance with regulations, and has published their contact telephone numbers and email addresses on the official website for shareholders to contact. The spokesperson and proxy spokesperson use the telephone to understand and assist shareholders in resolving issues.	No difference.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		The company has entrusted the shareholder services agency "Grand Fortune Securities Co., Ltd. Shareholder Services Department" to regularly update the shareholder register and the major shareholder register, fully grasping the list of ultimate controllers of the company's equity, and requiring internal personnel to report any changes in their shareholdings to the company on a monthly basis in accordance with legal requirements. This effectively ensures that the list of major shareholders is accurately maintained.	No difference.
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The company has established relevant systems in accordance with legal requirements in the internal control system, such as the "Subsidiary Supervision and Management Measures" and the "Procedures for Financial Transactions among Related Parties."	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		The company has established relevant systems in accordance with legal requirements in the internal control system, such as the "Management of Insider Trading Prevention."	No difference.
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		<p>The company has established the "Corporate Governance Practice Guidelines," which require the composition of the board of directors to consider diversity, and to formulate a diversity policy for the basic conditions and professional knowledge and skills based on its own operation, business model, and development needs. When appointing directors, the company not only considers their professional background, but also the importance of diversity. According to Article 20, Paragraph 3 of the Corporate Governance Practice Guidelines, board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the following abilities should be possessed by the entire board:</p> <ul style="list-style-type: none"> ① Operational judgment ability. ② Accounting and financial analysis ability. ③ Management ability. ④ Crisis handling ability. ⑤ Industry knowledge. ⑥ International market outlook. ⑦ Leadership ability. ⑧ Decision-making ability. <p>The company has 13 directors (including 4 independent directors), of which 3 directors and 1 independent director are female. The members' professional backgrounds cover management, pharmacy, finance, accounting, doctor and pharmacist experts. The board members have diverse backgrounds in industry, academics, and knowledge, and can provide professional opinions from different perspectives, which is of great help in improving the company's business and management performance. In addition, the company also emphasizes gender</p>	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			equality in the composition of the board of directors, with a target of a female director ratio of over 20%, and the current female director (including independent directors) ratio is around 31%. For the implementation status of the company's board of directors diversity, please refer to pages 24-25 of this year's annual report.	
(2)Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee		✓	Currently, our company has established an audit committee and a compensation committee in accordance with legal requirements. In the future, we will consider setting up other functional committees based on actual needs.	Other functional committees may be considered for establishment in the future based on actual needs.
(3)Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		<p>The company has adopted the Board of Directors Performance Evaluation Method and its evaluation methods on February 26, 2016, and revised the evaluation procedures for functional committees at each board meeting on August 14, 2019 and August 12, 2020. The annual performance evaluation is conducted at the end of each fiscal year, and at least once every three years, an external professional independent organization or a team of external expert scholars is commissioned to conduct evaluations as needed. The scope of evaluation includes overall Board of Directors, individual directors, and functional committee performance evaluations. The five major aspects of the evaluation criteria for the Board of Directors performance are as follows :</p> <ol style="list-style-type: none"> ① Participation in company operations. ② Improvement of the quality of board decisions. ③ Composition and structure of the board. ④ Selection and continuous education of directors. ⑤ Internal control. <p>The performance evaluation of individual directors should include at least the following six dimensions:</p> <ol style="list-style-type: none"> ① Grasp of the company's goals and mission. ② Awareness of the director's responsibilities. ③ Participation in the company's operations. 	No difference.

Evaluation item	Implementation status		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
			<p>④ Internal relationship management and communication. ⑤ Professional expertise and ongoing education of the directors. ⑥ Internal control.</p> <p>The performance evaluation of functional committees should include at least the following five dimensions:</p> <p>① Participation in the company's operations. ② Awareness of the committee's responsibilities. ③ Enhancement of the quality of the committee's decisions. ④ Composition and selection of the committee members. ⑤ Internal control.</p> <p>Scoring method: 1 point is given for full compliance, 0.75 points for mostly compliance, 0.5 points for partial compliance, 0.25 points for minor compliance, and 0 points for non-compliance. The final score is obtained by summing up the points and dividing by the total number of items * 100. The secretariat of the Board of Directors reports the evaluation results during the Board meeting and provides recommendations on areas that need improvement.</p> <p>According to the above-mentioned method, the evaluation report of the board of directors for the year 2023 was submitted to the board of directors on February 27, 2024, as follows:</p> <p>① The self-assessment questionnaire for the board of directors' performance in 2023 was completed by each director, and the average effective questionnaire score, weighted and calculated, was 96.74 points. After analysis, the main areas that need improvement are item 2 "Whether the directors attending the shareholders' meeting reached more than half of the entire board of directors" and item 6 "Do board members have a clear understanding of the company, the management team, and the industry to which the company belongs? "</p> <p>② The self-assessment questionnaire for the individual directors' performance in 2023 was completed by each director, and the average effective questionnaire score, weighted and calculated, was 96.89 points. After analysis, the main area that needs improvement is item 2 " Do you understand the characteristics and risks of the industry in which the company operates?"</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>③ The self-assessment questionnaire for the audit committee's performance in 2023 was completed by each committee member, and the average effective questionnaire score, weighted and calculated, was 98.33 points. After analysis, the main area that needs improvement is item 15 "Whether the audit committee understands and supervises the company's accounting system, financial condition and reports, audit reports, and their follow-up status." In the future, the company will further enhance interaction and communication with the audit committee.</p> <p>④ The self-assessment questionnaire for the remuneration and compensation committee's performance in 2023 was completed by each committee member, and the average effective questionnaire score, weighted and calculated, was 97.73 points. After analysis, the main area that needs improvement is item 4 "Whether the remuneration and compensation committee can provide timely and professional objective recommendations for the board of directors' decision-making." In the future, the company will further enhance interaction and communication with the remuneration and compensation committee.</p> <p>In summary, the results of the 2023 performance evaluations of the Board of Directors, individual directors, and functional committees were impacted by Less than half of the directors attended the shareholders' meeting, and the board members have less understanding of the company, the management team, and the industry to which the company belongs. In the future, the company will comply with regulations to ensure that more than half of the directors attend the shareholders' meeting and provide timely information on the characteristics and risks of the industry to the directors for better understanding. Furthermore, the company will make efforts to address the areas requiring improvement for the Audit Committee and the Compensation Committee. The company looks forward to the Board of Directors, individual directors, and functional committees better performing their roles and leading the company towards a better corporate governance landscape.</p>	
(4)Does the Company regularly evaluate its external auditors' independence?	✓		The replacement of the company's auditor, remuneration, and assessment of auditor independence was approved by the Audit Committee and the Board of Directors on February 27, 2024. The current signing accountants of our company are Accountant Chen Zhao Mei and Accountant Yu Cheng Quan, who have been	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>signing since the second quarter of 2017 and the first quarter of 2020, respectively, and have not yet reached the necessary seven-year replacement period. As the auditor has served continuously for seven years and is due for rotation, one of the signing auditors will be changed starting from the first quarter financial report of the year 2024. Ms. Chen Chao-Mei, the current signing auditor, will be replaced by Mr. Huang Hai-yue.</p> <p>According to the Code of Professional Ethics of the National Federation of Certified Public Accountants of the Republic of China, the audit team members have declared that they have complied with its regulations on integrity, fairness, objectivity, and independence.</p> <p>Our company has obtained the AQI information and independence declaration of the signing accountant. The information did not reveal any reason for the KPMG accounting firm to have an influence on its independence from our company.</p> <p>Furthermore, our company has internally evaluated that the signing accountant hired has not served as our company's director, shareholder, or received any salary from our company, nor has a relevant interest relationship with our company, which should comply with the relevant regulations on independence.</p>	
4.Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		<p>Our company currently has a finance and accounting executive serving as a part-time corporate governance officer. This officer has more than three years of experience in managing financial, equity, and board affairs for publicly traded companies and is responsible for planning corporate governance-related matters, protecting shareholder rights, and strengthening board functions. The officer's main responsibilities include providing directors and independent directors with the information necessary to carry out their duties, keeping them up-to-date on the latest regulatory developments related to company operations, and helping them comply with legal requirements.</p> <p>The business performance for the year 2023 is as follows and was reported to the Board of Directors on February 27, 2024 :</p> <p>(1) The company promptly informs board members after releasing significant information, ensuring that board members are timely informed of important company updates.</p> <p>(2) Provide timely notifications to board members regarding the latest legislative</p>	No difference.

Evaluation item	Implementation status		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
			<p>and regulatory amendments related to corporate governance, as well as the direction of development, during board meetings.</p> <p>(3) Timely formulation of updates to corporate governance-related systems and organizational structures is essential to ensure the independence of the board of directors, demonstrate the company's transparency and compliance with laws, and reflect the actual operation of internal audits and controls.</p> <p>(4) Regarding the continuing education of board members, periodic training materials are provided intermittently to remind board members of their training status and hours.</p> <p>(5) An annual report is provided on the "Director and Officer Liability Insurance" purchased for the Board of Directors members.</p> <p>(6) Meetings are held periodically with the company's accountant, finance manager, audit manager, and independent directors for communication.</p> <p>(7) Before the Board of Directors meeting, each director's opinions are solicited to plan and prepare the agenda. At least 7 days before the meeting, all directors are notified and provided with sufficient meeting materials to understand the relevant issues. If there are issues related to interested parties, the related persons are given prior notice.</p> <p>(8) The company registers the shareholder meeting date every year in accordance with legal deadlines, prepares and submits the meeting notice, annual report, agenda booklet, and minutes before the deadline, and makes changes to the registration after amending the articles of incorporation or electing directors.</p> <p>(9) In addition to conducting self-evaluations of the Board of Directors, individual directors, the audit committee, and the remuneration committee every year, an internal performance evaluation of the overall operation is conducted. At least once every three years, an external professional independent organization or expert scholar is appointed to conduct a performance evaluation if necessary.</p> <p>(10) On November 28, 2023, a joint corporate briefing was held at the invitation of KGI Securities. The management team explained the company's latest research and development and business expansion status to legal entities and investors.</p> <p>The MAYWUFA[®] Division: MAYWUFA[®] has been selected as one of Taiwan's Top 100 Brands. According to the "2021 Consumer Index Study" published by the</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			global authoritative market research company KANTAR, MAYWUFA [®] hair care products rank first in market share among Taiwan brands. We operate a range of products including hair dye, shampoo, conditioner, and body wash, establishing a complete value chain from research and development to brand marketing. We have successfully integrated e-commerce and physical channels. The Pharmaceutical Division: We have been focusing on the domestic medical institution market, marketing new drugs developed by Phytohealth Corp. and representing pharmaceuticals from international pharmaceutical giants.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		Our company has established a communication channel for stakeholders in the stakeholder section of our official website, and designated personnel are responsible for appropriately responding to important corporate social responsibility issues raised by stakeholders. We maintain smooth communication channels with stakeholders and respect and safeguard their legitimate rights and interests. Our company regularly reports on communication with stakeholders to the board of directors in the first quarter of each year. We have reported our communication with stakeholders for the year 2023 to the board of directors on February 27, 2024. For more details, please refer to our company website.	No difference.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		Our company has appointed the "Stock Affairs Agency Department" of Grand Fortune Securities Co., Ltd. as the stock affairs agent to handle matters related to shareholders and the annual general meeting.	No difference.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		Our company has established a website at www.maywufa.com.tw, and in compliance with relevant regulations, regularly discloses or updates financial, business, and corporate governance information on the Taiwan Stock Exchange and Taipei Exchange Public Information Observation System (Public Information Platform). The company website also provides links to the Public Information Platform for further information.	No difference.
(2) Does the Company use other information disclosure channels (e.g.,	✓		Our company has established an English version of the official website, and designated the head of the accounting unit to be responsible for collecting	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?			company information. We have been following the relevant regulations on information disclosure of the competent authorities and disclosing the information that should be made public. We have also implemented a spokesperson and proxy spokesperson system, and uploaded the process of the investor conference on the company website.	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓		Our company's individual and consolidated financial reports for the year 2023 have been announced and filed on February 27, 2024. The consolidated financial reports for the first, second, and third quarters of 2023 were announced and filed on May 11, August 3, and November 9, 2023, respectively. The consolidated financial reports in English for the first, second, and third quarters of 2023 were announced and filed on June 21, September 26, and December 15, 2023, respectively. All of the above financial reports and monthly operating results were announced and filed before the required deadline.	No difference.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>(1) Employee Rights: Our company values the rights of our employees and adheres to legal regulations. We hold regular labor-management meetings to promote harmony between management and employees, and the Employee Welfare Committee organizes regular activities to fulfill our social responsibility. We have established various systems and measures, such as an employee retirement system, purchasing group insurance for employees, and providing education and training. Our company has a team consisting of the General Manager and department heads that plans an annual "Manager Inspiration Seminar" to cultivate managerial skills. The team also has a leisure activity committee that plans various recreational activities, gifts for festivals, and a care committee that is concerned with colleagues and their families. We have established an employee complaint email to facilitate communication and feedback from employees.</p> <p>(2) Employee Care: Our company respects the human rights of all employees and provides equal opportunities for job seekers and employees. We do not discriminate against employees or job seekers based on non-work factors such as race, beliefs, religion, party affiliation, gender, marital status, disability, or other government-protected status. This principle applies to recruitment, employment, training, promotion, salary, welfare, relocation, and more. Our company has disclosed a "Workplace Sexual Harassment Prevention and Punishment Measures" policy, and has set up a lactation room in compliance with the law to ensure a</p>	No difference.

Evaluation item	Implementation status		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
			<p>friendly workplace and establish a safe and healthy working environment for women.</p> <p>(3) Investor Relations: In order to enable investors to understand our company's operating status, we have established an "Investor Relations" section on our website, regularly updating various stock and financial information.</p> <p>(4) Supplier Relations: Our company has established a "Supplier Management Regulations," and the contracts signed with suppliers include a "Honest Business Declaration." We strictly require our employees and cooperative manufacturers to not directly or indirectly provide, promise, request or accept bribes, commissions, entertainment, kickbacks, or other improper benefits during business activities. In order to establish a good cooperative relationship, we also ask our cooperative manufacturers not to engage in any direct or indirect form of bribery, commission, kickback, gift, entertainment, or other improper benefits to any of our company's employees. We pay our suppliers on time and maintain a good relationship with them.</p> <p>(5) Rights of Stakeholders: We have reported our communication with stakeholders for the year 2023 to the board of directors on February 27, 2024 and established a Stakeholder Relations section on our official website, and we also keep our promises to stakeholders, including suppliers, customers, shareholders, and employees. We place great emphasis on quality and service to maintain the rights of our stakeholders.</p> <p>(6) MAYWUFA[®] has been selected as a "Top 100 Taiwanese Brands" by the Ministry of Economic Affairs, and it is the only hair care product to have received this award. We have also received the "Taiwan Excellence Award" and the "SNQ National Quality Mark" (the only brand in the industry to receive this honor), as well as the Bronze Medal in the National Biotech Medical Quality Awards. We have won the "Healthy Brand" award for hair dye in a health magazine for four consecutive years, and the "Reputation Brand Platinum Award" from Reader's Digest. Our pharmaceutical products have also won the "Excellent Sales Practice for Pharmaceuticals" award as an outstanding manufacturer. Our products represent quality and safety, which have passed strict inspections.</p> <p>(7) Director Continuing Education Status :</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Please refer to the detailed explanation on pages 84-85 of this year's annual report for relevant information regarding further education or training.</p> <p>(8) Risk Management Policy and Implementation of Risk Measurement Standards : The Board of Directors of Our company approved the "Risk Management Policy and Procedures" on November 8, 2022. The organizational structure of risk management includes the Board of Directors, senior management, audit unit, business units, factory units, and management units. The risk management procedures include risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response procedures. The company controls the scope of operational risks and takes appropriate measures to ensure the management of related operational risks. The company also reported the implementation of risk management in 2023 to the Board of Directors on February 27, 2024. For more details, please refer to the company's website.</p> <p>(9) Execution of Customer Policy : The company has established regulations related to customer information, customer credit, and customer order management. All products sold are obtained government permits in accordance with regulations. The company has set up a customer service hotline (02-27136621) and customer service email on the website to protect consumers.</p> <p>(10) Purchase of Liability Insurance for Directors by the Company : The company's articles of incorporation explicitly provide for the purchase of liability insurance for directors and managers. The company reported the implementation of this policy to the Board of Directors on August 2, 2023, and has effectively implemented it.</p>	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p> <p>The following is an explanation of the improvement made by our company regarding the results of the 10th Corporate Governance Evaluation, as well as the prioritized items and measures to be strengthened for those that have not yet been improved :</p>				

Evaluation item	Implementation status		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
<p>In response to the areas for improvement identified in the corporate governance evaluation for the year 2023, the following measures will be implemented:</p> <p>(1) In 2024, the company will actively invite more than half of the directors and the convener of the Audit Committee to personally attend the shareholders' meetings.</p> <p>(2) The company will prepare a sustainability report by the end of September 2024, following the Global Reporting Initiative (GRI) guidelines. The report will be published on the Taiwan Stock Exchange's Market Observation Post and the company's website.</p> <p>(3) An English version of the sustainability report will also be uploaded to the Taiwan Stock Exchange's Market Observation Post and the company's website.</p>				

3.4.4 If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed :

The remuneration committee is responsible for assisting the board of directors in implementing and evaluating the company's overall compensation and benefits policies, as well as the remuneration of executives.

1. The company established the Compensation Committee on December 28, 2011, and the members of the fifth term of the Compensation Committee were approved at the board of directors meeting on May 26, 2023 and August 2, 2023. Mr. Chen Hui-Yiu serves as the convener of this term's committee, which consists of four members: Mr. Chen Hui-Yiu, Ms. Ou Shu-Fang, Mr. Chang Hung-jen, and Mr. Lin Chi-Feng, all of whom meet the qualifications stipulated by the Securities and Exchange Act and the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Public Companies Whose Stock is Listed on the Stock Exchange or Traded Over the Counter at Securities Firms.
2. Please refer to our company website for the organization regulations of the Compensation Committee.

(1) Information on Remuneration Committee Members

Capacity	Name	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Convener (Independent Director)	Chen Hui-Yiu		Please refer to pages 20-24 of this annual report for information disclosure regarding the professional qualifications of directors and the independence of independent directors.		2
Committee member (Independent Director)	Ou Shu-Fang			0	
Committee member (Independent Director)	Chang Homg-Jen			0	
Committee member (Independent Director)	Lin Chi-Feng			0	

(2) Operation of the Remuneration Committee

- ① The Company's remuneration committee has a total of 4 members.
- ② The term of the current members is from May 26th, 2023 to May 25th, 2026. Prior to the recent annual election, the Compensation Committee convened 1 time (A1), while after the election, the Compensation Committee convened 2 time (A2). The attendance by the members was as follows :

Before the shareholder meeting on May 26, 2023 (Fourth Term)					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A1)	Remarks
Convener	Tsai Wen-Yu	1	0	100.00%	Former
Committee member	Chen Hui-Yiu	1	0	100.00%	Former
Committee member	Ou Shu-Fang	1	0	100.00%	Former

After the shareholder meeting on May 26, 2023 (Fifth Term)					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A2)	Remarks
Convener	Chen Hui-Yiu	2	0	100.00%	May 26, 2023 Re-elected
Committee member	Ou Shu-Fang	2	0	100.00%	May 26, 2023 Re-elected
Committee member	Chang Hung-jen	2	0	100.00%	May 26, 2023 Newly appointed
Committee member	Lin Chi-Feng	1	0	100.00%	August 2nd, 2023 Newly appointed

Other information required to be disclosed:

- 1.If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons). : None.
- 2.With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion. : None.
- 3.The operation of the Remuneration Committee should be disclosed, including the date and term of the Board meeting, the agenda, the resolution of the Remuneration Committee, and the company's handling of the opinions of the Remuneration Committee regarding remuneration and compensation :

Board of Directors Date/Term	Compensation Committee Date/Term	Agenda items and follow-up actions
2023.02.24 16th 14th	2023.02.24 4th 6th	1.Discussion on the distribution of director and employee remuneration for the year 2022.
		2.Discussion on the compensation/attendance fees proposal for the members of the 17th Board of Directors, the 2nd Audit Committee, and the 5th Compensation Committee.
		Resolution of the Compensation Committee: After the chairman consulted with all members of the Audit Committee and there were no objections, the proposals were approved and submitted to the Board of Directors for further discussion.
		Handling of the Company's opinions on the Compensation Committee: The proposal was approved by all attending directors.
2023.08.02 17th 2nd	2023.08.02 5th 1st	Discussion on amending the "Organizational Regulations of the Compensation Committee" within our company.
		Resolution of the Compensation Committee: After the chairman consulted with all members of the Audit Committee and there were no objections, the proposals were approved and submitted to the Board of Directors for further discussion.
		Handling of the Company's opinions on the Compensation Committee: The proposal was approved by all attending directors.
2023.11.08 17th 3rd	2023.11.08 5th 2nd	Discussion on the allocation of year-end and performance bonuses for the fiscal year 2023 is proposed.
		Resolution of the Compensation Committee: After the chairman consulted with all members of the Audit Committee and there were no objections, the proposals were approved and submitted to the Board of Directors for further discussion.
		Handling of the Company's opinions on the Compensation Committee: The proposal was approved by all attending directors.

Other resolution items not approved by the Compensation Committee but have been approved by over two-thirds of the entire board of directors: None.

4. The implementation of recusal by the Compensation Committee for matters involving conflicts of interest should include the names of the committee members, the content of the resolution, the reasons for recusal, and their participation in the vote: No such cases exist.
5. Communication between the Compensation Committee and the internal personnel manager and the board meeting unit should include :
 - (1) The personnel manager and the board meeting unit of the Company communicate with the Compensation Committee irregularly.
 - (2) The personnel manager and the board meeting unit of the Company communicate the content of the current agenda to the Compensation Committee before each scheduled meeting. The execution situation and results of personnel affairs have been fully communicated.
 - (3) For the agenda of the three Compensation Committee meeting in 2023, the personnel manager and the board meeting unit have reported and fully communicated with the Compensation Committee in advance.
 - (4) The communication channels between the personnel manager and the board meeting unit and the Compensation Committee are smooth and they can contact each other directly as needed.

3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons :

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons								
	Yes	No	Summary description									
1.Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>To enhance sustainable development management, our company revised the "Corporate Social Responsibility Practice Guidelines" to "Sustainable Development Practice Guidelines" in the board meeting on February 23, 2022. We established a governance framework to promote sustainable development in accordance with the "Pathway to Sustainable Development for Listed and OTC Companies" planning content, which was issued by the Financial Supervisory Commission on March 9, 2022, in order to facilitate the implementation of the plan. We set up a cross-departmental committee composed of personnel from various departments to promote sustainable development, with the human resources department serving as a part-time unit responsible for proposing and implementing sustainable development policies, systems, or relevant management guidelines and specific action plans. We report on a regular basis to the board of directors in the first quarter of each year. We reported the 2023-year execution status to the board of directors on February 27, 2024, as follows :</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Execution status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Our company has established a sustainable development section on our official website to disclose our continuous efforts and actual progress in promoting various important sustainable development issues.</td> </tr> <tr> <td>2</td> <td>We have established a set of sustainable development practices, which are posted on our official website and accessible to all colleagues through our internal network-attached storage (NAS) system. We have also strengthened relevant prevention measures and provided educational promotion.</td> </tr> <tr> <td>3</td> <td>Our company has established an employee complaint section on our website, providing a channel for employees to access information and express opinions regarding the company's management activities and decisions.</td> </tr> </tbody> </table>	Item	Execution status	1	Our company has established a sustainable development section on our official website to disclose our continuous efforts and actual progress in promoting various important sustainable development issues.	2	We have established a set of sustainable development practices, which are posted on our official website and accessible to all colleagues through our internal network-attached storage (NAS) system. We have also strengthened relevant prevention measures and provided educational promotion.	3	Our company has established an employee complaint section on our website, providing a channel for employees to access information and express opinions regarding the company's management activities and decisions.	No difference.
Item	Execution status											
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2	We have established a set of sustainable development practices, which are posted on our official website and accessible to all colleagues through our internal network-attached storage (NAS) system. We have also strengthened relevant prevention measures and provided educational promotion.											
3	Our company has established an employee complaint section on our website, providing a channel for employees to access information and express opinions regarding the company's management activities and decisions.											

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary description		
			4	Our company has established a customer complaint section on our official website, providing a transparent and effective procedure for consumers to file complaints about our products and services, and ensuring that such complaints are handled promptly and fairly.	
			5	Our company practices waste sorting on a regular basis, and at the end of each year, we conduct paper and pulp recycling with paper mills to reuse resources.	
			6	Our company has signed labor contracts with all employees, and the contract terms comply with relevant laws and regulations on human rights, gender equality, work rights, and benefits.	
			7	Our company has obtained ISO, cGMP, and GDP certifications and follows the relevant regulations on drug production set forth by the Ministry of Health and Welfare in our country.	
			8	Our company has developed a Personal Data Protection Management Policy, and we comply with relevant laws and regulations such as the Personal Data Protection Act. We respect the privacy rights of consumers and protect the personal data provided by them.	
			9	In January and July 2023, we sponsored the Chinese National Federation of Industries to assist industrial and commercial enterprises in facing new market competition with innovative thinking, effectively grasping future investment and operational opportunities.	
			10	In January and November 2023, we sponsored the Taiwan Society of Neurotrauma and Critical Care Symposium to enhance and improve physicians' professional knowledge, and to advance the application of clinical medical care in long-term rehabilitation for brain injuries.	
			11	In April 2023, we sponsored the Junior Chamber International Taiwan to encourage young people to pursue outstanding achievements in their careers and enhance the overall competitiveness of society.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>12 In April, September and October 2023, we sponsored the Consensus Meeting on Updates to Clinical Treatment Guidelines for Cancer-Related Fatigue Syndrome to enhance and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care.</p> <p>13 In June and October 2023, we sponsored the Taiwan Women Directors' Association to assist in nurturing and connecting more new-era female leaders, injecting diverse and comprehensive thinking into enterprises, and exerting sustainable influence.</p> <p>14 In June of 2023, we sponsored the 2023 Taichung International Breast Cancer Symposium (2023TICBCS) to enhance the quality of medical care for breast cancer treatment provided by healthcare professionals.</p> <p>15 From June to September 2023, we sponsored the academic symposium of the Taiwan Society for Palliative Medicine to enhance and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care.</p> <p>16 In July 2023, we sponsored the Taiwan Alumni Association of the University of California, Berkeley, to support Taiwanese students studying abroad and cultivate their professional abilities in innovation, entrepreneurship, and more.</p> <p>17 In July 2023, we sponsored the Seminar of the Taiwan Breast Cancer Education and Prevention Association to support breast cancer patients and raise public awareness and concern for breast cancer.</p> <p>18 In August 2023, we sponsored the Bay Voice Choir to support the promotion of Taiwan's local music culture.</p> <p>19 In September 2023, we sponsored the Taiwan Breast Cancer Society's 2023 Taiwan International Conference on Breast Cancer Surgery to enhance the quality of medical care for breast-related diseases provided by healthcare professionals.</p> <p>20 In October of 2023, we sponsored Ancient Keyboard Art to promote the ancient keyboard environment in Taiwan and deepen public cultural awareness of various Western ancient keyboard instruments.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons														
	Yes	No	Summary description															
			<table border="1"> <tr> <td>21</td> <td>In October of 2023, we sponsored the Taiwan University Academic Development Foundation to enhance academic development and cultivate outstanding talents.</td> </tr> <tr> <td>22</td> <td>In November 2023, we sponsored the annual conference of the Taiwan Society of Anesthesiologists to enhance the quality of medical care in pain management and postoperative anesthesia management provided by healthcare professionals.</td> </tr> <tr> <td>23</td> <td>In November 2023, we sponsored the annual conference of the Taiwan Stroke Association, aiming to enhance the clinical care and long-term rehabilitation for post-stroke patients, thereby improving the overall quality of medical services.</td> </tr> <tr> <td>24</td> <td>In November 2023, we sponsored the annual conference of the Taiwan Society for Minimally Invasive Spine Surgery and Endoscopy to enhance and improve the professional knowledge of physicians.</td> </tr> <tr> <td>25</td> <td>In November 2023, we sponsored the Kao Hsiung Alumni Table Tennis Association to promote a sporting culture and healthy lifestyle.</td> </tr> <tr> <td>26</td> <td>In December 2023, we sponsored the biennial conference of the Asian Society of Gynecologic Oncology to enhance and improve the quality of gynecologic cancer treatment.</td> </tr> <tr> <td>27</td> <td>We sponsored multiple events of the Taiwan Society for Palliative Medicine to enhance in 2023 and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care.</td> </tr> </table> <p>In 2023, our company actively participated in various social welfare activities, cooperated with major medical associations and medical institutions to organize academic conferences, clinical education courses, and expert seminars to enhance the quality of medical staff, promote patient welfare, and reached more than 60,000 healthcare professionals and beneficiaries.</p> <p>The Board of Directors provided guidance and recommendations on the sustainability report for 2023 in the board meeting on February 27, 2024.</p>	21	In October of 2023, we sponsored the Taiwan University Academic Development Foundation to enhance academic development and cultivate outstanding talents.	22	In November 2023, we sponsored the annual conference of the Taiwan Society of Anesthesiologists to enhance the quality of medical care in pain management and postoperative anesthesia management provided by healthcare professionals.	23	In November 2023, we sponsored the annual conference of the Taiwan Stroke Association, aiming to enhance the clinical care and long-term rehabilitation for post-stroke patients, thereby improving the overall quality of medical services.	24	In November 2023, we sponsored the annual conference of the Taiwan Society for Minimally Invasive Spine Surgery and Endoscopy to enhance and improve the professional knowledge of physicians.	25	In November 2023, we sponsored the Kao Hsiung Alumni Table Tennis Association to promote a sporting culture and healthy lifestyle.	26	In December 2023, we sponsored the biennial conference of the Asian Society of Gynecologic Oncology to enhance and improve the quality of gynecologic cancer treatment.	27	We sponsored multiple events of the Taiwan Society for Palliative Medicine to enhance in 2023 and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care.	
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Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
2.Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>1. This disclosure covers the sustainable development performance of the company's major locations from January to December 2023. The risk assessment boundary is mainly focused on the company, including existing locations in Taiwan and Mainland China. Maywufa Cosmetics (Shanghai) Co., Ltd. is also included in the scope due to its relevance to the company's operations and impact on major themes.</p> <p>2. The company has set up a "Risk Management Policy and Procedures" for the entire company, which was approved by the Board of Directors on November 8, 2022. Additionally, the amendment was passed by the Board of Directors on November 8th, 2023. The risk management organizational structure includes the board of directors, audit Committee, senior management, audit unit, business units, factory units, and management units. The risk management procedures include risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response to identify the scope of operational risks and take appropriate measures to ensure the management of relevant operational risks. The execution status of risk management in 2023 was reported to the Board of Directors on February 27, 2024. For detailed information, please refer to the company's website.</p> <p>3. The company has established the "Organizational-wide Risk Management Procedure" that the factory unit should follow based on ISO 22716 (Cosmetic GMP) as the highest guiding principle for factory unit risk management. By reviewing the internal and external environment and stakeholder concerns of the factory unit, the company understands the current environmental conditions of the factory unit and formulates business policies and corresponding measures to ensure the effective operation of management systems (quality, environmental safety and health, corporate social responsibility, etc.) and meet the needs of stakeholders, thereby improving operational performance, building reputation, and achieving sustainable development objectives. Each unit of the factory submits the "Environmental Background Identification and Risk Control Table" to the quality management unit in the fourth quarter of each year. The quality management unit compiles and submits it to the responsible supervisor for confirmation of major risks. The company's various risks in the factory are controlled within an acceptable range based on the risks generated by various activities. Risk management includes the management of "quality,"</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>"environment," "safety or health," "operational risks," "legal risks," and "sustainable development."</p> <p>4. Based on the evaluated risks, the following risk management policies or strategies have been established :</p> <p>(1) Environmental protection</p> <p>Our company ensures the safety of our products by complying with the regulations of the health authority. We are committed to improving overall quality and have established an ISO22716 plant to increase resource utilization and reduce environmental impact. Our Yangmei plant has established an environmental management system, and we have installed pre-treatment equipment to comply with industrial park wastewater treatment regulations.</p> <p>(2) Product liability</p> <p>Our MAYWUFA hair dye products have been awarded the SNQ national quality mark, guaranteeing quality and safety. Our beauty plant is the first in the country to pass ISO22716 and all our products comply with Ministry of Health and Welfare requirements. We also aim to develop new quality products in response to market trends and consumer demand. We develop green materials to protect the earth and meet our responsibilities as corporate citizens. We also comply with environmental protection agency regulations and report the purchase and disposal of containers every two months, depending on the material used in production.</p> <p>(3) Labor relations</p> <p>Employees are our company's most important asset, and we are committed to creating a friendly and equal workplace that values talent and respect. We aim to foster mutual trust and respect between employees and the company, allowing each employee to maximize their potential.</p> <p>(4) Anti-corruption</p> <p>Our human resources unit is responsible for revising, implementing, interpreting, and recording the contents of this policy and supervising its execution. We have established a code of conduct, ethical behavior guidelines, and anti-corruption measures, and provide an internal audit</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>system, internal control self-assessment, and whistleblowing hotline to implement anti-corruption measures. We require suppliers to sign a code of conduct and prohibit employees and all partners from directly or indirectly providing, promising, demanding, or accepting bribes, commissions, entertainment, kickbacks, or other improper benefits. We terminate contracts with suppliers who violate our corporate social responsibility policy and fail to improve when violating legal regulations.</p> <p>(5) Intellectual property rights We have established a "intellectual property management method" and "patent infringement event processing procedure", and strictly comply with commercial confidentiality by not collecting or gathering internal business secrets, trademarks, patents, copyrights, and other intellectual property rights unrelated to our work. We sign non-disclosure agreements with suppliers and customers, and use the "network use and confidential document management method" and "BI business intelligence use management method" to protect commercial secrets.</p> <p>(6) Compliance with social and economic regulations We comply with domestic and foreign laws and regulations and international standards. Our products meet international safety standards, environmental standards, and import and export regulations, and we comply with relevant regulations, observe ethical practices, and hold training courses from time to time to promote legal awareness.</p>	
<p>3.Environmental Issues (1)Has the Company set an environmental management system designed to industry characteristics?</p>	✓		<p>Our company's factory has established and obtained certification for ISO22716 Good Manufacturing Practices for cosmetics. By optimizing the manufacturing process, we have improved the efficiency of resource utilization. We have also established an environmental management system based on the characteristics of our products. The pollution level during our production process is minimal, and we have installed pre-treatment equipment and comply with the sewage treatment regulations of the industrial zone where the factory is located, with approved discharge permits.</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		<p>Our company's factory has completed the construction and obtained the certification of ISO22716 Good Manufacturing Practices for cosmetics. Through process optimization, we actively promote energy-saving measures, select equipment with high energy efficiency and energy-saving design to reduce energy consumption, and expand the use of renewable energy to optimize energy use efficiency.</p> <p>In terms of green manufacturing, we reduce unnecessary resource waste, seek waste reduction and reuse technology development, jointly work on the recycling of packaging materials in the upstream and downstream of the value chain. Additionally, we strive to test the use of low environmental impact recycled materials in our products to maximize the benefits of the circular economy.</p> <p>Furthermore, the construction of a GMP cosmetics plant in Yangmei is planned to be built in accordance with the Green Factory specifications of the Industrial Bureau of the Ministry of Economic Affairs. We plan to apply for the Green Factory Label after the plant is completed. The new construction project of the Yangmei factory has already obtained the "Candidate Green Building Certificate" approved by the Ministry of the Interior on February 24, 2023. The investment amount of the "Green Building" is about NT\$6.18 million, and the equipment items include roof insulation, rainwater filtration system, and irrigation piping engineering. The green building assessment result meets the qualified level of the 2019 Factory Green Building Standards, with a total score of 9 indicators (daily energy saving of 0.80, air conditioning system energy saving of 0.42, lighting system energy saving of 6.24, green transportation index of 0.90, carbon dioxide reduction of 2.00, water resource index of 5.00, indoor air quality management of 1.50, sound environment index of 2.00, light environment index of 3.35, ventilation and ventilation environment index of 5.00, and indoor building material index of 1.50), meeting the qualified level of factory green building standards, and fulfilling our responsibility as global citizens for the earth.</p>	No difference.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		<p>Regarding the potential risks and opportunities of climate change and greenhouse gas emissions :</p> <p>① Risks to companies from regulations related to climate change As regulations and agreements related to climate change become increasingly strict in response to the risks posed by global climate change, our company's</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>operations are not significantly affected by the effects of global climate change and greenhouse gases. However, as corporate citizens, we will continue to work with all employees in our office and factories to reduce the environmental impact of our business development. We will continue to pay attention to relevant regulations at home and abroad and also continuously demand ourselves to meet future industry trends and improve our corporate social responsibility.</p> <p>② Substantial risks to companies from climate change In response to the drastic changes in the climate caused by greenhouse gases, directly or indirectly increasing operating costs, the substantial risks to our company include :</p> <p>A. Unstable water resources caused by typhoons, resulting in reduced or suspended production on our company's production lines.</p> <p>B. Instant heavy rain causing road collapses or flooding, making it difficult for our products to reach customers.</p> <p>C. Strong winds causing power outages, making it impossible for our company to operate its production comprehensively.</p> <p>③ Opportunities for companies provided by climate change To respond to climate change, the demand for energy-saving or green energy products in companies will become more evident. It also provides an opportunity for companies to actively invest in the use and development of energy-saving or green energy products to contribute to sustainable environmental practices and improve industry competitiveness.</p> <p>To mitigate the above risks, our company is also simultaneously identifying feasible opportunities and developing corresponding measures. In terms of climate change mitigation, we are developing projects related to green operations, energy management, carbon information disclosure, and green building. In terms of climate change adaptation, our company has implemented measures such as strengthening basic infrastructure, building sustainable operating capabilities, and fully utilizing green buildings.</p>	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water	✓		Strategies, methods, and goals for managing greenhouse gas emissions, water usage, and total waste weight are as follows :	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																																																						
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consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?			<p>① According to the "Sustainable Development Roadmap for Listed and OTC Companies" issued by the Financial Supervisory Commission, the Company (covering the Taipei Headquarters, Taichung and Kaohsiung Service Centers, and the Yangmei Factory and Logistics Center). The greenhouse gas emissions for the years 2022 are as follows:</p> <table border="1"> <thead> <tr> <th>Category/Item</th> <th>Direct greenhouse gas emissions (Category 1)</th> <th>Energy-related indirect greenhouse gas emissions (Category 2)</th> <th>Transportation Indirect Emission Sources (Category 3)</th> <th>Raw Material/Service Indirect Emission Sources (Category 4)</th> <th>TTL</th> </tr> </thead> <tbody> <tr> <td>Emission Equivalents</td> <td>430.8085</td> <td>786.4422</td> <td>68.3679</td> <td>181.0547</td> <td>1,466.673</td> </tr> <tr> <td>Percentage</td> <td>29.37%</td> <td>53.62%</td> <td>4.66%</td> <td>12.35%</td> <td>100.00%</td> </tr> </tbody> </table> <p>Note: Category 1(Scope 1), Category 2 (Scope 2), Category 3, and Category 4 (Scope 3).</p> <p>The greenhouse gas emissions for the years 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Category/Item</th> <th>Direct greenhouse gas emissions (Category 1)</th> <th>Energy-related indirect greenhouse gas emissions (Category 2)</th> <th>Transportation Indirect Emission Sources (Category 3)</th> <th>Raw Material/Service Indirect Emission Sources (Category 4)</th> <th>TTL</th> </tr> </thead> <tbody> <tr> <td>Emission Equivalents</td> <td>211.7358</td> <td>824.4593</td> <td>87.3239</td> <td>201.6729</td> <td>1,325.192</td> </tr> <tr> <td>Percentage</td> <td>15.98%</td> <td>62.21%</td> <td>6.59%</td> <td>15.22%</td> <td>100.00%</td> </tr> </tbody> </table> <p>The water usage and waste audit findings for the years 2022 and 2023 are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th rowspan="2">Water consumption (in metric tons)</th> <th colspan="3">Waste (in metric tons)</th> </tr> <tr> <th>hazardous</th> <th>Non-hazardous</th> <th>TTL</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>62,898.86</td> <td>0</td> <td>72.971</td> <td>72.971</td> </tr> <tr> <td>2023</td> <td>61,800.38</td> <td>0</td> <td>87.470</td> <td>87.470</td> </tr> </tbody> </table> <p>② As for the strategies to address climate change and greenhouse gas management :</p>	Category/Item	Direct greenhouse gas emissions (Category 1)	Energy-related indirect greenhouse gas emissions (Category 2)	Transportation Indirect Emission Sources (Category 3)	Raw Material/Service Indirect Emission Sources (Category 4)	TTL	Emission Equivalents	430.8085	786.4422	68.3679	181.0547	1,466.673	Percentage	29.37%	53.62%	4.66%	12.35%	100.00%	Category/Item	Direct greenhouse gas emissions (Category 1)	Energy-related indirect greenhouse gas emissions (Category 2)	Transportation Indirect Emission Sources (Category 3)	Raw Material/Service Indirect Emission Sources (Category 4)	TTL	Emission Equivalents	211.7358	824.4593	87.3239	201.6729	1,325.192	Percentage	15.98%	62.21%	6.59%	15.22%	100.00%	Year	Water consumption (in metric tons)	Waste (in metric tons)			hazardous	Non-hazardous	TTL	2022	62,898.86	0	72.971	72.971	2023	61,800.38	0	87.470	87.470	
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			<p>In response to the global trend of carbon reduction and to fulfill our corporate social responsibility, our company will be committed to the following actions:</p> <p>A. Ensure effective monitoring of greenhouse gas emissions. B. Develop greenhouse gas reduction plans. C. Implement measures to reduce greenhouse gas emissions. D. Increase the proportion of green energy usage.</p> <p>③ Reduction targets and progress for greenhouse gas emissions, water usage, and waste :</p> <p>The company reduced its greenhouse gas emissions by approximately 141.481 metric tons, representing a reduction of 9.65%. Water usage decreased by 1,098.48 metric tons, a reduction of 1.75%. The total weight of waste increased by 14.5 metric tons, an increase of 19.87%. The greenhouse gas emissions reduction target of approximately 3% per year was achieved mainly through process improvements and active energy conservation measures during factory production. The company continues to enhance management and control measures, and after completing construction, it will apply for the Green Factory Certification, with the aim of further reducing greenhouse gas emissions, water usage, and waste generation in the future.</p> <p>④ Budget and plan for reducing greenhouse gas emissions :</p> <p>Our company's environmental costs account for approximately 1% of our production value. In response to our increasing production value, we have built a green building smart factory that complies with cosmetics GMP standards. We will continue to invest in environmental protection and energy-saving measures, working towards our goal of reducing greenhouse gas emissions, water usage, and waste by over 3% per year.</p>	
4.Social Issues (1)Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		Our company complies with relevant labor laws and regulations, and provides all employees with labor insurance, national health insurance, and individual account labor retirement pension. Additionally, we also provide accident insurance for employees to ensure their safety outside of work. Our company's work time, rest, leave, overtime, and retirement regulations fully comply with labor laws and	No difference.

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	Yes	No	Summary description																			
			<p>regulations, and we have work rules approved by the competent authorities. We have also established a welfare committee for employees to regularly organize activities and strive for maximum welfare benefits for our employees. Our retirement system, whether under the old or new system, is fully compliant with labor laws and regulations to ensure the protection of employee rights. During the financial crisis, we considered our employees' families and did not adopt measures such as layoffs or unpaid leave, which is also a concrete practice of corporate social responsibility.</p> <p>On the issue of human rights, we refer to internationally recognized human rights standards such as the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization of the UN, and aim to become an international corporate citizen that defends human rights.</p> <p>In terms of workplace diversity policies, our company provides a safe and healthy working environment and respects and implements diversity. When selecting, employing, training, and promoting employees, we do not discriminate based on race, class, language, religion, political affiliation, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disabilities, or past membership in a labor union. We also comply with applicable laws and regulations to protect employees from discrimination, harassment, or unequal treatment.</p> <table border="1" data-bbox="831 1015 1245 1374"> <thead> <tr> <th>Indicator</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Percentage of female employees among total employees</td> <td>74%</td> </tr> <tr> <td>Percentage of female supervisors among all supervisors</td> <td>50%</td> </tr> <tr> <td>Percentage of female top executives among all top executives</td> <td>43%</td> </tr> </tbody> </table> <table border="1" data-bbox="1301 1015 1756 1374"> <thead> <tr> <th>Gender pay equity indicator</th> <th>Gap</th> </tr> </thead> <tbody> <tr> <td>Gender pay gap in average salary</td> <td>1.45</td> </tr> <tr> <td>Gender pay gap in median salary</td> <td>1.27</td> </tr> <tr> <td>Gender gap in average variable bonus</td> <td>1.16</td> </tr> <tr> <td>Gender gap in median variable bonus</td> <td>1.04</td> </tr> </tbody> </table>	Indicator	%	Percentage of female employees among total employees	74%	Percentage of female supervisors among all supervisors	50%	Percentage of female top executives among all top executives	43%	Gender pay equity indicator	Gap	Gender pay gap in average salary	1.45	Gender pay gap in median salary	1.27	Gender gap in average variable bonus	1.16	Gender gap in median variable bonus	1.04	
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			<p>Although our company does not have a labor union, we still hold regular labor-management meetings to communicate and negotiate in accordance with government labor laws. In addition, we hold regular labor-management meetings as required by Article 83 of the Labor Standards Act, and can hold ad-hoc meetings when necessary, to discuss issues related to promoting labor-management cooperation, coordinating labor relations, improving working conditions, and planning labor welfare. Furthermore, we require our suppliers to comply with the same human rights policies, and are committed to creating the best human rights practices in the biopharmaceutical industry. Our human rights policy and specific management plan for safeguarding human rights in 2023 are summarized as follows :</p> <ul style="list-style-type: none"> ① No operating locations or suppliers that violate or seriously jeopardize freedom of association and collective bargaining. ② No operating locations or suppliers with a serious risk of using child labor. ③ No operating locations or suppliers with a serious risk of forced or compulsory labor. ④ No human rights complaints filed through formal complaint mechanisms that have not been resolved. ⑤ No incidents involving infringement of indigenous rights by our company or suppliers. ⑥ No human rights complaints. ⑦ No discrimination incidents. ⑧ No violations of regulations related to social categories, and no fines. ⑨ No significant actual or potential negative impact on human rights by our supply chain. <p>In addition, we have established the "Prevention and Punishment Measures for Workplace Sexual Harassment Complaints" and published it on our company's website. In 2023, there were three human rights-related training sessions for new hires, totaling 6 hours and attended by 32 people. We will continue to pay attention to human rights protection issues, promote related education and training, and raise awareness of human rights protection to reduce the possibility of related risks.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		<p>① The company has established a Employee Welfare Committee in accordance with government regulations to allocate welfare funds, which are supervised and managed jointly by both labor and management in compliance with the Labor Standards Act and other related laws. The company sets various salary standards, attendance and leave policies, and welfare measures to provide competitive benefits to motivate employees. In addition, regular assessments are conducted to distribute performance bonuses and share profits with employees.</p> <p>② In addition to the compensation provided in accordance with the company's regulations, the company determines salary adjustments and bonuses based on the annual profit situation and employee performance to enhance employee engagement and loyalty to the company.</p>	No difference.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		<p>① Security and access control system : All entrances and exits of the workplace are equipped with access control systems, and access is controlled by security personnel. Surveillance systems are also installed, and 24-hour security personnel are stationed to conduct regular safety patrols to ensure the safety and protection of the plant.</p> <p>② Fire Safety Management : No fire incidents occurred in our company in 2023. To enhance fire safety management, our company conducts regular fire safety inspections every year, establishes a fire prevention management team, and holds fire safety training sessions with practical fire extinguisher drills every six months. All equipment, such as emergency lighting, evacuation signs, and fire extinguishers, undergo regular inspections.</p> <p>③ Occupational safety and health : Before new employees start working, they are required to submit a physical examination report to identify their work suitability and evaluate whether they are suitable for the job to avoid health threats or injuries caused by work. Regular on-the-job health check-ups are also implemented for employees. Outdoor smoking areas are provided in compliance with government regulations, and breastfeeding rooms are set up for postpartum female employees. Monthly overtime hours for employees do not exceed 46 hours.</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>④ Establishment of occupational safety and health management unit : In accordance with the Occupational Safety and Health Management Regulations, an occupational safety and health supervisor is appointed to implement the relevant provisions of the Occupational Safety and Health Act and its implementing regulations, prevent occupational accidents, ensure the safety and health of employees, maintain the common rights and interests of labor and management, and promote the healthy development of the company.</p> <p>⑤ Verification Status of the Company : As of the printing date of the 2023 annual report, the company has not obtained relevant labor safety verifications.</p> <p>⑥ Occupational Accident Situation : The company places a strong emphasis on disaster prevention and mitigation. We utilize appropriate management tools and resources to integrate occupational safety and health issues, propose effective measures, and continuously enhance the promotion of a culture of occupational safety. We also strengthen the management of personnel protection to create a zero-accident environment. For the year 2023, there were no occupational accidents involving employees in our company. The number of occupational accidents was zero, and the number of employees affected was also zero.</p>	
(4)Has the Company established effective career development training programs for employees?	✓		Our company places a strong emphasis on long-term talent development. We design and implement various internal and external training programs based on the needs of the organization, departments, and individual employees. For instance, we hold motivational seminars every month, inviting renowned speakers to share new information with our employees and enhance their knowledge and skills. These efforts aim to help our employees establish effective career capabilities. For more details, please refer to page117 of our annual report.	No difference.
(5)Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer	✓		Our company has established the "Personal Information Protection Policy" and "Internet Usage and Confidential Document Management Regulations" to protect consumer rights and establish complaint procedures. We have also set up a stakeholder zone on our official website to provide a channel for customers (consumers) to file complaints. We continuously monitor product safety information and establish sound personal data management mechanisms to fulfill	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
protection and grievance policies?			<p>our commitment to managing and protecting customers' (consumers') privacy. We conduct internal audits, crisis prevention, and education and training to ensure the safety of customers' (consumers') personal information.</p> <p>Our company strictly complies with relevant government regulations and has established the "Marketing and Advertising Management Regulations" for employees to follow. All marketing-related information must undergo review before being released externally.</p> <p>Product labeling is key to protecting consumer rights and health. We have established the "Cosmetic Label and Package Marking Change Management Regulations," which state that all product labeling and advertising must comply with relevant laws and regulations, including but not limited to the Consumer Protection Law, Fair Trade Act, and regulations established by the Ministry of the Interior and the Food and Drug Administration of the Ministry of Health and Welfare.</p> <p>Our company provides a toll-free hotline on product packaging for consumers and a "Contact Us" section on our website for communication between consumers and our company.</p>	
(6)Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		Our company has established a "Supplier Management Policy" that requires all suppliers to comply with relevant regulations related to environmental protection, occupational health and safety, and labor rights. We evaluate the implementation of suppliers annually and may terminate or dissolve the contract if there is a significant negative impact on the environment or society due to violation of the company's corporate social responsibility policy. If a supplier violates legal regulations and cannot make timely improvements, our company may terminate the contract. For more details, please refer to our company website.	No difference.
5.Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	Our company plans to compile the 2023 Sustainability Report this year. Currently, it is being undertaken by Deloitte & Touche. All employees of the company are actively promoting energy conservation and carbon reduction to enhance the effectiveness of sustainable development. We are also cooperating with regulatory policies and company operations. We have initiated the preparation of the Sustainability Report ahead of schedule in accordance with regulatory policies and the company's operational situation.	In progress.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
6.			<p>If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations :</p> <p>Our company established the "Corporate Social Responsibility (CSR) Practice Guidelines" on April 29, 2014, which was later renamed to "Sustainability Practice Guidelines" on February 25, 2015 and February 23, 2022. The guidelines have been revised by the board of directors to strengthen the implementation of CSR. We regularly review and improve our implementation based on these guidelines, and report on our progress in promoting sustainability at the first quarter board meeting each year (February 27, 2024). Under the company culture of "Integrity, Reciprocity, and Courtesy," our leaders and employees share a common belief and code of conduct, which embodies our commitment to fulfilling corporate social responsibility. Therefore, there have been no major differences in our implementation so far.</p>	
7.			<p>Other important information to facilitate better understanding of the company's promotion of sustainable development :</p> <p>(1) In terms of promoting sustainable development, the company adheres to the corporate culture of "integrity, mutual benefit, and courtesy" as its code of conduct :</p> <ul style="list-style-type: none"> ① Integrity - The company operates with integrity and regularly reports to the board of directors on the execution of its sustainable development plan. ② Mutual benefit - The company practices mutual benefit with its stakeholders, including employees, shareholders, suppliers, customers, consumers, communities, and banks, sharing the economic value it creates. ③ Courtesy - The company values business ethics internally and follows laws and ethical norms externally. The company has established a code of conduct for directors and a code of ethical behavior to regulate their ethical standards. <p>(2) In terms of environmental protection, the company's product ingredients comply with the regulations of the health authorities to ensure consumer safety. The company is committed to improving overall quality, has built a factory that meets ISO22716 standards, increases resource utilization, reduces environmental impact, develops green materials, and fulfills corporate social responsibility to protect the earth for sustainable development. In addition, the company reports the amount of purchased containers every two months to the Environmental Protection Administration, which charges a fee for processing waste containers based on the different materials used.</p> <p>(3) The factory's wastewater is treated at the Yangmei Lions Industrial Park's sewage treatment plant, which the company has obtained permission to discharge wastewater. The company has also submitted a plan for water pollution prevention and control measures to the Taoyuan County Environmental Protection Bureau and has obtained a permit for water pollution prevention and control (permit number: County Environmental Permit Letter H2651-05) with a validity period until March 114, which can be renewed upon expiration.</p> <p>(4) The company reports air pollution prevention and control fees every three months to the Taoyuan City Environmental Protection Bureau. The Yangmei factory has switched from heavy oil to low-sulfur fuel oil for its internal combustion engines, reducing air pollution. Therefore, it only needs to report but is exempt from paying air pollution prevention and control fees.</p> <p>(5) The Yangmei factory is currently under construction to meet the standards of a GMP factory for cosmetics and is planned to be built to meet the requirements of the Green Factory program of the Industrial Development Bureau of the Ministry of Economic Affairs. After completion, the company plans to apply for the Green Factory Label. The new building of the Yangmei factory has already obtained the "Candidate Green Building Certificate" approved by the Ministry of the Interior on February 24, 2023, fulfilling the responsibility of being a citizen of the world for the sake of the earth.</p>	

3.4.5.1 Execution status of climate-related information:

Item	Implementation status
1. Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.	The board of directors of the company reviews the implementation of sustainable development initiatives annually in the first quarter report of the preceding year. Led by the Vice Chairman, the company promotes corporate sustainability and climate change-related management actions. This involves convening senior executives from various departments for cross-departmental communication, focusing on climate change issues, company characteristics, and relationships within the supply chain. Reference is made to the TCFD framework to identify transformational risks, physical risks, and opportunities, aiding in the assessment of significant risks and opportunities that may arise from global warming and its potential impact on the global economy. The company aims to mitigate the effects of climate change to maximize its benefits. Additionally, the company plans to regularly report progress on ESG initiatives and ESG implementation goals to the board of directors.
2. The identified climate risks and opportunities are explained below in terms of their impact on the business, strategy, and finances of the enterprise in the short, medium, and long term.	Based on the results of the risk and opportunity matrix, the company has identified risk and opportunity items for the short, medium, and long terms. Currently, cross-departmental project teams are working with external experts to further assess the company's characteristics and its relationships within the supply chain, evaluating their impact on the company's business, strategy, and finances.
3. Description of the financial impact of extreme weather events and transition actions.	The identification process currently does not classify physical risks as significant risks. According to the proactive risk assessment, the flood risk caused by climate change and the risk of extreme high temperatures and droughts have no significant impact on the operation of the company's headquarters.
4. Description of how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The company has adopted the "Risk Management Policy and Procedures" through board approval in 2022, serving as the highest guiding principle for the company's risk management. Various management units regularly assess and review risk issues, with senior management responsible for strategic planning and overseeing the implementation of risk decisions to achieve operational efficiency. This aims to reduce strategic and operational risks while reporting assessment results to the board. Climate change and environmental risk management have been incorporated into the identification of risks and opportunities.
5. If using scenario analysis to assess resilience to climate change risks, the following should be explained: the scenarios, parameters, assumptions, analysis factors, and main financial impacts used in the analysis.	The company has not yet used scenario analysis to assess resilience to climate change risks. In the future, various scenarios will be analyzed to formulate response strategies to mitigate potential financial losses resulting from these risks, turning crises into opportunities.

Item	Implementation status
6. If there is a transformation plan in response to managing climate-related risks, please explain the content of the plan, as well as the indicators and goals used to identify and manage physical risks and transition risks.	<p>The company actively adopts risk mitigation measures to reduce organizational carbon emissions, as outlined below:</p> <p>(1) Constructing a green building smart factory compliant with cosmetic GMP standards, and upgrading or replacing existing equipment with more energy-efficient alternatives.</p> <p>(2) Conducting an annual ISO14064-1 greenhouse gas inventory to assess organizational carbon emissions.</p>
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	Not applicable.
8. If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planned schedule, progress achieved each year, etc., should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related goals, the source and quantity of carbon offset credits exchanged or the quantity of RECs should be disclosed.	<p>The environmental cost expenditures of our company account for approximately 1% of the company's revenue, and in response to the increasing scale of our company's operations, we have constructed a green building smart factory that complies with Cosmetic Good Manufacturing Practice (GMP) standards. In setting carbon reduction targets, we will continue to invest in various environmental expenses and energy-saving measures, striving to achieve annual reductions of over 3% in greenhouse gas emissions, water usage, and waste volume.</p>
9. Greenhouse gas inventory, verification status, reduction targets, strategies, and specific action plans (also filled in sections 1-1 and 1-2).	<p>In accordance with the Financial Supervisory Commission's Order No. 11203852314 issued on November 13, 2023, companies, whose paid-in capital does not exceed NT\$5 billion, should complete information disclosure reviews starting from 2026, and full disclosure starting from 2028 for the parent company. Subsidiaries included in the consolidated financial statements should complete information disclosure reviews starting from 2027, and full disclosure starting from 2029. As the current regulations do not require disclosure, it is not applicable.</p>

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

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>1.Establishment of ethical corporate management policies and programs</p> <p>(1)Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	✓		<p>Our company has established a "Code of Conduct" that outlines our commitment to conducting business activities based on principles of fairness, honesty, trustworthiness, and transparency. To uphold our commitment to ethical conduct and prevent any acts of dishonesty, all employees (including those of our subsidiaries) are expected to adhere to the following principles when carrying out business operations: to perform duties with honesty, rigor, and professionalism; to be loyal to their duties and not engage in any unlawful or improper activities; to avoid any conflicts of interest that may compromise personal or company interests; to refrain from engaging in any behavior that may bring discredit to the company; to comply with applicable laws and regulations while exercising self-discipline and adhering to ethical standards.</p> <p>As such, our company's management is committed to conducting business operations based on principles of integrity and pursuing the maximum benefit for our shareholders and employees. We adhere to various laws and regulations related to corporate governance, securities trading, accounting, political donations, anti-corruption, government procurement, public officials' conflict of interest avoidance, and other business-related laws and regulations to ensure ethical conduct.</p> <p>In terms of our commitment to actively implement these principles, our company's board of directors and management maintain a high degree of self-discipline. When a board member has a personal or corporate interest that could potentially harm the company's interests, they will only state their opinion and respond to questions on the matter and may not participate in the discussion or vote. They must also recuse themselves from any discussions or votes related to the matter and may not act as a proxy for other board members to exercise their voting rights. Board members also exhibit mutual self-discipline and do not engage in any improper mutual support.</p>	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		Our company has established a "Code of Conduct and Guidelines for Ethical Operations" which is disclosed on our official website. The code prohibits bribery and corruption, offering or receiving improper benefits, providing or promising kickbacks, providing illegal political donations, engaging in unfair competition, making inappropriate charitable donations or sponsorships, disclosing trade secrets, and harming the rights and interests of stakeholders. We have implemented preventive measures and conducted educational campaigns to uphold our commitment to ethical conduct and implement our Code of Conduct.	No difference.
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		Our company is committed to conducting business activities based on principles of fairness, honesty, trustworthiness, and transparency. In order to uphold our commitment to ethical conduct and prevent any acts of dishonesty, we have established a "Code of Conduct" in accordance with the "Code of Conduct for Listed and OTC Companies" and relevant laws and regulations in the locations where our company and group enterprises operate. The code was initially established on April 29th, 2014, and revised by the board of directors on February 25th, 2015, August 14th, 2019, and August 12th, 2020. On June 17th, 2015, we also established "Guidelines for Ethical Operations and Conduct" to provide specific guidelines for our personnel to follow when conducting business operations. These guidelines include procedures and conduct guidelines for various scenarios, disciplinary measures for violations, complaint mechanisms, and apply to our company, our subsidiaries, as well as other group enterprises and organizations that we have direct or indirect control over, including charitable foundations that have received cumulative donations exceeding 50% of their total funding from our company.	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Yes	No	Summary description							
<p>2.Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	✓		<p>Our company conducts business operations in a fair and transparent manner. Before engaging in any business transactions, we carefully consider the legality of our agents, suppliers, customers, or other parties involved in the transaction, and avoid conducting business with any parties that have a record of dishonest behavior.</p> <p>Our company has signed a "Declaration of Integrity" with our suppliers, which strictly prohibits our employees and any cooperating vendors from directly or indirectly providing, promising, requesting or accepting bribes, commissions, hospitality, kickbacks, inappropriate gifts or other illicit benefits during business activities. In order to establish good cooperative relationships, we also ask our cooperating vendors not to engage in any direct or indirect form of promising, bribing, commissioning, kickbacking, gifting, hospitality, or other improper behavior towards any employees of our company. If a supplier violates our code of ethics and cannot immediately rectify their behavior, our company reserves the right to terminate the contract.</p>	No difference.						
<p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p>	✓		<p>Our company's "Code of Conduct" stipulates that the Human Resources department is responsible for revising, implementing, interpreting, providing consultation services, registering and archiving the contents of this code of ethics, as well as supervising its implementation. The Human Resources department is also required to report on the previous year's execution status to the board of directors in the first quarter of each year. On February 27th, 2024, we reported to the board of directors on the execution status of our code of ethics for the year 2023, as follows :</p> <table border="1" data-bbox="815 1126 1765 1402"> <thead> <tr> <th>Item</th> <th>Execution Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Our company has established a "Code of Conduct," which is available on our official website and a network-attached storage system accessible to all employees. We have also strengthened relevant preventive measures and educational campaigns.</td> </tr> <tr> <td>2</td> <td>Newly-hired employees are required to provide a "Commitment to Integrity and Cleanliness" document, and training programs emphasize adherence to the "Labor Contract," "Employee Rules," and "Code of Conduct," with an obligation to keep company trade secrets confidential.</td> </tr> </tbody> </table>	Item	Execution Status	1	Our company has established a "Code of Conduct," which is available on our official website and a network-attached storage system accessible to all employees. We have also strengthened relevant preventive measures and educational campaigns.	2	Newly-hired employees are required to provide a "Commitment to Integrity and Cleanliness" document, and training programs emphasize adherence to the "Labor Contract," "Employee Rules," and "Code of Conduct," with an obligation to keep company trade secrets confidential.	No difference.
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Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																
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(3)Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		The "Integrity Operating Procedures and Code of Conduct" of our company also specifies the policy of conflict of interest avoidance. When our personnel find situations where there is a conflict of interest between themselves or the legal entities they represent and the company's business, or where such situations may result in them, their spouse, parents, children or related parties gaining undue benefits, they must proactively disclose the situation and report it to their immediate supervisor and the responsible unit of the company (i.e. the personnel unit) at the same time, and the immediate supervisor shall provide appropriate guidance. Our personnel are not allowed to use company resources for business activities outside the company, nor to affect their work performance due to participation in business activities outside the company.	No difference.																

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		To implement effective accounting and internal control systems for business activities with a higher risk of dishonest behavior, the company has established an effective accounting and internal control system and regularly evaluates it as a risk assessment item. The company strictly prohibits off-book accounts or secret accounts and regularly reviews and evaluates the design and implementation of the system to ensure its effectiveness. The internal audit department includes high-risk operation items in the annual audit plan based on risk assessment, regularly audits compliance with the aforementioned system, and reports to the audit committee and board of directors.	No difference.
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		Our company arranges annual education and training sessions and seminars related to integrity management for directors and employees. These sessions include monthly motivation meetings or weekly meetings, and more details can be found on pages 83-85 and 117 of this year's annual report.	No difference.
3.Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	✓		Our company has established the "Code of Conduct and Behavior Guidelines for Business Integrity" which includes a reporting and reward system for whistleblowers. We provide normal reporting channels and assign appropriate personnel to handle reports. We evaluate the effectiveness of the facts reported and provide appropriate rewards to the whistleblowers.	No difference.
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		Our company has established the "Code of Conduct and Behavioral Guidelines for Integrity Management," which provides detailed guidelines on the investigation standards, procedures, and follow-up actions to be taken regarding reported matters, as well as related confidentiality measures.	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		Our company has established the "Code of Conduct for Ethical Business Operations," which includes a reporting and rewards system and provides normal reporting channels. Appropriate personnel are assigned to handle reported matters, and effective measures are taken in response to the facts reported.	No difference.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		Our company website is www.maywufa.com.tw , and we regularly disclose or update information related to our code of conduct and its implementation on our website and on the Public Information Observation System.	No difference.
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation :</p> <p>Our company has established "Code of Conduct for Business Ethics" and "Operational Procedures and Guidelines for Business Ethics", and implemented them without any violations. The content and relevant operations of these guidelines do not differ significantly from the "Code of Conduct for Business Ethics" for listed companies.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles) :</p> <p>(1) The company upholds the "Integrity, Mutual Benefit, and Respect" corporate culture as a code of conduct:</p> <ul style="list-style-type: none"> ① Integrity - Maintains integrity in business operations and regularly reports on the implementation of integrity management to the board of directors. ② Mutual benefit - Interacts with stakeholders, including employees, shareholders, upstream and downstream suppliers, customers, consumers, communities, and banks, on the principle of mutual benefit and shares the economic value created by the company with them. ③ Respect - Emphasizes corporate ethics internally and follows legal and moral norms externally. <p>(2) The company is vigilant of the development of integrity management related regulations domestically and internationally, encourages directors, managers, and employees to provide suggestions, and reviews and improves the company accordingly to enhance the effectiveness of integrity management.</p> <p>(3) All 13 directors have signed a statement of integrity, representing a 100% compliance rate.</p>				

Evaluation item	Implementation status		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>(4) The company has signed a statement of integrity with suppliers and strictly requires that its employees and all cooperating manufacturers should not directly or indirectly provide, promise, demand, or accept bribes, commissions, entertainment, kickbacks, or other improper benefits. To establish a good cooperative relationship, the company also requests that suppliers refrain from engaging in any direct or indirect form of promising, bribing, commissioning, kickbacks, entertaining, gifting, or other improper benefits to any company employee. If a supplier violates the policy of integrity management and cannot improve the situation promptly, the company may terminate the contract with that supplier at any time, including the clauses of complying with the integrity management policy and terminating the contract if the transaction counterparty is involved in non-integrity behavior. As of the 2023 fiscal year, 121 suppliers have signed the statement of integrity, representing a 100% compliance rate for the entire year.</p> <p>(5) The company's official website has a stakeholder zone, where stakeholders can communicate in an appropriate manner to understand the reasonable expectations and needs of stakeholders. The company also responds to important corporate social responsibility issues that stakeholders are concerned about.</p> <p>(6) The company implements related methods for intellectual property rights, and no infringement or leakage incidents occurred in the 2023 fiscal year.</p> <p>(7) The company has no off-books or secret accounts, and the auditing unit has faithfully carried out the annual auditing plan.</p> <p>(8) The company has signed an anti-money laundering and counter-terrorism financing statement with Taiwan Depository & Clearing Corporation, Fubon Securities Co., Ltd., and all banks it deals with for corporate (including trusts) clients.</p>	

3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched :

The corporate governance related regulations are disclosed on the company website, and important internal regulations related to investor relations are available at <http://www.maywufa.com.tw/>.

3.4.8 Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance :

1. In accordance with the "Guidelines for Establishing Internal Control Systems by Public Companies," the Company has established the "Management Measures for Preventing Insider Trading" to handle significant internal information. This system has been posted on the official website and communicated to all directors, managers, and employees to prevent any violation or occurrence of such transactions .
2. The Company has established the "Corporate Governance Best Practice Guidelines," "Corporate Social Responsibility Guidelines," "Code of Conduct," "Integrity and Business Conduct Guidelines," and "Code of Conduct for Integrity and Business Operations," which have been posted on the official website and communicated to all directors, managers, and employees for compliance.
3. The courses that the company's managers have participated in for 2023 are as follows:

(1) Financial Supervisor: Lu Shu-Chun

Item	Institution of Continuing Education	Course Title	Training Hours
1	China Enterprise Accounting Association	IFRS15	3
2	China Enterprise Accounting Association	Evaluation and Practice	3
3	China Enterprise Accounting Association	Preparation of consolidated financial statements	3
4	China Enterprise Accounting Association	My country is adopting the IFRS sustainability disclosure standards	3

(2) Audit Supervisor: Chang Wei-chi

Item	Institution of Continuing Education	Course Title	Training Hours
1	Foundation for Taiwan Securities and Futures Markets Development	Compliance Audit Workshop on ESG Reporting	6
2	Foundation for Taiwan Securities and Futures Markets Development	Practical Implementation: Bridging Compliance with Labor Laws to ESG Corporate Governance	6

(3) Audit agent: Tsai Yu-zhi

Item	Institution of Continuing Education	Course Title	Training Hours
1	Foundation for Taiwan Securities and Futures Markets	Exploring the Latest Blueprint and Evaluation of Corporate Governance Development	6
2	The Foundation of Accounting Research and Development	Policy Development and Internal Control Management Practices Related to ESG Sustainability and Financial Reporting Self-Compilation	6

In the future, we will continue to arrange for our managers and supervisors to participate in relevant training courses.

4. The courses attended by the directors of our company in 2023 are as follows :

Title	Name	Training Dates	Organizer	Course Title	Training Hours
Chairman	Lee Chen-chia	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Vice Chairman	Lee Yi-Li	2023.03.27	Chinese National Association Of Industry And Commerce	Corporate Resilience and Taiwan's Competitiveness	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023.09.21	Taiwan Corporate Governance Association.	AI Transformation: Embracing the True Computer Era	3
Director	Lee I-Lin	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director	Lai Yu-Ju	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director	Chen Wen-Hwa	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director	Lee Yu-Chia	2023.10.20	Foundation for Taiwan Securities and Futures Markets	Internal Trading Prevention Awareness Seminar for 2023	3
Director	Lee Bi-Jen	2023.11.29	Foundation for Taiwan Securities and Futures Markets	Internal Insider Trading Legal Compliance Awareness Seminar for 2023	3
Director	Liu Wen-Cheng	2023.03.10	Taiwan Corporate Governance Association.	The Peculiar Global Economic Situation of 2023	1
		2023.03.29	Taiwan Corporate Governance Association.	Climate Change Response Law Analysis and Corporate Countermeasures Seminar	2
		2023.04.27	Taiwan Stock Exchange/ Taipei Exchange	Sustainability Development Action Plan Advocacy Meeting for Listed Companies	3
		2023.05.25	Taiwan Corporate Governance Association.	Strengthening ESG through the Board of Directors: Case Studies on Executive Compensation Linked to ESG Performance	1
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023.07.20	Taiwan Corporate Governance Association.	Seminar on Management Rights and Director Responsibilities	3
		2023.07.26	Taiwan Corporate Governance Association.	Practical Sharing Seminar on Board Performance Evaluation	3
		2023.08.12	Taiwan Institute of Directors	Legacy Strategy for Centennial Enterprises	3
		2023.08.30	Taiwan Corporate Governance Association.	The Impact of ChatGPT on Industries and Response Strategies	1
		2023.12.05	Taiwan Institute of Directors	Generative AI Leading Industry Transformation and Corporate Transition	3
Director	Yu Chang-Min	2023.10.13	Foundation for Taiwan Securities and Futures Markets	Internal Trading Prevention Awareness Seminar for 2023	3
		2023.11.29	Foundation for Taiwan Securities and Futures Markets	Internal Insider Trading Legal Compliance Awareness Seminar for 2023	3

Title	Name	Training Dates	Organizer	Course Title	Training Hours
Independent Director	Chen Hui-Yiu	2023.05.08	Taiwan Institute of Directors	International Climate Change Development Trends and Practical Case Analysis	3
		2023.11.29	Taiwan Digital Governance Association	The New Eastward Trend and Strategies	3
		2023.12.27	Taiwan Digital Governance Association	The international trend of net zero carbon emissions and Taiwan's efforts to promote carbon neutrality transformation	3
Independent Director	Ou Shu-Fang	2023.06.29	Corporate Operating And Sustainable Development	Carbon reduction issues and their IFRS accounting treatment	3
		2023.07.26	Corporate Operating And Sustainable Development	Due Diligence and Financial Evaluation for Merger and Acquisition Transactions	3
Independent Director	Chang Hung-jen	2023.02.17	The Foundation of Accounting Research and Development	Accounting Auditor Assurance Standards and Practical Analysis: Relevant Regulations for ISAE TWSAE3000 General Assurance Cases	3
		2023.02.24	The Foundation of Accounting Research and Development	Tax Regulations and Practices for Controlled Foreign Corporations (CFCs)	3
		2023.10.02	Taiwan Investor Relations Institute	Analysis and Decision-making Utilization of Corporate Financial Information, as well as Corporate Governance and Securities Regulations	3
Independent Director	Lin Chi-Feng	2023.10.25	Taiwan Corporate Governance Association.	Corporate Mergers and Acquisitions Strategy and Planning	3
		2023.11.15	Foundation for Taiwan Securities and Futures Markets	Internal Insider Trading Legal Compliance Awareness Seminar for 2023	3

5. For other information, please refer to the execution status of corporate governance-related items of our company on the "Taiwan Stock Exchange and Taipei Exchange Market Observation Post System".

3.4.9 The section on the state of implementation of the company's internal control system shall furnish the following :

1. A Statement on Internal Control :

Maywufa Company Limited
Statement of Internal Control System

Date : February 27th, 2024

In accordance with the results of our self-assessment, we hereby declare the following regarding our internal control system for the fiscal year 2023 :

1. We acknowledge that it is the responsibility of our board of directors and management to establish, implement, and maintain our internal control system, which aims to achieve the goals of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable reporting, timeliness, transparency, compliance with relevant regulations and laws, and provide reasonable assurance.
2. Internal control systems have inherent limitations and can only provide reasonable assurance for achieving the aforementioned goals. Furthermore, due to changes in the environment and circumstances, the effectiveness of our internal control system may change. However, our internal control system includes a self-supervision mechanism, and any deficiencies identified will be rectified immediately.
3. We evaluate the effectiveness of our internal control system design and execution based on the criteria for judging the effectiveness of internal control systems set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The criteria classify internal control systems into five components: control environment, risk assessment, control activities, information and communication, and monitoring activities, each of which includes several items. Please refer to the regulations for the specific details.
4. We have evaluated the effectiveness of our internal control system design and execution based on the aforementioned criteria.
5. Based on our evaluation, we believe that our internal control system, including the supervision and management of subsidiaries, as of December 31, 2023, has effectively achieved the goals of understanding the degree of effectiveness and efficiency of operations, reliable and timely reporting, transparency, and compliance with relevant regulations and laws. We believe that our internal control system can provide reasonable assurance for the achievement of the aforementioned goals.
6. This statement will become the main content of our annual report and public disclosure. If the content is found to be fraudulent, concealed, or illegal, it will be subject to legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors on February 27, 2024, with no objections from the 13 attending directors, and is hereby declared.

Maywufa Company Limited

Chairman : Lee Chen-Chia

General Manager : Lai Yu-Ju



Signature



Signature



2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report : Not applicable.

3.4.10 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement :

1. The company and its internal personnel have not been subject to any significant penalties for violation of legal regulations up to the date of the annual report printing, in the current and previous fiscal year.
2. The company has not imposed any penalties on its internal personnel for violation of internal control system regulations up to the date of the annual report printing, in the current and previous fiscal year.

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

1. Important resolutions passed in the 2023 annual general meeting of our company are as follows :

(1)Agenda : To approve the individual financial statements, consolidated financial statements, and business report for the fiscal year 2022.

Resolution : The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/ Non-vote count
72,199,765	71,783,262	41,953	0	374,550
100.00%	99.42%	0.05%	0.00%	0.51%

(2)Agenda : Approval of 2022 profit distribution plan.

Resolution : The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
72,199,765	71,713,363	111,852	0	374,550
100.00%	99.32%	0.15%	0.00%	0.51%

(3)Agenda : Discuss the amendment of the "Company Bylaws".

Resolution : The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
72,199,765	71,700,107	112,008	0	387,650
100.00%	99.30%	0.15%	0.00%	0.53%

(4)Agenda : Discuss the amendment of the "Rules of Procedure for Shareholders Meetings".

Resolution : The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
72,199,765	71,701,103	112,013	0	386,649
100.00%	99.30%	0.15%	0.00%	0.53%

(5)Agenda : Discuss the complete election of directors.

Resolution : The list of elected directors and independent directors, along with their respective voting rights, is as follows:

Title	Actual names	Voting rights
Director	Representative Of Cheng Yi Investment Company Ltd. Lee Chen-Chia	105,268,181
Director	Representative Of Cheng Yi Investment Company Ltd. Lee Yi-Li	93,044,005
Director	Representative Of Li Ling Investment Company Ltd. Lee I-Lin	87,854,220
Director	Representative Of Cheng Yi Investment Company Ltd. Lai Yu-Ju	83,059,832
Director	Representative Of Hua Wei Ltd. Chen Wen-Hwa	77,594,849
Director	Representative Of Hua Wei Ltd. Liu Wen-Cheng	72,605,712
Director	Representative Of Li Ling Investment Company Ltd. Lee Bi-Jen	67,600,699
Director	Representative Of Yi Xin International Company Ltd. Lee Yu-Chia	62,598,252
Director	Representative Of Yi Xin International Company Ltd. Yu Chang-Min	59,557,186
Independent Director	Chen Hui-Yiu	58,074,615
Independent Director	Ou Shu-Fang	56,199,123
Independent Director	Chang Hung-jen	54,105,146
Independent Director	Lin Chi-Feng	52,132,578

(6)Agenda : Discuss the lifting of restrictions on competition for directors and their representatives.

Resolution : The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
72,199,765	71,605,894	155,195	0	438,676
100.00%	99.17%	0.21%	0.00%	0.60%

2. Important resolutions of the Board of Directors.

The important resolutions of the board of directors held by the Company during the period from the year 2023 to the date of printing of this annual report in 2024 are as follows :

Date/session number	Important agenda items and decisions
2023.02.24 16th 14th	1. Discuss the distribution of director and employee compensation for the year 2022.
	2. Approve the individual financial statements, consolidated financial statements, and business report for the year 2022.
	3. Approve the profit distribution plan for the year 2022.
	4. Discuss the amendment of the "Company Bylaws".
	5. Discuss the amendment of the "Rules of Procedure for Shareholders Meetings".
	6. Discuss the complete election of directors.
	7. Discuss the nomination and election of candidates for directors and independent directors.
	8. Discuss the lifting of restrictions on competition for directors and their representatives.
	9. Discuss the amendment of the "Corporate Governance Best Practice Principles".
	10. Approve the convocation of the physical shareholders' meeting for the year 2023.
	11. Approve the assessment of the effectiveness of the internal control system and the declaration of the internal control system for the year 2022.
	12. Discuss the proposal for compensation/attendance fees for the directors of the 17th Board of Directors, the 2nd Audit Committee, and the 5th Remuneration Committee.
	13. Discuss the amendment of the "Internal Control System".
	14. Discuss the payment of auditor fees and evaluation of their independence.
	15. Discuss the establishment of the "General Principles for Pre-Approval of Non-Audit Services Policy" with Deloitte Taiwan.
	16. Approve the establishment of credit limits with various financial institutions.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.05.10 16th 15th	1. Approved the Q1 consolidated financial statements for the year 2023.
	2. Discuss the appointment of a corporate governance officer.
	3. Discussion on the revision of the "Standard Operating Procedure for Handling Director Requests."
	4. Approved the credit limit agreements with various financial institutions.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.05.26 17th 1st	1. Request for the election of Chairman and Vice Chairman.
	Election Result: All attending directors unanimously elected Director Lee Chen-Chia as Chairman, and Director Lee Yi-Li as Vice Chairman.
	2. Request for the appointment of members to the fifth term of the Compensation Committee.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.

Date/session number	Important agenda items and decisions
2023.08.02 17th 2nd	1. Approved the Q2 consolidated financial statements for the year 2023.
	2. Request to discuss the revision of the "Organization Regulations of the Compensation Committee" within our company.
	3. Request for the appointment of one member to the fifth term of the Compensation Committee.
	4. Approved the credit limit agreements with various financial institutions.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.11.08 17th 3rd	1. Approved the Q3 consolidated financial statements for the year 2023.
	2. Discuss the operational plan for the year 2024.
	3. Discussion on the revision of the "Operating Procedures for Transactions with Specific Companies, Group Enterprises, Related Parties, and Related Enterprises" within the company.
	4. Discuss the revision of the "Risk Management Policies and Procedures" of the company.
	5. Discuss the internal audit plan for the year 2024.
	6. Approval of the appointment of the internal audit director of the company.
	7. Discussion on the additional budget for the construction of factory buildings in the Yangmei District of Taoyuan City.
	8. Discuss the year-end and performance bonus distribution for the year 2023.
	9. Approve the short-term credit limit with various financial institutions.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2024.02.27 17th 4th	1. Discuss the distribution of director and employee compensation for the year 2023.
	2. Approve the individual financial statements, consolidated financial statements, and business report for the year 2023.
	3. Approve the profit distribution plan for the year 2023.
	4. Discuss the amendment of the "Company Bylaws".
	5. Discuss the lifting of restrictions on competition for directors.
	6. Approve the convocation of the physical shareholders' meeting for the year 2024.
	7. Recognition of capital expenditure for equipment acquisition.
	8. Approve the assessment of the effectiveness of the internal control system and the declaration of the internal control system for the year 2023.
	9. Discuss the amendment of the "Internal Control System" and "The internal control self-assessment procedure".
	10. Discuss the revision of the "Board Meeting Rules and Procedures" of the company.
	11. Discussion on the revision of the "Audit Committee Charter".
	12. Approval of the replacement of the company's auditor, auditor remuneration, and assessment of their independence.
	13. Discussion on the process and general policies for reconfirming the pre-approval procedure of non-assurance services with Deloitte Taiwan, a joint venture accounting firm, and its affiliated enterprises, as well as the list of non-assurance services.
	14. Approve the establishment of credit limits with various financial institutions.
The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.	

3. Review of the implementation of resolutions passed at the 2023 Annual Shareholders' Meeting.

Resolution items	Execution status
1. Approve the individual financial statements, consolidated financial statements, and operating report for the year 2022.	As announced on the day of the shareholders' meeting.
2. Approve the profit distribution plan for the year 2022.	A cash dividend of NTD1.10 per share will be distributed. The record date for the cash dividend is set to be July 3, 2023, and the payment date is set to be July 24, 2023. The total amount of cash dividend to be distributed is NTD146,206,768.
3. Discuss the amendment of the "Company Bylaws".	The change of registration has been approved by the Ministry of Economic Affairs and recorded on June 13th.
4. Discuss the amendment of the "Rules of Procedure for Shareholders Meetings".	The declared information has been publicly announced.
5. Discuss the complete election of directors.	The change of registration has been approved by the Ministry of Economic Affairs and recorded on June 13th.
6. Discuss the lifting of restrictions on competition for directors and their representatives.	The declared information has been publicly announced.

3.4.12 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof : In the latest fiscal year and up until the date of printing of the annual report, the directors of the Company have not expressed any dissenting opinions regarding the important resolutions passed by the Board of Directors.

3.4.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer :

2024.03.31

Job title	Name	Date of Appointment	Termination date	Resignation or termination reason
Chief Internal Auditor	Shih Liang-Ching	2020.08.12	2023.08.31	Resignation

3.5 Information Regarding the Company's CPA Fee

Amount unit: NTD thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fee	Non-audit fees	total	Remark
Deloitte & Touche Taipei, Taiwan Republic of China	Chen Chao-Mei	2023/01/01 2023/12/31	2,210	250	2,460	
	Yu Cheng-Chuan					

3.5.1 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed : None.

3.5.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed.: None.

3.6 Information on the Replacement of CPAs:

If the Company has replaced its certified public accountant within the last two fiscal years or any subsequent interim period, it shall disclose the following information:

3.6.1 Regarding the former CPAs

Date of change	Approved by the Board of Directors on February 27, 2024		
Reason and description of the change	In line with internal organizational adjustment of Deloitte & Touche, the Company's CPAs for financial statements from Q1 2024 were replaced by Huang Hai-yue, Yu Chen-Chuan from Chen Chao-Mei and Yu Chen-Chuan.		
Explain whether the company or the CPA terminated or discontinued the engagement	Contracting parties	CPA	The Company
	Situation		
	Voluntarily terminated the engagement	N/A	N/A
	Discontinued the engagement	N/A	N/A
An audit report issued during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason	During the past two years, the CPAs did not issue an audit report containing an opinion other than an unqualified opinion.		
Different opinions from the issuer	Yes		Accounting principle or practice
			Disclosure of financial report
			Audit scope or steps
			Other
	None	V	
	Explanatory Notes: None.		
Other matters for disclosure (matters covered in items 1-4 to 1-7, subparagraph 6, Article 10 of these Regulations should be disclosed)	None		

3.6.2 Regarding the successor CPA

Accounting Firm	Deloitte & Touche
Name of CPA	Huang Hai-yue , Yu Chen-Chuan
Date of engagement	Approved by the Board of Directors on February 27, 2024
If prior to the formal engagement of the successor CPA, the company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the company's financial report	None
Written views of the former CPA on which the successor disagreed with the former CPA	None

3.6.3 Reply letter from the former CPA regarding matters covered in items 1 and 2-3, subparagraph 6, Article 10 of these Regulations: None.

3.7 Any of the Company's chairman, general manager, or managers in charge of finance or accounting held a position in the CPA's firm or its affiliates in the most recent year: None.

3.8 Transfer of Stock Options and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of Annual Report:

3.8.1 Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders:

Job title	Name	2023		As of Mar. 31, 2024	
		Shareholding Increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Lee Chen-Chia (Note1)	0	0	0	0
Chairman	Cheng Yi Investment Company Ltd. Representative : Lee Chen-Chia (Note2)	0	0	0	0
Vice Chairman	Representative : Lee Yi-Li	0	0	0	0
Director	Representative :Lai Yu-Ju (Note2)	0	0	0	0
Director	Representative : Lee I-Lin (Note1)	0	0	0	0
Director	Li Ling Investment Company Ltd. Representative : Lee I-Lin (Note2)	0	0	0	0
Director	Representative : Lee Bi-Jen (Note2)	0	0	0	0
Director	Representative : Lai Yu-Ju (Note1)	0	0	0	0
Director	Representative : Lai Ginn-Shyang (Note1)	0	0	0	0
Director	Chen Wen-Hwa (Note1)	0	0	0	0
Director	Yi Xin International Company Ltd. Representative : Lee Yu-Chia	(151,000)	0	(299,000)	0
Director	Representative : Yu Chang-Min (Note2)	0	0	0	0
Director	Representative : Lee Chan-Fwu (Note1)	0	0	0	0
Director	Hua Wei Ltd. (Note2) Representative :Chen Wen-Hwa(Note2)	0	0	0	0
Director	Representative : Liu Wen-Cheng(Note2)	0	0	0	0
Director	Mao Yuan Ltd. (Note1) Representative : Lee Bi-Jen (Note1)	0	0	0	0
Director	Representative : Liu Wen-Cheng(Note1)	0	0	0	0
Independent Director	Tsai Wen-Yu (Note1)	0	0	0	0
Independent Director	Chen Hui-Yiu	0	0	0	0
Independent Director	Ou Shu-Fang	0	0	0	0
Independent Director	Chang Hong-Jen (Note2)	0	0	0	0
Independent Director	Lin Chi-Feng (Note2)	0	0	0	0
General Manager	Lai Yu-Ju	0	0	0	0
Deputy General Manager Of Business Unit	Yu Chang-Min	0	0	0	0
Factory Director	Lin Ho-Chen	0	0	0	0
Financial Supervisor	Lu Shu-Chun	0	0	0	0
10% Major Shareholder	Cheng Yi Investment Company Ltd.	0	0	0	0
10% Major Shareholder	Phytohealth Corp.	0	0	0	0
10% Major Shareholder	Li Ling Investment Company Ltd.	0	0	0	0

Note 1: Directors stepped down on May 26, 2023.

Note 2: Directors took office on May 26, 2023.

3.8.2 The counterparty for the transfer or pledge of stock options is a related party: None.

3.9 Information of Relationship among Top 10 Shareholders Who Are Related, Spouses, or Relatives within the Second Degree of Kinship:

March 31, 2024

Name(Note1)	Shareholding		Shareholding of spouse and minor children		Total Shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Cheng Yi Investment Company Ltd. Chairman: Lee Chen-Chia	23,594,819	17.75%	0	0.00%	0	0.00%	Lee Chen-Chia	Chairman Of The Company	
	2,697,451	2.03%	0	0.00%	0	0.00%	Lee Yi-Li	Father And Daughter	
Phytohealth Corp. Chairman: Lee Yi-Li	16,737,700	12.59%	0	0.00%	0	0.00%	Lee Yi-Li	Chairman Of The Company	
	1,392,000	1.05%	205,000	0.15%	0	0.00%	Lee Chen-Chia	Father And Daughter	
Li Ling Investment Company Ltd. Chairman: Lee Chen-Chia	14,946,556	11.25%	0	0.00%	0	0.00%	Lee Chen-Chia	Chairman Of The Company	
	2,697,451	2.03%	0	0.00%	0	0.00%	Lee Yi-Li	Father And Daughter	
Chen Wen-Hwa	3,602,381	2.71%	477,886	0.36%	0	0.00%	None	Company Director	
Cheng Hsin Investment Company Ltd. Chairman: Lee Chen-Chia	3,136,537	2.36%	0	0.00%	0	0.00%	Lee Chen-Chia	Chairman Of The Company	
	2,697,451	2.03%	0	0.00%	0	0.00%	Lee Yi-Li	Father And Daughter	
Lee Chen-Chia	2,697,451	2.03%	0	0.00%	0	0.00%	Lee Yi-Li	Father And Daughter	
Yi Xin International Company Ltd. Chairman: Lee Yu-Chia	1,550,000	1.17%	0	0.00%	0	0.00%	None	Company Director	
	104,500	0.08%	10,000	0.01%	0	0.00%	Lee Chen-Chia	Brothers And Company Directors	
Tsai Mao-Zhen	1,514,000	1.14%	0	0.00%	0	0.00%	None	None	
Lee Yi-Li	1,392,000	1.05%	205,000	0.15%	0	0.00%	Lee Chen-Chia	Father, Daughter And Company Vice Chairman	
Huang Chao-Yu	1,160,000	0.87%	0	0.00%	0	0.00%	None	None	

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers

3.10 Shares Held by Company, Directors, Managers of Company, and Businesses Controlled Directly or Indirectly by Company of Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio:

March 31, 2024

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Phytohealth Corp.	35,130,698	17.69%	796,845	0.40%	35,927,543	18.09%
Lu Te Na Company Ltd.	700,000	35.00%	0	0.00%	700,000	35.00%
Amcad Biomed Corp.	3,473,783	6.52%	928,247	1.74%	4,402,030	8.26%
Maywufa Corporation	8,500,000	100.00%	0	0.00%	8,500,000	100.00%
Broadsound Corp.	2,019,000	10.00%	300,000	1.49%	2,319,000	11.49%

Note : This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method

4. Capital Overview

4.1 Capital and shares

4.1.1 Source of Capital

1. Sources of Capital

Unit: Shares; NTD

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of capital	Capital paid in by assets other than cash	Other
05/1987	1,000	30,000	30,000,000	30,000	30,000,000	Cash capital increase	None	None
03/1988	1,000	50,000	50,000,000	50,000	50,000,000	Cash capital increase	None	None
04/1989	1,000	80,000	80,000,000	80,000	80,000,000	Cash capital increase	None	None
12/1989	10					Capital increase of NTD 2,900,000 from capital reserve	None	None
	10	11,240,000	112,400,000	11,240,000	112,400,000	Capital increase of NTD 4,500,000 from accumulative surplus		
	15					Cash capital increase NTD 25,000,000		
03/1990	10					Capital increase of NTD 11,240,000 from capital reserve	None	None
	25	17,800,000	178,000,000	17,800,000	178,000,000	Cash capital increase NTD 54,360,000		
03/1991	10	28,000,000	280,000,000	20,470,000	204,700,000	Capital increase of NTD 17,800,000 from capital reserve Capital increase of NTD 8,900,000 from accumulative surplus	None	None
11/1993	10	28,000,000	280,000,000	24,564,000	245,640,000	Capital increase of NTD 10,235,000 from capital reserve Capital increase of NTD 30,705,000 from accumulative surplus	None	None
07/1994	10	28,000,000	280,000,000	27,020,400	270,204,000	Capital increase of NTD 12,282,000 from capital reserve Capital increase of NTD 12,282,000 from accumulative surplus	None	None
09/1995	10	37,000,000	370,000,000	30,262,848	302,628,480	Capital increase of NTD 27,020,400 from capital reserve Transfer accumulated surplus to capital increase of NTD 5,404,080	None	None
07/1996	10	37,000,000	370,000,000	31,170,734	311,707,340	Capital increase of NTD 9,078,860 from accumulative surplus	None	Note 1
06/1997	10					Capital increase of NTD 18,702,440 from capital reserve	None	Note 2
	10	60,000,000	600,000,000	43,411,223	434,112,230	Capital increase of NTD 18,702,450 from accumulative surplus		
	54					Cash capital increase of NTD 85,000,000		
06/1998	10	60,000,000	600,000,000	52,093,469	520,934,690	Capital increase of NTD 43,411,230 from capital reserve Capital increase of NTD 43,411,230 from accumulated surplus	None	Note 3
06/1999	10	60,000,000	600,000,000	58,344,685	583,446,850	Capital increase of NTD 31,256,080 from capital reserve Capital increase of NTD 31,256,080 from accumulative surplus	None	Note 4
06/2000	10	116,000,000	1,160,000,000	65,346,047	653,460,470	Capital increase of NTD 70,013,620 from accumulated surplus	None	Note 5
06/2001	10	116,000,000	1,160,000,000	70,573,730	705,737,300	Capital increase of NTD 52,276,830 from capital reserve	None	Note 6

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of capital	Capital paid in by assets other than cash	Other
08/2004	10	116,000,000	1,160,000,000	96,916,868	969,168,680	Consolidated capital increase NTD263,431,380	None	Note 7
07/2005	10	116,000,000	1,160,000,000	100,793,542	1,007,935,420	Capital increase of NTD 38,766,740 from capital reserve	None	Note 8
07/2006	10	116,000,000	1,160,000,000	103,313,380	1,033,133,800	Capital increase of NTD 25,198,380 from capital reserve	None	Note 9
06/2007	10	116,000,000	1,160,000,000	105,896,214	1,058,962,140	Capital increase of NTD 25,828,340 from capital reserve	None	Note 10
08/2009	12.3	160,000,000	1,600,000,000	125,896,214	1,258,962,140	Private placement cash capital increase NTD246,000,000	None	Note 11
11/2009	12.2	160,000,000	1,600,000,000	126,981,214	1,269,812,140	Employee stock option shares 1,085,000 shares	None	Note 12
12/2009	12.2	160,000,000	1,600,000,000	127,201,214	1,272,012,140	Employee stock option shares 220,000 shares	None	Note 13
07/2010	10	160,000,000	1,600,000,000	130,381,244	1,303,812,440	Capital increase of NTD 31,800,300 from capital reserve	None	Note 14
09/2010	11.9	160,000,000	1,600,000,000	130,537,744	1,305,377,440	Employee stock option shares 156,500 shares	None	Note 15
01/2011	11.9	160,000,000	1,600,000,000	130,620,244	1,306,202,440	82,500 employee stock options	None	Note 16
04/2011	11.9	160,000,000	1,600,000,000	130,757,744	1,307,577,440	Employee stock options 137,500 shares	None	Note 17
05/2011	11.9	160,000,000	1,600,000,000	131,395,244	1,313,952,440	637,500 employee stock options	None	Note 18
01/2012	11.45	160,000,000	1,600,000,000	132,132,744	1,321,327,440	855,500 employee stock subscription shares and repurchased treasury shares, cancellation of capital reduction of 118,000 shares	None	Note 19
04/2012	11.45	160,000,000	1,600,000,000	132,162,744	1,321,627,440	Employee stock option shares 30,000 shares	None	Note 20
07/2012	11.45	160,000,000	1,600,000,000	132,915,244	1,329,152,440	Employee stock option shares 752,500 shares	None	Note 21
06/2020	10	300,000,000	3,000,000,000	132,915,244	1,329,152,440	Shareholders' meeting increases authorized capital	None	Note 22

- Note 1: The approval date and document number of the Securities and Futures Commission: July 04, 1996 (85) Tai Cai Zheng (1) No. 41383.
- Note 2: The approval date and document number of the Securities and Futures Commission: June 06, 1997 (86) Tai Cai Zheng (1) No. 42249.
- Note 3: The approval date and document number of the Securities and Futures Commission: June 1, 1998 (87) Tai Cai Zheng (1) No. 47396.
- Note 4: The approval date and document number of the Securities and Futures Commission: May 13, 1999 (88) Tai Cai Zheng (1) No. 44501.
- Note 5: The approval date and document number of the Securities and Futures Commission: June 20, 2000 (89) Tai Cai Zheng (1) No. 52883.
- Note 6: The approval date and document number of the Securities and Futures Commission: June 14, 2001 (90) Tai Cai Zheng (1) No. 138019.
- Note 7: Approval date and document number of the Financial Supervision and Administration Commission of the Executive Yuan: Jin Guan Zheng Yi Zi No. 0930136259 on August 20, 2004.
- Note 8: Approval date and document number of the Financial Supervision and Administration Commission of the Executive Yuan: Jin Guan Zheng Yi Zi No. 0940126178 on July 06, 2005.
- Note 9: Approval date and document number of the Financial Supervision and Administration Commission of the Executive Yuan: Jin Guan Zheng Yi Zi No. 0950129320 on July 10, 2006.
- Note 10: Approval date and document number of the Financial Supervision and Administration Commission of the Executive Yuan: Jin Guan Zheng Yi Zi No. 0960033067 on June 29, 2007.
- Note 11: On August 17, 2009, the Ministry of Economic Affairs approved the letter No. 09801174900 of Shangzi.
- Note 12: On November 18, 2009, the Ministry of Economic Affairs was approved by the No. 09801267920 Letter of Shoushang Zi.
- Note 13: On December 31, 2009, the Ministry of Economic Affairs was approved by the letter No. 09801300680 of Shangzi.
- Note 14: Approval date and document number of the Financial Supervision and Administration Commission of the Executive Yuan: Jin Guan Zheng Fa Zi No. 0990034725 on July 06, 2010.
- Note 15: On September 10, 2010, the Ministry of Economic Affairs was approved by the letter No. 09901204600 of Shangzi.
- Note 16: On January 11, 2011, the Ministry of Economic Affairs was approved by the letter No. 09901292080 of Shangzi.
- Note 17: On April 1, 2011, the Ministry of Economic Affairs was approved by the letter No. 10001064410 of Shangzi.
- Note 18: On May 4, 2011, the Ministry of Economic Affairs was approved by the letter No. 10001089880 of Shangzi.

Note 19: On January 09, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101003910 of Shangzi.

Note 20: On April 2, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101057050 of Shangzi.

Note 21: On July 5, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101131570 of Shangzi.

Note 22: On June 18, 2020, the Ministry of Economic Affairs was approved by the letter No. 1001103360 of Shangzi.

2. Type of stock

March 31, 2024

Type of stock	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	132,915,244 shares	167,084,756 shares	300,000,000 shares	Listed stocks

3. Related information of the general declaration system: Not applicable.

4.1.2 Composition of Shareholders

March 31, 2024

Shareholder composition Quantity	Government agencies	Financial institution	Other legal entities	Individuals	Foreign institution and foreign individuals	Total
No. of shareholders	1	2	50	18,706	31	18,790
No. of shares held	15	213,061	62,885,099	65,533,485	4,283,584	132,915,244
Shareholding ratio	0.00%	0.16%	47.31%	49.31%	3.22%	100.00%

4.1.3 Distribution of Shareholding:

The total number of shares issued by the company is 132,915 thousand shares, all of which are ordinary shares. The distribution of shares is as follows:

Par value of NTD10 per share

March 31, 2024

Shareholding range	No of shareholders	Shareholding(shares)	Shareholding(%)
1 to 999	11,512	677,670	0.51%
1,000 to 5,000	5,575	11,099,078	8.35%
5,001 to 10,000	820	6,398,978	4.81%
10,001 to 15,000	288	3,618,167	2.72%
15,001 to 20,000	169	3,115,044	2.34%
20,001 to 30,000	126	3,246,596	2.44%
30,001 to 40,000	57	2,017,356	1.53%
40,001 to 50,000	54	2,476,538	1.86%
50,001 to 100,000	93	6,576,655	4.95%
100,001 to 200,000	47	6,674,258	5.02%
200,001 to 400,000	25	7,175,133	5.40%
400,001 to 600,000	8	4,174,516	3.14%
600,001 to 800,000	1	605,000	0.46%
800,001 to 1,000,000	4	3,647,811	2.74%
More than 1,000,001 shares	11	71,412,444	53.73%
Total	18,790	132,915,244	100.00%

4.1.4 List of Major Shareholders

March 31, 2024

Name of major shareholder	Shares	Shareholding (shares)	Shareholding (%)
Cheng Yi Investment Company Ltd.		23,594,819	17.75%
Phytohealth Corp.		16,737,700	12.59%

Name of major shareholder	Shares	Shareholding (shares)	Shareholding (%)
Li Ling Investment Company Ltd.		14,946,556	11.25%
Chen Wen-Hwa		3,602,381	2.71%
Cheng Hsin Investment Company Ltd.		3,136,537	2.36%
Lee Chen-Chia		2,697,451	2.03%
Yi Xin International Company Ltd.		1,550,000	1.17%
Tsai Mao-Zhen		1,514,000	1.14%
Lee Yi-Li		1,392,000	1.05%
Huang Chao-Yu		1,160,000	0.87%

4.1.5 Provide share prices for the past 2 fiscal year, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Item		Fiscal year	2022	2023	As of Mar. 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		24.20	26.35	28.35
	Lowest		16.60	19.25	21.90
	Average		20.30	22.11	24.82
Net worth per share (Note 2)	Before distribution		15.02	15.33	(Note 10)
	After distribution		13.92	—	
Earnings per share	Weighted average shares		132,915,244	132,915,244	132,915,244
	Earnings per share (Note 3)		1.22	1.27	—
Dividends per share	Cash dividends		1.10	1.15 (Note 9)	—
	Stock dividends	Dividends from retained earnings	0.00	0.00	—
		Dividends from capital reserve	0.00	0.00	—
Accumulated undistributed dividends (Note 4)			0.00	0.00	—
Return on investment analysis	Price/earnings ratio (Note 5)		15.44	16.87	—
	Price/dividend ratio (Note 6)		17.13	18.63	—
	Cash dividend yield (Note 7)		5.84%	5.37%	—

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

Note 2 : Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

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

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

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

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

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

Note 8 : Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9 : The cash distribution of NTD1.15 for surplus distribution has been approved by the board of directors on February 27, 2024 , but has not yet been approved by the resolution of the shareholders' meeting.

Note10 : As of the publication date of the annual report, the financial statements for the first quarter of 2024 have not been reviewed by accountants.

4.1.6 Dividend Policy and Implementation Status of the Company

1. Dividend policy formulated in the Articles of Incorporation:

According to Article 29 of the company's bylaws, in the event of annual profits, after payment of all taxes and compensation for previous years' losses, a statutory surplus reserve of 10% and any adjusted special surplus reserve should be set aside in accordance with the law. The remaining balance, along with any undistributed profits from previous years, should be used to propose a profit distribution plan by the board of directors, with at least 50% to be distributed to shareholders following approval at a shareholders' meeting. Our dividend policy is determined by the company's earnings, taking into account our long-term development plan and maintaining a stable financial structure. We prioritize appropriate cash dividends and stock dividends in proportion to the profits. If stock dividends are issued, they must account for at least 10% of the total dividend for the year..

2. Proposal of share distribution on this shareholders' meeting:

Unit: NTD

Unappropriated retained earnings for previous years	135,795,760
Plus: Net profit for 2023	169,098,058
Plus : remeasurement of defined benefit plan recognized in the retained earnings	(802,741)
Plus: disposals of investments in equity instruments measured at FVOCI	455,211
Adjusted unappropriated retained earnings after net profit plus other items calculated into	168,750,528
Less: 10% legal reserve	(16,875,053)
Plus: special reserve	16,340,843
Earnings available for distribution for 2023	304,012,078
Distribution Items :	
Plus : Common share dividends – Cash (NTD1.15 /per share)	(152,852,531)
Unappropriated retained earnings at the end of the period	151,159,547

3. Description of Expected Significant Changes in Dividend Policy: None.

4.1.7 The effects of stock grants drafted by this shareholders' meeting on The Company's operating performance and earnings per share:

The company intends to distribute cash dividends in full this year, so it is not applicable.

4.1.8 Compensation of Employees, Directors and Supervisors:

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

According to Article 28 of our company's articles of association, if our company generates profits in a year (which refers to the pre-tax income minus employee and director compensation), after reserving an amount for accumulated losses, a certain percentage (3-6%) should be set aside for employee compensation and no more than 4% for director compensation. This decision must be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of those present agreeing, and reported to the shareholders' meeting. Employee compensation may be paid in the form of stocks or cash, and may include subsidiary companies that meet certain conditions.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for 2023:

The company estimates employee and director compensation as a percentage of the profit before tax, as specified in the articles of incorporation, and deducts it from the

current year's profit. If the actual distribution amount differs from the estimated amount, the difference is adjusted through accounting estimates and recognized as an impact on the following year's income statement.

3. The status for distribution of remuneration passed by the board of directors::

- (1) If there is any discrepancy between the amount of employee remuneration and director remuneration distributed in cash or stock and the estimated amount in the recognized expense year, the discrepancy, reason and handling situation shall be disclosed:

On February 27, 2024, the board of directors of our company approved the distribution of cash employee compensation of NTD6,639 thousand and director remuneration of NTD4,426 thousand, which is not different from the estimated amount for the year.

- (2) The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period: The company does not distribute employee remuneration by stock, so it is not applicable.

4. The actual distribution of remuneration for employees and directors in the previous fiscal year (including shares distributed, monetary amount, stock price) and any discrepancy between the actual distributed amount and amount of compensation for employees and directors. The discrepancy, cause, and response shall be stated:

Actual employee compensation and director remuneration distributed in the previous year were NTD6,580 thousand and NTD4,386 thousand, respectively, which were in line with the estimated amounts for the year.

4.1.9 Buyback of Treasury Stock: In the most recent year and up to the date of publication of the annual report, the company has not repurchased the company's shares.

- 4.2 Corporate bonds: None**
- 4.3 Preferred shares: None.**
- 4.4 Global depository receipts: None.**
- 4.5 Employee share subscription warrants and new restricted employee shares: None.**
- 4.6 Mergers or acquisitions or with acquisitions of shares of other companies: None .**
- 4.7 Implementation of Capital Utilization Plan: None.**

5. OPERATION SUMMARY

5.1 Business Content

5.1.1 Business Scope

1. Main areas of business operations:

- (1) Manufacturing, processing, distribution, wholesale, and agency of various hair care products (including cleaning agents) and soaps.
- (2) Manufacturing, processing, distribution, wholesale, and agency of various cosmetics (excluding highly toxic substances), as well as general merchandising (with the exception of cosmetics manufacturing limited to the main factory).
- (3) Distribution, wholesale, and retail of various beauty products, health products, and sports equipment.
- (4) Agency, distribution, wholesale, and retail of various types of food, small household appliances, clothing, and daily necessities.
- (5) Retail and wholesale business of health food, such as vitamin pills and oral liquid nutritional supplements.
- (6) Sales and wholesale of pharmaceuticals and medical equipment.
- (7) Wholesale and retail of food, infant products, and general products with added vitamins, amino acids, and mineral nutrients.
- (8) Consulting, analysis, and advisory services related to pharmacy management.
- (9) Buying and selling of medical and health periodicals and magazines.
- (10) Planning, designing, managing, consulting, diagnosing, and analyzing environmental protection projects (excluding architect services).
- (11) Handling, designing, contracting, and constructing environmental protection projects such as waste gas, dust, noise, and smoke.
- (12) Buying and selling of various machinery and building materials.
- (13) Buying, selling, processing, and manufacturing of pet supplies and food.
- (14) C199990 Miscellaneous food manufacturing industry.
- (15) C802090 Cleaning products manufacturing industry.
- (16) F107030 Cleaning products wholesale industry.
- (17) F207030 Cleaning products retail industry.
- (18) F108021 Western medicine wholesale industry.
- (19) IG01010 Biotechnology services industry.
- (20) IZ06010 Sorting and packaging industry.
- (21) G801010 Warehousing industry.
- (22) Import and export trade and logistics of the aforementioned products and equipment, as well as agency, distribution, wholesale, and retail of the related products.

2. The proportion of The Company's Business:

Unit ; NTD thousands

Major Divisions	2023		2022	
	Sales	(%) of Total Sales	Sales	(%) of Total Sales
Consumer Business Unit	891,012	69%	883,115	71%
Pharmaceutical Business Unit	409,709	31%	361,990	29%
Total	1,300,721	100%	1,245,105	100%

3. Main product:

The company's products include pharmaceuticals, medical equipment, nutritional supplements, women and infant skincare products, shampoo, conditioner, body wash, styling products, hair care products, and hair dye, etc.

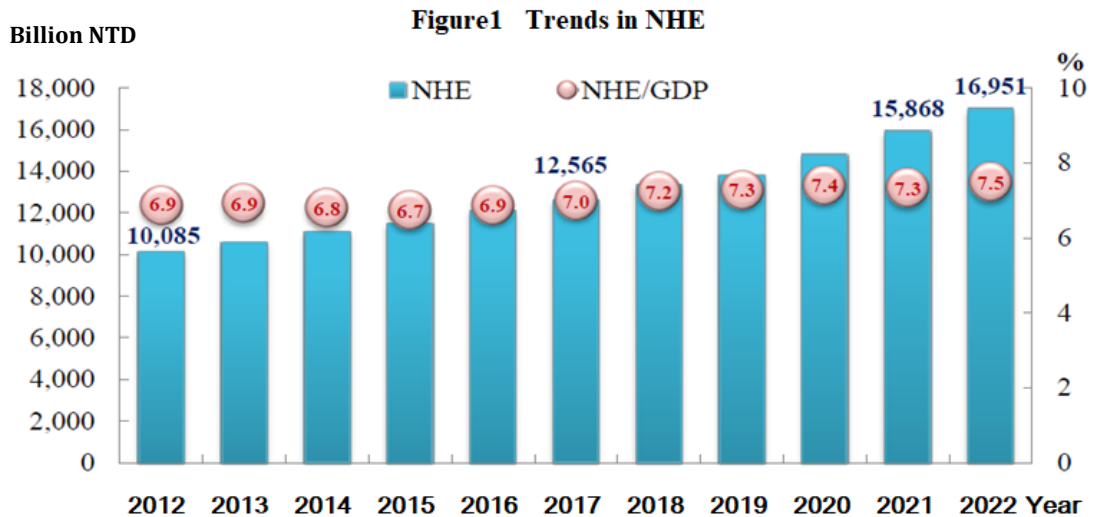
4. New products development:

- (1) Maywufa[®] Herbal Color Cream (New Color)
- (2) Maywufa[®] Colorful Hair Color Cream (New Color)
- (3) Maywufa[®] Perfume Series (New Perfume Shampoo/Body Wash)
- (4) SAHOLEA[®] (Line Extension)

5.1.2 Industry Overview

1. Overview and development of industry:

- (1) The market for personal care products is highly competitive. In order to meet the rising demand of consumers for product differentiation, it is necessary to continuously develop new products to satisfy customers. In addition, foreign companies use their heavy advertising resources and promotion activities to constantly introduce new products to compete for market share, resulting in shortened product life cycles. Transparent shampoo and shower gel products are still our company's niche products. We have successfully launched a perfume series and introduced a high-priced, high-quality hair care series in Taiwan and mainland China. Besides, we have significant advantages in marketing strategy and operations, distribution channels, and hair dye market leadership position.
- (2) In recent years, consumers have placed increasing importance on caring for the skin of mothers and babies with the declining birth rates. Multinational giants have entered the market, offering a variety of products that cater to the different needs of babies' skin based on their skin types and requirements. This has provided total care and protection for the skin of mothers and babies.
- (3) According to the estimation by the National Development Council of population structure changes, Taiwan has entered an aging society, which has led to an increase in healthcare demand. Based on data from the Department of Statistics of the Ministry of Health and Welfare, Taiwan's national healthcare expenditure (NHE) was NTD1.6951 trillion in 2022, representing a 6.8% increase compared to the previous year (2021) and accounting for 7.5% of the GDP (NTD22.6978 trillion). The average NHE per person was NTD72,687, which is an 7.5% increase compared to the previous year.

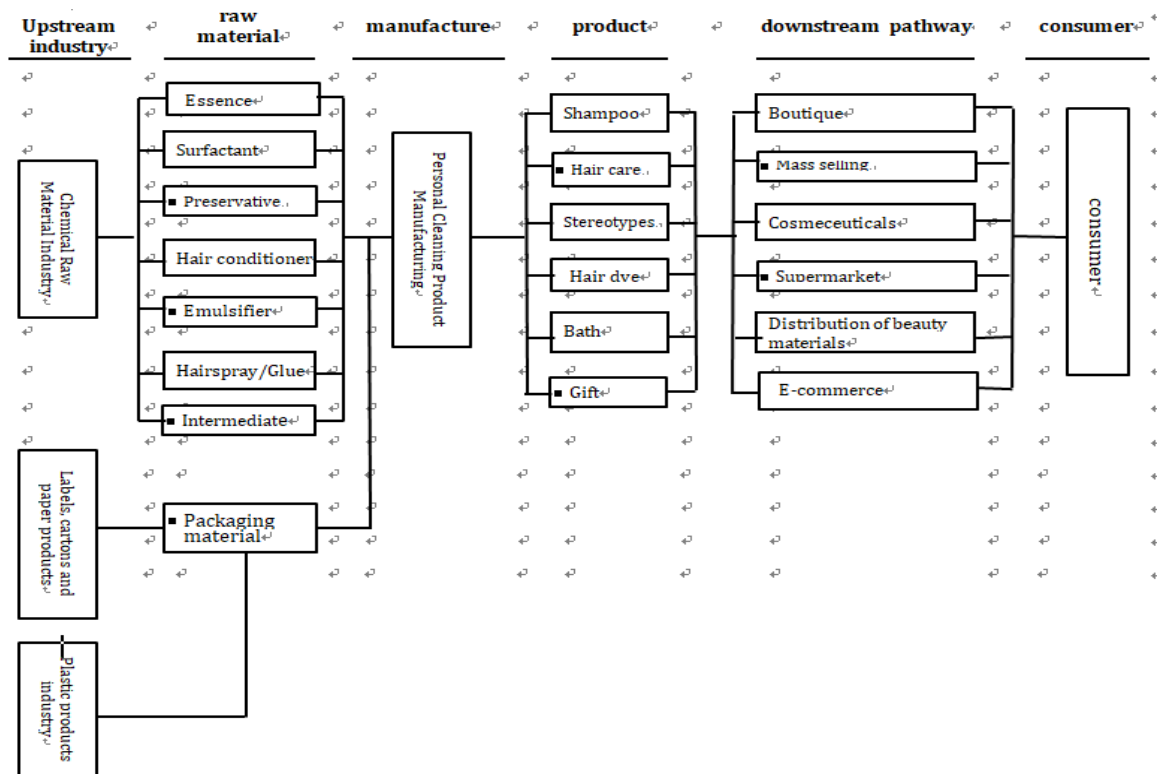


Sources :
Ministry of Health and Welfare

2. Industry Relationships among Upstream, Midstream, and Downstream:

(1) Consumer Business Unit:

Our consumer business unit currently produces a range of products including hair dye, shampoo, conditioner, shower gel, body lotion, styling products, and gift sets. These products are sold to consumers through personal care stores, hyper channels, supermarkets, distributors, and e-commerce channels. and. The upstream, midstream, and downstream relationships in this industry are listed as follows:



(2) Pharmaceutical Business Unit:

Our company has a professional pharmaceutical marketing and sales team that serves as the conduit between domestic and foreign drug manufacturers and consumers, providing the professional and reliable products and services required by the healthcare market. The industry can be broadly divided into upstream, midstream, and downstream sectors.

① Upstream:

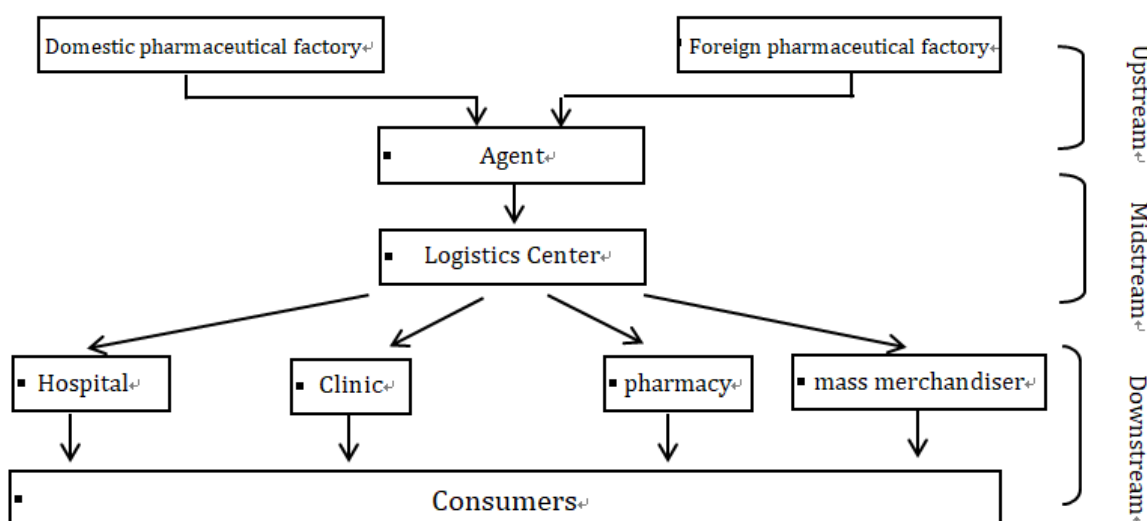
Domestic and foreign pharmaceutical companies..

② Midstream:

Includes agents and logistics centers, which serve as intermediaries in the distribution of products. In addition to assisting in bringing products to the market, agents also play roles in marketing, market research, distribution, and logistics, ensuring seamless product usage and service by downstream customers and consumers.

③ Downstream:

Includes various hospitals, pharmacies, clinics, and retailers such as chain drug stores. As mentioned above, the upstream, midstream, and downstream relationships in the pharmaceutical distribution industry can be illustrated as follows:



3. Development Trend and Competition Situation:

(1) Development Trend:

① Consumer Business Unit:

I. Multi-functional products and multi-brand strategy:

To meet the various needs of customers, manufacturers need to provide a series of products with different benefits, including different brands, ingredients, and enhanced product functionality to satisfy specific market segments, and expand its market share.

II. Marketing is the key to win customers:

As the market is filled with cosmetic products, and the appeals are similar with high substitutability between brands, consumers often lack brand loyalty. Manufacturers need to invest significant funds and manpower in advertising to maintain brand awareness, and to strive to make products in massive channels, providing consumers with convenience to purchase. In addition, promotions can stimulate consumer purchasing desires, which is crucial for manufacturers.

② Pharmaceutical Business Unit:

- I. With the improvement of living environment and the enhancement of quality of life, domestic consumers' health awareness has increased, and the incidence of chronic diseases related to modern lifestyle has risen. The aging of the population has become a trend, and social consciousness has gradually shifted from disease treatment to health maintenance. Therefore, in addition to demanding the efficacy of drugs for disease treatment, people also attach great importance to products that can help maintain their health. Currently, the pharmaceutical industry is investing significant efforts in the development of health products, recognizing their market potential. There is also a high level of research and development for such health and wellness products overseas, offering consumers choices that enhance health and quality of life. Emphasizing preventive medicine and wellness is a global market trend.
- II. As the leading causes of death shift to non-communicable diseases, with nearly one-sixth of deaths caused by cancer, the global healthcare trend for cancer treatment is gradually shifting from the focus on fighting medicine to holistic care. Therefore, the market for cancer treatment, as well as tumor nutrition and health supplements, is becoming increasingly important.

(2) Competition Situation:

① Consumer Business Unit:

- I. In recent years, consumers' demand for shampoo products has shifted from the simply cleaning hair to products that have special functions, feelings or fragrances, as well as diversified functions. Many brands have entered the market successively, making the market competition more intense. The promotion of natural, plant-based, fragrant, and functional ingredients in beauty products has been embraced by specific groups.
- II. Taiwan e-commerce market is still growing rapidly, and consumer's demand becomes more diversified. Coupled with the trend of the e-commerce market, independent e-commerce brands have a strong appeal to consumers.

② Pharmaceutical Business Unit:

- I. There are numerous organizations or companies both domestic and international, engaged in the research and development of new drugs, as well as health and wellness products. With a wide range of products with similar therapeutic effects and functions, the market competition is intense. To stand out and become a leading brand requires significant effort, optimizing marketing strategies and execution plans to gain a competitive advantage. As an agent, it is essential to have keen observation and judgment to identify the best and most suitable products to introduce into the domestic market.
- II. Due to the specialized nature of pharmaceuticals and the closed nature of their distribution channels, the sales targets are hospitals, clinics, and pharmacy pharmacists. Therefore, the professional level of marketing and sales personnel and the time required for training and development are much higher than in general industries. Having long-term stable specialist talent and training programs, high-quality and cohesive employees, relative to other industries, is a competitive advantage. To establish a foothold in this industry and achieve steady growth, besides obtaining sales agency for original drugs, it is also necessary to recruit excellent and experienced professional talent and teams.

5.1.3 Research and Development Status

1. Research and Development Expenses in the latest year and until the date of publication of the annual report ;

Unit: NTD Thousands

Year	2023	As of Mar 31, 2024
R & D Expense	17,454	5,376

2. Research and Development Achievements 2023:

We had 74 new items for both hair dyes and shampoos in 2023, including Maywufa[®] Herbal Color Cream, Maywufa[®] Oriental Herb Color Cream, ibubble Color Cream, Maywufa[®] Coloful Hair Color Cream, SAHOLEA[®] Premium, INNEX[®] Hair Care, BlackVerse Hair Care, Pure Selection Hair Care, Herbology Hair Care, IngreLux[®], Super Good Luck Hair Care and Black Polygonum. All of above delivered strong momentum and results.

5.1.4 Business Plans In Long and Short Terms

1. Short-term plans:

(1) Consumer Business Unit:

- ① Manage Important Channels:

We need to manage the important physical channels and cooperate with e-commerce channels in Taiwan. As for mainland China, we continuously develop distributor and group-buying channels, focus on e-commerce channel as a source of growth, and use a long-term strategy to enhance the brand image by developing high-end imported products.

- ② Develop Niche Products:

Maywufa[®] develops new products for both hair dyes and shampoos to meet more diversified customer demands, including new hair dye colors and functional shampoos for both physical and e-commerce channels.

- ③ Strengthen Digital Marketing:

As shopping behavior changes, we accelerate online social management, execute online campaigns, drive brand awareness, and establish brand image of high quality and efficacy image.

(2) Pharmaceutical Business Unit:

- ① Enhancing customer loyalty to the company's products and services by launching high quality continuous education program.

- ② In response to the needs of patients for disease treatment education, we work with various patient groups to plan and hold patient lectures, promoting disease education from north to south and increasing product awareness and brand image.

- ③ To increase product patient access, we expedite our listing plan from medical center to area hospitals. Experience sharing program among different institutions is key to strengthen product clinical experience in different patient type.

2. Long-term plans:

(1) Consumer Business Unit:

- ① Expand cross-border and export opportunities

Search for business partners, and actively expand cross-border and export opportunities.

- ② Expand channels and brands in mainland China:

Expand the mainland China market, cultivate distribution channels by regional distributors, deepen e-commerce channels and strengthen brands through awareness building.

- ③ Strengthen new products development:
Strengthen the development of new products, focus on mid-to-high-end products, and deliver channel differentiation.
 - ④ Adopt both medical and consumer approach:
Adopt a dual-track strategy for medical and consumer approach. Based on consumer usage and attitude study, we need to use more diverse channels to reach more pregnant mothers, and promote through professional channels, consumer channels, and e-commerce channels to strengthen loyalty and expand profits.
 - ⑤ Optimize e-commerce and online marketing:
In addition to building our own online channels, we continue to strengthen online marketing, APP marketing, etc., and embrace new digital marketing concepts and reapply to our brands.
- (2) Pharmaceutical Business Unit:
- ① Strengthen sales team's professional medical knowledge and selling skills to establish company brand in specialized medical market.
 - ② Actively introducing niche products to increase market share and competitiveness in key therapeutic area.
 - ③ Continuously accumulate local usage experience in line with future publication plan.
 - ④ Elevating treatment quality through strengthening patients' and their families' understanding of disease and treatment options .

5.2 Market Analysis and Sales Overview

5.2.1 Market Analysis

1. Main Product sales area:

Unit: NTD Thousands

Year \ Item	2021		2022		2023	
	Local	Export	Local	Export	Local	Export
Consumer Business Unit	910,457	35,330	854,448	28,667	869,442	21,570
Pharmaceutical Business Unit	343,379	45	361,973	17	409,709	0
Total	1,253,836	35,375	1,216,421	28,684	1,279,151	21,570

2. Market share

(1) Consumer Business Unit:

- ① Maywufa market share of hair dye is the leading position in Taiwan, over 30% of the market. Maywufa[®] Instant Coloring Cream has received lots recognitions, such as "National Biomedical Quality Award Bronze Award" and "SNQ Symbol of National Quality".
- ② Maywufa[®] perfume series is the leading brand in the transparent shampoo and shower gel market. In recent years, our functional hair care products have also received market recognition.

(2) Pharmaceutical Business Unit:

- ① The overall sales volume will increase year by year as marketing strategies are executed. To increase patent product access, we continue our hospital listing plan from key medical centersto area hospitals.
- ② PG2[®] is the first TFDA approved prescription drug with indication to treating cancer-related fatigue. Currently more than 90% of target hospitals have adopted PG2[®] usage during patient's cancer treatment.

- ③ According to global evidence, Cerebrolysin[®] is the multimodal neuropeptide to help regain independence of patient suffering from stroke, TBI and dementia. Cerebrolysin[®] has successfully been used in more than 15 medical centers, meanwhile, local hospitals have increased its adoption to extend clinical usage after patients discharge from medical center for post stroke rehabilitation. The product is included in the clinical consensus review literature of the domestic medical society in 2022.

3. Market Future Situation

(1) Consumer Business Unit:

- ① Our products are innovative, quality-approved, and trusted by customers. Maywufa has received numerous awards, such as "Reader's Digest Trusted Brand Gold Award and Platinum Award", "Taiwan Excellence Award", "SNQ Symbol of National Quality", "National Biomedical Quality Award Bronze Award", "Ideal Brand First Place", and "Good for Life and Health First Place", leading to a growing market share.
- ② The competition in shampoo and shower gel market is intense, resulting in price competition. However, we continue to select European fragrances to launch Maywufa[®] perfume series of shampoo and shower gel to maintain our leadership in the transparent shampoo market. We also develop functional shampoo and hair dye cream to expand Maywufa[®] more.
- ③ Parents are increasingly aware of the vulnerability and sensitivity of baby skin, which has led to an increase in demand for baby and maternity products.
- ④ Mustela brand offers maternity range for pregnancy skin and different baby ranges for different baby skin types usage. As the distributor in Taiwan, Mustela brand has won "Elite Award First Place" for years, which recognizes its profession and efficacy. All products are supervised and tested by experts, putting the safety of mothers, fetuses, and babies first. The goal is to protect and improve the skin conditions of mothers and babies with more natural and safer products.

(2) Pharmaceutical Business Unit:

According to statistics from the Ministry of the Interior, the aging population trend is evident in terms of population structure. With the advancement of technology and rapid spread of the internet, health and healthcare information has become a significant topic of interest. Moreover, due to the improvement of living standards and the younger onset of serious illnesses, the global pharmaceutical market continues to grow. With the rising concept of comprehensive care for cancer patients, supportive cancer treatment drugs and nutritional supplements will gradually gain prominence. In response to the changing medical market, establishing a professional pharmaceutical marketing team will be the key to success in dominating the market in the future.

4. Competitive Advantage

(1) Consumer Business Unit:

- ① As the only listed company in the hair care industry, our company enjoys a good corporate image. We have strong capabilities in product research and development, flexible marketing planning, experienced sales staff, a sound sales channel management, and good customer relationships.
- ② Mustela is the number one brand in Europe for infant and maternal skin care, dedicated to developing and producing professional skincare products to meet the special needs of babies and pregnant women. The formulas are carefully selected from plant-based ingredients, with a preference for more pure and natural "organic plants" as extraction sources. The products are manufactured using pharmaceutical standards, and have undergone 450 tests to ensure their effectiveness and safety before being launched. We actively pursue international organic and green certification, in order to provide more natural and safe products to care for the skin

of mothers and babies, while fulfilling corporate social responsibility, responding to environmental protection, and being friendly to the earth.

(2) Pharmaceutical Business Unit:

Our company has a professional team with expertise in managing sales channels and operating in the pharmaceutical market. This core competency is not easily replicable and continuously refined, and coupled with close collaboration across departments, enables our company to tackle various challenges and leverage our team's collective strength..

5. Opportunities and Threats in Future Company's Development

(1) Opportunities:

① Consumer Business Unit:

I. Well-established training system:

Company's management team possesses professional and scientific management knowledge, regularly trains and enhances employees' skills and efficiency. With harmonious relations between management and employees, the company is developing on the right track.

II. Strong products development, marketing and sales capabilities:

The market share of Maywufa[®] Hair Dye ranks first place, with strong capabilities in new product development, flexible marketing planning, experienced sales team and differentiated channel strategy. In addition, company has expanded to Mainland China market, and has increased cross-borders and exports to significantly improve its performance.

III High customer loyalty to Mustela brand:

Mustela, as the number one brand of infant and maternal skincare in Europe, produces products with professional, safe, and effective standards and quality, while fully practicing corporate social responsibility. It has high customer loyalty, repurchase and recommendation.

② Pharmaceutical Business Unit:

The global healthcare trend is gradually shifting from a focus on combatting diseases to providing holistic care and emphasizing quality of life. With the continuous increase in self-care awareness among the public in Taiwan, the market for supplementary treatment and self-care services for related diseases is becoming increasingly important.

(2) Threats and Actions:

① Consumer Business Unit:

I. Imported hair care brands are aggressively promoting in the domestic market through extensive advertising.

Actions:

Apply marketing strategies flexibly and maintain sales channel advantages; establish consumer loyalty to hair care products and actively promote through social media advertising.

II. Shampoo life cycle is shorter and competition is more intense.

Actions:

Optimize product portfolio and accelerate the development of new products. Increase production automation to reduce costs. Develop higher quality, mid-to-high price products to meet market demands and consumer preferences to offer more diverse choices for consumers, maintain brand recognition, and expand market share.

② Pharmaceutical Business Unit:

Due to changes in the domestic economic and business environment, consumer demand has become increasingly personalized. As a result, there is intense competition among products, and marketing strategies must constantly evolve, leading to increased operating costs.

Actions:

Strategies to address these challenges include integrating group resources, adjusting product sales strategies, strengthening channel management, reducing costs, and improving overall efficiency.

5.2.2 Purposes and production processes of main products

1. Main products:

Shampoo, conditioner, bath products, body lotion, styling products, hair care products, hair dye products, maternal and infant skincare products, medical drugs, health supplements.

2. Purposes of main products:

(1) Shampoo : Cleanses hair.

(2) Conditioner : Moisturizes hair.

(3) Bath products : Cleanses the skin.

(4) Body lotion: Moisturize skin.

(5) Hair care/styling products: Hair care, styling, and fixing.

(6) Hair dye: Hair dyeing.

(7) Maternal and infant skincare products : Improve dry skin and repair damaged skin.

(8) Medical drugs: Treat diseases and promote health.

(9) Health supplements : Provide nutrition and prevent diseases.

3. Production process:

(1) The production process of shampoo, conditioner, shower gel, sunscreen lotion, skin care lotion, hairspray, hair cuticle conditioner, hair conditioner and moisturizing hair lotion is the same as follows:

Raw materials→mixing and blending→quality control→filling→capping→labeling→packing→quality control→storage.

(2) The production process of hair dye is as follows:

Raw materials→mixing and blending→quality control→filling→semi-finished products→quality control→assembly→packing→quality control→warehousing.

5.2.3 Supply of main raw materials:

The company's hair care products mainly use raw materials such as emulsifiers, surfactants, hair conditioners, soap bases, and disinfectants. Except for imported fragrances, most of the other raw materials are sourced domestically. Our company has been established for a long time and has maintained good relationships with suppliers. The long-standing cooperation ensures a stable and sufficient supply of raw materials.

5.2.4 List of customers that account for more than 10% of total purchases (sales) within either of the last two years, their purchases (sales) amount and ratio, and reasons for changes in this amount and ratio

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

Thousands of NTD; %

Item	2022				2023				Up to the preceding quarter of the current fiscal year			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	A	73,611	21.14	Yes	A	96,859	24.47	Yes	Note			
2	B	42,138	12.10	None	B	49,148	12.41	None				
	Others	232,499	66.76		Others	249,874	63.12					
	Net Purchase	348,248	100.00		Net Purchase	395,881	100.00					

Note: As of the date of printing the annual report, the financial statements for the first quarter of the fiscal year 2024 have not been audited by the accountant.

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

thousands of NTD; %

Item	2022				2023				Up to the preceding quarter of the current fiscal year			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1.	S1	126,475	10.16	None	S1	99,506	7.65	None	Note			
2.	S2	120,557	9.68	None	S2	142,483	10.95	None				
	Other	998,073	80.16		Other	1,058,732	81.40					
	Net Sales	1,245,105	100.00		Net Sales	1,300,721	100.00					

Note: As of the date of printing the annual report, the financial statements for the first quarter of the fiscal year 2024 have not been audited by the accountant.

5.2.5 Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: ton/NTD thousands

Output Main products	Fiscal year	2022			2023		
		production capacity	Production volume	Production value	production capacity	Production volume	Production Value
hair dye & personal care product		2,650	2,158	287,386	2,650	2,069	291,470

5.2.6 Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: ton/NTD thousands

Sales Item	Year	2022				2023			
		Local		Export		Local		Export	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Consumer Business Unit		—	854,448	—	28,667	—	869,442	—	21,570
Pharmaceutical Business Unit		—	361,973	—	17	—	409,709	—	0

5.3 Information on employees for the past two years and up to the date of publication of the annual report

March 31, 2024

Year		2022	2023	As at Mar.31, 2024
Number of Employees	Technical staff	8	8	8
	Administration and Management	158	165	167
	Production staff	31	30	34
	Total	197	203	209
Mean age		45.39	45.52	45.37
Mean seniority in service		10.72	10.06	10.53
Degree Distribution Ratio	PhD	2	2	2
	Master	27	29	32
	Junior College	112	120	119
	High School	48	45	47
	Below High School	8	7	8

5.4 Environmental protection expenditures:

5.4.1 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None .

5.4.2 Disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The company has obtained the Taoyuan City government's fixed pollution source installation and operation permit according to law, so there are no other possible losses at present and in the future.

5.4.3 Future countermeasures and possible expenditures

1. Improvement plan:

- (1) The industrial zone already has sewage treatment equipment, and has obtained the Taoyuan City Government's fixed pollution source installation and operation permit in accordance with regulations.
- (2) The degree of pollution is slight and the sewage pre-treatment equipment has been purchased.
- (3) General industrial waste shall be declared in accordance with regulations and entrusted to legal operators to clear and transport.

2. Estimated environmental protection expenditure in the next three years:

Item	2024	2025	2026
(1) Proposed acquisition of pollution control equipment or expenditure items	Wastewater pretreatment equipment maintenance costs and chemical expenses.	Same as above	Same as above
(2) Garbage generated from business activities	In compliance with resource recycling and waste reduction.	Same as above	Same as above
(3) The recycling and disposal of waste containers.	Declare in accordance with the Waste Disposal Act regulations.	Same as above	Same as above
(4) Anticipated expenditures	NTD 3 million	NTD 3 million	NTD 3 million

5.4.4 Response to EU RoHS investigation: not applicable.

5.5 Labor relations:

5.5.1 The company's various employee welfare measures, education and training programs, retirement system, and the status of their implementation, as well as agreements between labor and management and measures to safeguard employee rights and benefits.

1. Employee welfare measures:

- (1) Establishment of an employee welfare committee responsible for handling various employee welfare measures.
- (2) Gifts are provided to employees during the Dragon Boat Festival and Mid-Autumn Festival, and birthday bonuses are also given. Additionally, flower baskets or traditional gifts are presented to employees for personal events such as weddings, funerals, and celebrations according to local customs.

(3) Labor insurance, health insurance and group accident insurance:

The company provides labor and health insurance to employees in accordance with regulations. In addition, employees' parents, spouses, and children can also be insured under the company.

(4) Other benefits:

- ① In addition, the company provides employees with wedding and funeral subsidies and emergency relief funds, which show our care for our colleagues.
- ② In accordance with legal requirements, the company provides maternity leave, paternity leave, and parental leave, etc

Item	Male/Number	Female/Number	Total
Actual number of employees who applied for parental leave in 2023. (A)	0	1	1
Expected number of employees returning to work after parental leave in 2023. (B)	0	2	2
Actual number of employees who returned to work after taking parental leave in 2023. (C)	0	1	1
Actual number of employees who returned to work after taking parental leave in the 2022.. (D)	1	2	3
Number of employees who remained employed 12 months after returning to work from parental leave in the 2022. (E)	0	2	2
Return-to-work rate (C/B)	—	50%	50%
Retention rate (E/D)	—	100%	66.7%

2. Education and training:

The company values employee education and training. We have established a "Education and Training Management Measures," and our Human Resources Department provides quarterly pre-employment training for new employees. Each business unit regularly holds internal training to enhance product knowledge and sales skills. We also hold monthly manager inspiration meetings to cultivate problem-solving skills. Additionally, we periodically send employees to relevant external seminars and conferences to enhance their professional and competitive abilities. In 2023, the total number of participants in both internal and external training was 341, totaling 1,747 hours of training with a total training cost of NTD177,600.

Type of course		Number of trainees	Training hours	Expenditure
Internal Training	Health and Safety professional training General Studies newcomer training	273	1,225	54,000
External Training	professional training New knowledge of laws and regulations Health and Safety	68	522	123,600

3. Retirement System and Implementation:

(1) Employees of the company may voluntarily retire under the following circumstances:

- ① Where the worker attains the age of 55 and has worked for fifteen years.
- ② Where the worker has worked for more than 25 years.
- ③ Where the worker attains the age of 60 and has worked for 10 years.

(2) Employees of the company may be required to retire under the following circumstances:

- ① Where the worker attains the age of sixty-five.
- ② Where the worker is unable to perform his/ her duties due to disability

A business entity may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.

(3) The retirement benefits for employees of the company are as follows:

For those who qualify under the old labor retirement system, Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months; For employees who qualify under the new labor retirement system, monthly retirement benefits will be allocated to their personal accounts in accordance with the "Labor Pension Act." Employees who are forced to retire due to disability caused by work-related duties will be given an additional 20% in accordance with the previous provision.

The retirement benefits base salary under the first provision is based on the average monthly salary approved at the time of retirement.

- (4) The retirement benefits shall be paid in full within 30 days from the date of retirement.
- (5) The old system retirement benefits are calculated based on the year-end actuarial report, and are fully allocated in the following year.

The new system retirement benefits are contributed by the company and employees in a 6% ratio as required by law. In addition, based on the employee's personal preference, a maximum of 6% of their salary can be contributed to their personal retirement account.

- (6) The Retirement Fund Management Committee shall hold an annual meeting to review the balance of the retirement fund accounts and the amount to be allocated for the year.

4. Labor-Management Agreement Status:

The company values employee feedback and has established a labor-management conference, which is represented by both labor and management. Through this channel, both parties can discuss labor-management issues. In addition, a chairman's mailbox has been set up, and employee opinions can also be communicated through email to maintain good labor-management relations and avoid disputes.

- 5.5.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

This company implements its management regulations in accordance with the Labor Standards Act, and maintains harmonious labor-management relations with no litigation events

5.5.3 The Code of Ethics for Employee Conduct:

Integrity, mutual benefit, and courtesy have always been the core values of the company's corporate culture. The company has always pledged to conduct all business activities with integrity and to be vigilant at all times with a spirit of honesty, accuracy, and transparency, in order to uphold the company's commitment.

To maintain the core values of the company's culture, we have established the "Code of Conduct for Business Integrity" and the "Code of Ethics," and clearly stipulated service standards in the "Employee Work Rules," requiring every colleague to bear the important responsibility of maintaining the company's moral values and reputation and complying with legal regulations.

Therefore, the company has the following regulations :

1. Establish a rigorous code of conduct and ethical standards that strictly prohibit internal personnel such as directors and employees from using company property, non-public information, or their job to gain illegal benefits, ensuring that employees engage in no misconduct, malpractice, leaking of confidential information, or false reporting, and require employees to refuse entertainment and gifts offered by vendors.
2. Employees should strictly adhere to the code of conduct for avoiding conflicts of interest, proactively report ethical concerns related to conflicts of interest, and establish non-compete clauses to prevent conflicts of interest.
3. Conduct integrity investigations on customers, suppliers, and other stakeholders to prevent dishonest behaviors that could harm the company's interests. The goal is to ensure that all stakeholders understand and respect the company's commitment to ethical behavior and integrity in business.
4. Employees are prohibited from using company information or their position to obtain business secrets for personal gain. Whether the information obtained pertains to technology, finance, or business secrets, and regardless of the means of obtaining it, such illegal actions are strictly prohibited and employees are not allowed to engage in any behavior that is detrimental to the company, the environment, and society.
5. Employees are prohibited from using threats, intimidation, coercion, inappropriate language, or disrespectful behavior towards colleagues, clients, or others while working on-site or performing job duties outside the company..
6. Raw material procurement sources adhere to the spirit of social responsibility.
7. The company is committed to providing a safe and healthy working environment for all employees, and colleagues are also responsible for the health and safety of the workplace.
8. Protect privacy and personal information, and strictly adhere to the company's internal regulations when dealing with other people's personal data or privacy.
9. Respect intellectual property rights and comply with confidentiality obligations, strictly follow intellectual property protection laws and regulations, company internal operating procedures, and related contracts, and not disclose company secrets.

5.5.4 The company is committed to providing a safe and healthy working environment for all employees. Employees are also responsible for ensuring the health and safety of the workplace. In order to prevent and mitigate disasters, the company has made proper plans for passages, floors, stairs, ventilation, lighting, insulation, moisture prevention, rest, evacuation, first aid, and medical care. In recent years, there have been no major occupational accidents in the workplace.

1. Occupational Safety and Health (OSH):

- (1) The company employs a qualified occupational safety and health manager in accordance with the law, who is responsible for drafting, planning, supervising, and promoting occupational safety and health management tasks. The occupational safety and health manager regularly participates in various refresher courses in accordance with regulations and regularly assigns personnel to participate in various occupational safety and health prevention and disaster relief training.
- (2) The company regularly organizes free employee health check-ups and invites local hospitals' testing departments to perform the check-ups on-site.
- (3) Each year, the company commissions an external third-party qualified vendor to conduct cleaning and disinfection of the factory buildings and facilities, which includes walls, ceilings, floors, and pipelines inside the factory.

- (4) The factory premises are equipped with on-site security personnel and an electronic security system to ensure the safety of employees' work environment and personal property.
- (5) Prior to entering the production area, personnel must first clean their hands in the washroom area, and dry them with a dryer instead of shaking their hands. After drying, hands must be disinfected with 75% alcohol, and personnel must wear caps, shoes, masks, gloves, and ensure that hair and other parts are enclosed. In the production area, wearing jewelry, eating, smoking or other actions that may affect hygiene are strictly prohibited.
- (6) The interior of the factory (walls, ceiling, and flooring) should be made of materials that are corrosion-resistant or fire-resistant, to prevent chemical reactions with cleaning agents, disinfectants, and maintenance supplies.
- (7) The production area should have drainage facilities (drainage holes) on the floor, and measures should be taken to prevent the backflow of discharged water.
- (8) The production area should have sufficient lighting. The lighting fixtures (light tubes) should be equipped with protective devices to prevent the breakage of the tubes and falling fragments.
- (9) The production area should be equipped with automatic ventilation, air exchange, and circulation filtration facilities. Windows should not be openable.
- (10) The six categories of hazardous materials should be properly labeled and stored according to the Hazardous Substance and General Labeling Regulations or relevant environmental protection laws and regulations.
- (11) Necessary personal protective equipment such as safety glasses, safety shoes, gloves, and gas masks should be worn when handling the six categories of hazardous materials.

2. Fire safety management:

According to the fire safety regulations, a qualified fire safety manager shall be appointed to regularly report on fire safety inspections to the fire department. The manager is also responsible for drafting workplace protection plans, organizing self-defense fire teams, conducting two fire drills annually, and inviting fire authorities to provide guidance.

According to the regulations of the Fire Service Act, it is necessary to have qualified security supervisors who are responsible for developing fire prevention and disaster response plans, supervising security-related tasks for six categories of items, regularly planning training for colleagues on reporting, firefighting, and evacuation, conducting monthly inspections of fire safety and evacuation facilities, and managing the safety of six categories of hazardous materials.

3. Injury medical subsidies:

In order to mitigate the financial burden of medical expenses on employees in the event of unforeseen accidents, the company has purchased group insurance coverage for all employees, with the entire premium being fully subsidized by the company.

5.6. Cyber security management

5.6.1 Cyber security management:

The IT department is responsible for coordinating the implementation of information security policies, risk management and ensuring compliance with internal information security guidelines, procedures, and regulations.

5.6.2 Security policies :

1. Purpose:

To maintain the confidentiality, integrity, availability, and legality of information assets, the secure operation of information systems, equipment, and networks, and to prevent deliberate or accidental threats, destruction, and theft from internal and external sources,

and to ensure that the company's data, systems, equipment, and other information services can support the company's operations.

2. Scope:
All employees, customers, outsourced or cooperative vendors, third-party personnel, and the security management of all related information assets in the company shall be handled in accordance with the information security policy.
3. Collection and Use of Personal Information:
Personal information will be handled in accordance with the Personal Information Protection Act and related regulations and will not be disclosed to other third parties without authorization.
4. Information Security Responsibilities and Education Training:
 - (1) Based on roles and functions, information security education and promotion will be conducted for different levels of staff as necessary to raise employees' awareness of information security, potential security risks, and compliance with information security regulations.
 - (2) For personnel who are separated (retired, suspended), the processing procedures for personnel separation (retirement, suspension) will be followed, and all system logins and access rights will be immediately cancelled.
5. Information security operations and protection:
 - (1) Establish operating procedures for handling information security incidents and assign relevant personnel with necessary responsibilities to quickly and effectively handle information security incidents.
 - (2) Establish a change management notification mechanism for information facilities and systems to avoid vulnerabilities in system security..
 - (3) Handle and protect personal information with prudence in accordance with the relevant provisions of the Computer-Processed Personal Data Protection Act.
 - (4) Establish system backup facilities and regularly perform necessary data and software backups and backup operations to quickly restore normal operations in the event of disasters or storage media failures.
6. Network security management:
 - (1) Establish a firewall to control data transmission and resource access between external and internal networks at network points connected to the outside world, and perform rigorous identity verification operations.
 - (2) Confidential and sensitive data or documents should not be stored in publicly accessible cloud systems, and highly confidential documents should not be sent via email
 - (3) Conduct regular audits of internal network information security facilities and antivirus measures, update virus codes for antivirus systems, and implement various security measures.
7. System access control management:
 - (1) Password issuance and change procedures and records will be established based on operating system and security management requirements.
 - (2) Logins to each operating system will be reviewed, and access rights will be granted based on job responsibilities and the principle of least privilege.
8. Improving the company's information security level:
Training of information security management personnel should be strengthened to enhance the company's information security management capability.
9. Management of Sustainable Business Operations Plan:
Evaluate the impact of various human and natural disasters on normal business operations, develop emergency response and recovery procedures for ERP, BI systems, and adjust and update plans as necessary.

5.6.3 Concrete management program and Resources invested for cyber security management :

1. Network security:

Use network firewalls to control network connectivity security and stability, prevent and monitor malicious intrusion behavior.

2. Device safety:

Install antivirus software on all computers, continuously update virus codes, and use sandbox technology to prevent unknown viruses and ransomware from running.

3. Data Security:

Prevent data leakage of confidential information through document access control and encryption technology, and regularly review the appropriateness of access settings; regularly back up files, take snapshots, and store them offsite to ensure file availability.

4. Backup Security and Remote Disaster Recovery:

Ensure system high availability and disaster recovery capability through remote system backup.

In the event of a failure, disaster, or other issues at the main office, it can quickly switch to the remote backup system in factory to ensure business continuity. Utilize measures such as regular file backup, snapshots, and offsite storage, combined with regular disaster recovery drills to ensure continuous system operation without interruption.

5. Information security education training and publicity:

Regularly organize information security awareness and case studies to enhance employees' awareness of preventive measures against files and website links from unknown sources.

6. Regularly review various information security vulnerability announcements:

For example, the National Communications Security Commission of the Executive Yuan assesses the scope of information security vulnerabilities, proposes and implements corresponding system correction measures based on the system change management mechanism.

7. Notification of information security incidents:

When a significant information security incident occurs, it should be reported to the Information Department of the General Administration Department immediately, and a cross-departmental team composed of personnel assigned by the General Administration Department leader should be responsible for handling information security and antivirus emergency response teams and reporting according to regulations of the supervising authority.

5.6.4 Resources invested for cyber security management:

1. Evaluate the impact of major information security vulnerability announcements and implement vulnerability patching every month.

2. Conduct information security awareness training once a quarter for all new employees .

3. Conduct information security awareness training once a year for all employees .

4. Conduct a full company information system disaster recovery drill once a year.

5. Install antivirus software on all computers and keep virus code updates online at all times.

6. Continuously update firewalls and intrusion defense systems.

5.6.5 Major cyber security incidents:

Up to the date of the annual report printing in the latest year, the company has not had any significant information security incidents.

5.7 Important contracts:

Agreement	Counterparty	Period	Major Contents	Restrictions
Business	Laboratoires Expanscience	2023.01.01 ~2027.12.31	Distribution	None
Business	Ever Neuro Pharma Gmbh	2024.03.22~automatically renew	Distribution	None
Business	THOMAS TRADING CO., LTD.	2009.09.26~automatically renew	Distribution	None
Business	PhytoHealth Corp.	2014.01.01~automatically renew	Distribution	None
Business	AmCad BioMed Corp.	2018.04.01~automatically renew	Distribution	None

6. Financial Status

6.1 Five-Year Financial Summary

6.1.1 Most Recent Five Year Condensed Balance Sheets and Comprehensive Income Statements

1. Consolidated Condensed Balance Sheet

Unit: NTD thousands

Item		Financial Information for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		1,575,658	1,262,305	1,366,710	1,048,954	1,086,136
Property, Plant and Equipment		449,324	553,861	516,876	725,048	956,203
Intangible assets		495	700	1,324	3,609	4,637
Other assets		709,684	659,400	807,529	752,298	785,095
Total assets		2,735,161	2,476,266	2,692,439	2,529,909	2,832,071
Current liabilities	Before distribution	661,893	297,781	378,058	312,423	353,988
	After distribution	741,642	430,697	533,569	458,630	—
Non-current liabilities		315,811	302,435	308,480	220,493	440,927
Total liabilities	Before distribution	977,704	600,216	686,538	532,916	794,915
	After distribution	1,057,453	733,132	842,049	679,123	—
Equity attributable to shareholders of the parent		1,757,457	1,876,050	2,005,901	1,996,993	2,037,156
Capital stock		1,329,152	1,329,152	1,329,152	1,329,152	1,329,152
Capital surplus	Before distribution	174,767	173,884	187,953	188,042	189,320
	After distribution	174,767	173,884	187,953	188,042	—
Retained earnings	Before distribution	427,507	518,760	548,153	585,961	608,505
	After distribution	347,758	385,844	392,642	439,754	—
Others		(173,969)	(145,746)	(59,357)	(106,162)	(89,821)
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	1,757,457	1,876,050	2,005,901	1,996,993	2,037,156
	After distribution	1,677,708	1,743,134	1,850,390	1,850,786	—

Note: As the financial information of 2024Q1 has not been audited by the CPA before the date of publication of the annual report. Therefore, the financial information is not listed.

2. Consolidated Condensed Statement of Comprehensive Income

Unit: NTD thousands

I t e m	Y e a r	Financial Information for The Last Five Years				
		2019	2020	2021	2022	2023
Operating revenue		1,100,863	1,065,325	1,289,211	1,245,105	1,300,721
Gross profit		669,880	676,271	859,440	816,557	854,372
Income from operations		147,926	170,337	199,750	199,159	194,668
Non-operating income and expenses		(13,096)	37,317	12,032	9,194	15,580
Income before tax		134,830	207,654	211,782	208,353	210,248
Net income (Loss) continuing operations		100,605	171,002	164,321	161,830	169,098
Income (loss) from discontinued operations		0	0	0	0	0
Net income (Loss)		100,605	171,002	164,321	161,830	169,098
Other comprehensive income(loss) for the Year , Net of Income Tax		3,773	28,223	84,377	(15,316)	15,994
Total comprehensive income		104,378	199,225	248,698	146,514	185,092
Net income attributable to shareholders of the parent		100,605	171,002	164,321	161,830	169,098
Net income attributable to non-controlling interest		0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent		104,378	199,225	248,698	146,514	185,092
Comprehensive income attributable to non-controlling interest		0	0	0	0	0
Earnings per share		0.76	1.29	1.24	1.22	1.27

Note: As the financial information of 2024Q1 has not been audited by the CPA before the date of publication of the annual report. Therefore, the financial information is not listed.

3. Parent Company Only Balance Sheets

Unit: NTD thousands

I t e m		Financial Information for The Last Five Years					
		Y e a r	2019	2020	2021	2022	2023
Current assets			1,518,516	1,199,278	1,296,096	971,133	1,008,300
Property, Plant and Equipment			365,372	473,881	442,815	655,271	892,993
Intangible assets			434	700	1,324	3,609	4,637
Other assets			845,583	800,486	949,567	896,788	923,849
Total assets			2,729,905	2,474,345	2,689,802	2,526,801	2,829,779
Current liabilities	Before distribution		656,637	295,860	375,421	309,315	351,696
	After distribution		736,386	428,776	530,932	455,522	—
Non-current liabilities			315,811	302,435	308,480	220,493	440,927
Total liabilities	Before distribution		972,448	598,295	683,901	529,808	792,623
	After distribution		1,052,197	731,211	839,412	676,015	—
Equity attributable to shareholders of the parent			1,757,457	1,876,050	2,005,901	1,996,993	2,037,156
Capital stock			1,329,152	1,329,152	1,329,152	1,329,152	1,329,152
Capital surplus	Before distribution		174,767	173,884	187,953	188,042	189,320
	After distribution		174,767	173,884	187,953	188,042	—
Retained earnings	Before distribution		427,507	518,760	548,153	585,961	608,505
	After distribution		347,758	385,844	392,642	439,754	—
Others			(173,969)	(145,746)	(59,357)	(106,162)	(89,821)
Treasury stock			0	0	0	0	0
Non-controlling interests			0	0	0	0	0
Total equity	Before distribution		1,757,457	1,876,050	2,005,901	1,996,993	2,037,156
	After distribution		1,677,708	1,743,134	1,850,390	1,850,786	—

4. Parent Company Only Balance Statements of Comprehensive Income

Unit: NTD thousands

I t e m \ Y e a r	Financial Information for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	1,059,896	1,038,699	1,272,246	1,229,113	1,293,853
Gross profit	649,065	658,754	844,489	804,909	847,151
Income from operations	157,755	170,413	200,944	203,013	201,548
Non-operating income and expenses	(22,925)	37,241	10,838	5,340	8,700
Income before tax	134,830	207,654	211,782	208,353	210,248
Net income (Loss) continuing operations	100,605	171,002	164,321	161,830	169,098
Income (loss) from discontinued operations	0	0	0	0	0
Net income (Loss)	100,605	171,002	164,321	161,830	169,098
Other comprehensive income(loss) for the Year , Net of Income Tax	3,773	28,223	84,377	(15,316)	15,994
Total comprehensive income	104,378	199,225	248,698	146,514	185,092
Net income attributable to shareholders of the parent	100,605	171,002	164,321	161,830	169,098
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	104,378	199,225	248,698	146,514	169,098
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share	0.76	1.29	1.24	1.22	1.27

6.1.2 Auditors' opinions from 2019 to 2023

Year	Name of the CPA	Name of the CPA	Audit Opinions
2023	Chen Chao-Mei	Yu Cheng-Chuan	Unqualified opinion
2022	Chen Chao-Mei	Yu Cheng-Chuan	Unqualified opinion
2021	Chen Chao-Mei	Yu Cheng-Chuan	Unqualified opinion
2020	Chen Chao-Mei	Yu Cheng-Chuan	Unqualified opinion
2019	Liu Yung-Fu	Chen Chao-Mei	Unqualified opinion

6.2 Financial analysis for the last five years

6.2.1 Financial Analysis (Consolidated)

I t e m		Y e a r				
		Financial Information for The Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	35.75	24.24	25.5	21.06	28.07
	Long-Term Fund To Property, Plant And Equipment Ratio	457.90	392.89	446.12	305.52	258.84
Solvency (%)	Current Ratio	238.05	423.9	361.51	335.75	306.83
	Quick Ratio	208.75	367	298.02	260.91	233.60
	Times Interest Earned (Times)	26.25	41.49	40.87	82.36	2286.3
Operating performance	Accounts Receivable Turnover (Times)	1.60	2.27	5.15	5.29	5.46
	Average Collection Period	228.13	160.79	70.87	69.00	66.85
	Inventory Turnover (Times)	2.10	2.16	2.12	1.82	1.75
	Accounts Payable Turnover (Times)	0.91	1.43	5.08	5.12	5.12
	Average Days In Sales	173.81	168.98	172.17	200.55	208.57
	Property, Plant And Equipment Turnover (Times)	2.45	1.92	2.49	1.72	1.55
	Total Assets Turnover (Times)	0.4	0.43	0.48	0.49	0.49
Profitability	Return On Total Assets (%)	3.88	6.72	6.52	6.28	6.31
	Return On Equity (%)	5.79	9.41	8.47	8.09	8.38
	Pre-Tax Income To Paid-In Capital (%)	10.14	15.62	15.93	15.68	15.82
	Profit Ratio (%)	9.14	16.05	12.75	13.00	13.00
	Earnings Per Share (NTD)	0.76	1.29	1.24	1.22	1.27
Cash flow	Cash Flow Ratio (%)	32.85	80.75	69.56	47.33	69.02
	Cash Flow Adequacy Ratio (%)	108.87	149.27	141.11	99.22	79.57
	Cash Reinvestment Ratio (%)	6.57	6.71	5.2	(0.32)	3.65
Leverage	Operating Leverage	3.18	2.85	3.18	2.87	3.11
	Financial Leverage	1.04	1.03	1.03	1.01	1.00
<p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <ol style="list-style-type: none"> 1. Long-term Fund to Property, Plant and Equipment Ratio increased due to Long-term borrowings for the construction of the GMP factory to support the company's business development. 2. Times Interest Earned (Times) increased due to capitalized interest expenses for the construction of the GMP factory,. 3. Cash flow ratio increased due to the increase in net cash flow from operating activities. 4. Cash flow adequacy ratio decreased due to the increase in cash dividends distribution and an increase in capital expenditures. 5. Cash reinvestment ratio decreased due to the increase in cash dividends distribution and an increase in capital expenditures. 						

Note: As the financial information of 2024 Q1 has not been audited by the CPA before the date of publication of the annual report. Therefore, the financial information is not listed.

6.2.2 Financial Analysis (Independent)

I t e m		Financial Information for The Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	35.62	24.18	25.43	20.97	28.01
	Long-Term Fund To Property, Plant And Equipment Ratio	563.11	459.2	520.74	338.06	277.16
Solvency (%)	Current Ratio	231.26	405.35	345.24	313.96	286.70
	Quick Ratio	202.8	348.68	281.99	238.48	213.67
	Times Interest Earned (Times)	26.25	41.49	40.87	82.36	2286.30
Operating performance	Accounts Receivable Turnover (Times)	1.54	2.2	5.07	5.19	5.40
	Average Collection Period	237.01	165.91	71.99	70.33	67.59
	Inventory Turnover (Times)	2.15	2.15	2.12	1.81	1.83
	Accounts Payable Turnover (Times)	0.88	1.41	5.1	5.09	5.51
	Average Days In Sales	169.77	169.77	172.17	201.66	199.45
	Property, Plant And Equipment Turnover (Times)	2.9	2.19	2.87	1.88	1.67
	Total Assets Turnover (Times)	0.39	0.42	0.47	0.49	0.48
Profitability	Return On Total Assets (%)	3.89	6.73	6.53	6.28	6.32
	Return On Stockholders' Equity (%)	5.79	9.41	8.47	8.09	8.38
	Pre-Tax Income To Paid-In Capital (%)	10.14	15.62	15.93	15.68	15.82
	Profit Ratio (%)	9.49	16.46	12.92	13.17	13.07
	Earnings Per Share (NTD)	0.76	1.29	1.24	1.22	1.27
Cash flow	Cash Flow Ratio (%)	31.47	79.57	69	44.58	70.86
	Cash Flow Adequacy Ratio (%)	110.42	146.87	136.39	94.7	77.92
	Cash Reinvestment Ratio (%)	6.20	6.62	5.14	(0.75)	3.92
Leverage	Operating Leverage	2.86	2.75	3.09	2.76	2.88
	Financial Leverage	1.04	1.03	1.03	1.01	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Long-term Fund to Property, Plant and Equipment Ratio increased due to Long-term borrowings for the construction of the GMP factory to support the company's business development.
2. Times Interest Earned (Times) increased due to capitalized interest expenses for the construction of the GMP factory,.
3. Cash flow ratio increased due to the increase in net cash flow from operating activities.
4. Cash flow adequacy ratio decreased due to the increase in cash dividends distribution and an increase in capital expenditures.
5. Cash reinvestment ratio decreased due to the increase in cash dividends distribution and an increase in capital expenditures.

Note: The financial analysis calculation formula is as follows:

1. Financial structure (%)

- (1) Ratio of liabilities to assets = total liabilities/total assets.
- (2) Long-term Fund to Property, Plant and Equipment Ratio =
(Total equities + noncurrent liabilities) / (Total net value of property, plant and equipment).

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current asset – inventories – prepaid expenses) / Current liabilities.
- (3) Times Interest Earned (Times) = Earnings before interests and taxes (EBIT) / Interest expenses over this period.

3. Operating performance

- (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
- (2) Average collection days = 365 / Receivables turnover ratio.
- (3) Inventory turnover = Cost of sales / Average inventory value.
- (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
- (5) Average days in sales = 365 / Inventory turnover ratio.
- (6) Property, plant and equipment turnover = Net sales/Average net value of property, plant and equipment .
- (7) Total assets turnover = Net sales / Average total asset value.

4. Profitability

- (1) Return on total assets = [Gain (loss) after tax + Interest expenses × (1 – effective tax rate)] / Average total asset value.
- (2) Return on shareholders' equity = Gain (loss) after tax (loss)/average total equity.
- (3) Profit ratio = Gain (loss) after tax / Net sales.
- (4) Earnings per share = (Gain (loss) attributable to the owner of the parent company –dividends of preferred shares) / Weighted average of outstanding shares.

5. Cash flow

- (1) Cash flow ratio = Net cash flow of business activities / Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow for business activities in the five most recent years / (Capital expenditure + inventory increase + cash dividends) for the five most recent years.
- (3) Cash reinvestment ratio = (Net cash flow for business activities – cash dividends) / (Gross value of property, plant and equipment + Long-term investments + other non-current assets + business capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue – operating change costs and expenses) / Operating profit.
- (2) Financial leverage = Operating profit / (Operating profit – interest expenses).

6.3 Audit Committee's Report in the Most Recent Year

Maywufa Company Limited Audit Committee Review Report

This Audit Committee approves the financial statements for the fiscal year 2023 of our company, which have been authorized and resolved by the Board of Directors. The financial statements have been audited and signed by Deloitte & Touche, without any reservation.

The Audit Committee has reviewed and verified that the business report, and proposal for profit distribution for the fiscal year 2023 are in compliance with relevant laws and regulations. Therefore, this report is prepared in accordance with the regulations of Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. Please review and approve accordingly.

To Maywufa Company Limited 2024 Annual Shareholders Meeting

The convener of the Audit Committee : Chen Hui-Yiu



February 27, 2024

- 6.4 Financial Report For The Most Recent Fiscal Year: Please refer to Appendix 1 (pages 147 to 210).**
- 6.5 Individual Financial Report For The Most Recent Fiscal Year Audited And Certified By The Accountant: Please refer to Appendix 2 (pages 211 to 284).**
- 6.6 Impacts of Latest Financial Difficulties Encountered by Company and Its Associated Enterprises on Company's Financial Standing as of Date of Printing of Annual Report: None.**

7. DISCUSSION AND ANALYSIS OF FINANCIAL STATUS AND FINANCIAL PERFORMANCE, AND RISK ASSESSMENT

7.1 Financial Status

Unit: NTD thousands

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		1,086,136	1,048,954	37,182	3.54
Property, plant and equipment		956,203	725,048	231,155	31.88
Intangible assets		4,637	3,609	1,028	28.48
Other assets		785,095	752,298	32,797	4.36
Total assets		2,832,071	2,529,909	302,162	11.94
Current liabilities		353,988	312,423	41,565	13.30
Non-current liabilities		440,927	220,493	220,434	99.97
Total liabilities		794,915	532,916	261,999	49.16
Capital stock		1,329,152	1,329,152	0	0.00
Retained earnings and others		708,004	667,841	40,163	6.01
Equity attributable to shareholders of the parent		2,037,156	1,996,993	40,163	2.01
Non-controlling interests		0	0	0	0.00
Total equity		2,037,156	1,996,993	40,163	2.01

7.1.1 The main reasons for major changes in assets, liabilities and shareholders' equity in the past two years:

The increase in Property, plant and equipment as well as long-term borrowings is mainly due to the construction of a GMP plant to support the company's business development.

7.1.2 Impact of changes in financial status in the last two years: No significant impact on financial status. Future Contingency Plan: Not applicable.

7.1.3 Future response actions: Not applicable.

7.2 Financial Performance

Financial performance comparison analysis table

Unit: NTD thousands

Item \ Year	2023	2022	Increase (Decrease) amount	Change %
Net operating revenue	1,300,721	1,245,105	55,616	4.47
Operating cost	446,349	428,548	17,801	4.15
Gross profit	854,372	816,557	37,815	4.63
Operating income	194,668	199,159	(4,491)	(2.25)
Non-operating income and expenses	15,580	9,194	6,386	69.46
Income before tax	210,248	208,353	1,895	0.91
Income tax expense	41,150	46,523	(5,373)	(11.55)
Net income	169,098	161,830	7,268	4.49
Other comprehensive income(loss) for the year , Net of income tax	15,994	(15,316)	31,310	204.43
Total comprehensive income	185,092	146,514	38,578	26.33

7.2.1 The main reasons and their impact of significant changes (significant current variations amounting to 20% or above in the prior and later periods) in consolidated operating income, operating profit and pre-tax income for the past two years:

The decrease in net non-operating income is mainly due to a reduction in Share of loss of associates.

7.2.2 The Company's expected sales volume and the basis for the forecast of the coming fiscal year, the possible impact of such changes upon the Company's financial standing and corresponding plans:

1. Consumer Business Unit :

- (1) product offering and development. In recent years, the brand has devoted efforts to actively expanding the young and color hair dye market, utilizing effective online marketing techniques, and the results are gradually showing. The brand will continue to optimize communication with customers through digital and expand its product lines to establish a loyal customer base and increase revenue and market share in hair dye. The shampoo market still has great potential, and future product development will focus on middle to high-end, functional, and classic fragrances. The brand's sales channels will actively cultivate the main sales channels and equally deepen both offline and online channels.
- (2) The French pharmacy brand Mustela will continue to show innovative R&D results and launch new products. The brand will promote both best sellers and new products, and optimize online and offline operations in response to changes in the shopping habits of mothers and infants, effectively improving sales performance.

2. Pharmaceutical Business Unit

- (1) PG2[®] is the first plant-based new drug in Taiwan, clinically used to treat "cancer-related fatigue." The product has been successfully adopted by over 90% of target hospitals, including large medical centers. In conjunction with its educational marketing activities collaborating with medical associations and patient group, we believe a strong and steady growth momentum will occur in the next few years.
- (2) Cerebrolysin[®] has been successfully penetrating large hospitals and developing clients in primary medical clinics. We will continue to use the network connections of disease treatment between large hospitals and primary medical institutions to promote the use of German and Canadian clinical treatment guidelines and experiences. This will help expand the scope of product usage and boost sales performance growth.
- (3) Oraphine[®], the first oral form of nalbuphine, is indicated to treat moderate to severe acute pain. This product is launched in 2023. With its high safety and convenience of use, it is expected to gradually expand its clinical application in the pain relief market.

7.3 Analysis of Cash Flow

7.3.1 Analysis and description of cash flow changes in the most recent year, and improvement plan for insufficient liquidity:

Unit: NTD thousands

Cash beginning balance	Net cash flow from operating activities	Net cash flow from investment and financing activities	Effects of changes in foreign exchange rates	Cash surplus (deficit)	Correction action for deficit in cash liquidity	
					Investment Plans	Financing Plans
177,504	244,319	(241,872)	(1,470)	178,481	—	—
<p>1. Analysis of cash flow changes for the year:</p> <p>(1) Cash Flow-Operating: Net cash inflow from operating activities for the year.</p> <p>(2) Cash Flow-Investment: Net cash Outflow was an increase in building plants expenses and other financial assets.</p> <p>(3) Cash Flow-Financing: Net cash increased for Long-term borrowings.</p> <p>2. Improvement plan for insufficient liquidity: Not applicable.</p>						

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NTD thousands

Cash beginning balance	Net cash flow from operating activities	Net cash flow from investment and fundraising activities for the year	Effects of changes in foreign exchange rates	Cash surplus (deficit)	
				investment plan	Investment Plans
178,481	250,000	(320,000)	108,481	—	-
<p>Cash flow Analysis for the coming year:</p> <p>1. Cash Flow-Operating: Estimated cash flow from operating activities.</p> <p>2. Cash Flow-Investment and Financing: Capital expenditures for building plants and Dividend Paid.</p>					

7.4 Major Capital Expenditure Items in in the Most Recent Years and impact on Company's finances and operations

On February 10, 2022, the Company signed a turnkey project with Futai Construction Co., Ltd. to build a GMP plant in Yangmei Plant, with a total contract amount of NT\$699,300,000 and a total of 80% of the project payment. The construction project will be supported by self-owned capital and bank construction financing.

7.5 Investment Policy in Recent Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The company's reinvestment policy is based on investing in biotechnology, medical and cosmetics related industries and the introduction of strategic alliance partners. For the current non-industry investment, it will choose an opportunity to deal with it.

The company's long-term equity investment using the equity method recognized an investment loss of NTD12,221 thousand in 2023, which was NTD5,485 thousand less than the recognized investment loss of NTD17,706 thousand in 2022, mainly due to the continuous decrease in the losses of reinvested companies

The company's biotechnology and medical related reinvestment companies continue to improve the maturity of its new drug research and development technology and accelerate the launch of drugs, with a view to increasing the company's long-term profits.

The investment plan for the next year will still give priority to investing in the main industries such as biotechnology and medical treatment. Depending on the overall industry status and the company's business development needs, after careful evaluation, it will be submitted to the board of directors for approval according to the approval authority.

7.6 Risk Analysis and Assessment During the Most Recent Fiscal Year and as they Stood on the Date of Publication of the Annual Report

7.6.1 Changes to interest rates, currency exchange fluctuations, and inflation and how these may impact The Company's gain or loss, as well as future response measures:

1. Changes to interest rates:

The Company's long-term borrowings are calculated at a flexible interest rate. The interest rate increase did not exceed 25bp in 2023, and the interest rate change has no material impact on the Company.

2. Changes to currency exchange fluctuations:

Unit: NTD thousands

Item		2023	2022
Net foreign currency exchange gain	A	738	2,446
Operating revenue	B	1,300,721	1,245,105
% of operating	(A/B)	0.06	0.20

The company purchases goods and raw materials from abroad and pays them in EUR or US dollars. The net exchange gains in the past two years accounted for a very small proportion of operating revenue. Profitability impact is limited.

The company keeps abreast of the trends of major currencies in the international foreign exchange market and international changes in non-economic factors, which is beneficial for judging exchange rate trends, enabling timely response and effectively reducing exchange risk.

3. Changes to currency inflation:

According to the Consumer Price Index (CPI) released by the Directorate-General of Budget, Accounting and Statistics in December 2023, the average inflation rate for the entire year was 2.49%, indicating a rapid increase in inflation. Our company regularly reviews market conditions and adjusts product prices and inventory levels to respond to the rising cost situation. We also constructed a GMP factory and introduced production automation to increase production capacity, reduce costs, and improve product quality, ensuring the gross profit of our company's products. We also continue to monitor changes in the CPI and adjust prices and quantities in a timely manner to alleviate inflation pressure on our company.

7.6.2 Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, derivatives trading policies, main reasons for profits or losses, and future response measures:

1. The company's operation has always been based on the principle of prudence. Long-term investment is mainly based on strategic rather than financial investment. The use of short-term funds is also based on bank fixed deposits and currency funds; avoid engaging in high-risk and high-leverage investments ;The company has established "Procedures for Acquisition or Disposal of Assets" and "Procedures for Fund Loans and Endorsement Guarantees" in accordance with the regulations of the competent authority, and handles them in accordance with these procedures. As of the end of 2023 and the publication date of the annual report, the company has not engaged in capital lending to others, endorsement guarantees and derivative commodity transactions.
2. The company's main investment is in a biotechnology investment company called PhytoHealth Corporation. As the new drug projects are still in the clinical trial phase or in the process of product development, there is currently no profit. To exercise prudence and conservatism, most of the investments have been impaired, and some long-term investments that have already made a profit have been disposed of to realize gains. In the future, the company will continue to exercise caution in its investment activities.

7.6.3 Future Research & Development Projects and Corresponding Budget:

Unit: NTD thousands

Research Projects	Completion (%)	Expected Research Expenditure	Expected Completion Schedule	Major Risk Factors
Hair dye series	New colors and formulations are under development, currently at 50% of the R&D stage.	2,000	2024	1.We are dedicated to researching and developing hair care products, with a focus on being experts in black hair care in the Eastern market. 2.We design a range of hair dye products tailored to different age groups and target audiences.
Shampoo and body wash series	New fragrance, formulation, and packaging are currently under development, with 50% completion.	1,700	2024	3.We keep a close eye on both domestic and international trends and market movements to prepare for mid- to long-term product development. 4.We monitor competitors' progress in product development and marketing trends, and launch products that are in line with current trends in a timely and flexible manner.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales : None .

7.6.5 Changes to technology (including cyber security risks) and industry that impact the Company's financial operations, and response measures:

The company places great importance on technology and industry trends, and is committed to the application of information technology to integrate group data and information. By actively and effectively utilizing manpower and information technology, the company strives to enhance its competitiveness. In addition to having an excellent R&D team and constantly improving product quality and features, the company also focuses on optimizing its online

sales platform and utilizing various technology marketing strategies to create opportunities for both physical and virtual sales channels, in response to the fierce competition in the market.

Furthermore, the company follows the 3-2-1 backup principle for risk management of information security, ensuring that at least three backups are stored in two different ways, with one copy stored offline. For high-risk level data, the company also implements mechanisms for off-site storage to meet data security requirements. To ensure the safe operation of the information system, the company conducts weekly full backups and annual disaster recovery drills to minimize potential losses and risks in case of system damage. Access to the company's mainframe for management settings is restricted to specific computers to prevent hacking and reduce the risk of information security breaches.

7.6.6 Changes to corporate image that impact the Company's risk management, and response measures:

The company has always operated with integrity and placed great importance on product quality since its establishment. Over the past 40 years, we have received recognition from consumers. The Maywufa[®] brand has continuously been awarded the highest honor of "Platinum Award" for trusted brands by consumers, as well as receiving the "Taiwan Excellence Award" for our products. In recent years, the Maywufa[®] brand has also been honored with the "National Biotechnology and Medical Care Quality Award," "Symbol of National Quality Award," "TOP 100 Taiwan Brand Award," "Ideal Brand First Place," and "Healthy Brand First Place" in the hair dye category. Such a positive corporate image is sure to benefit our financial and business operations, and therefore we will continue to strive to enhance our corporate image.

7.6.7 Anticipated benefits of mergers and possible risks: None:

7.6.8 Anticipated benefits and possible risks of plant expansion:

In order to enhance our company's production efficiency to accommodate business growth, we have carefully evaluated the cost-benefit and risk mitigation measures associated with constructing a new GMP factory.

7.6.9 Risks Relating to and Response to Excessive Purchasing Concentration and Excessive Customer Concentration:

1. The company has strong relationships with all suppliers, and we have a stable source of supply. In 2022, only two suppliers, who we represent as distributors, made up over 10% of our total purchases. These unique products are sourced from long-term suppliers, which minimizes the risk of concentrated purchasing.
2. The company serves a diverse range of customers, including hospitals, clinics, pharmacies, distributors, chain stores, and e-commerce platforms. In 2022, only one customer accounted for over 10% of our total sales. However, since this customer primarily targets end consumers, we face no significant concentration risk in terms of sales channels or geography..
3. The company sets credit limits for all customers and conducts regular reviews. Additionally, we send representatives to participate in credit management associations, allowing us to gather information on customer credit and mitigate associated risks..

7.6.10 Impact and risks resulting from major equity transfer or change by Directors or shareholders holding more than 10% of the Company's shares:

In the current fiscal year, there is no such situation where any director or major shareholder owning more than ten percent of the company's shares is involved.

7.6.11 Impact upon and risks to Company associated with any changes in governance personnel or top management and measures to be taken in response:

The company's ownership structure and management remain stable, and there have been no changes.

7.6.12 Litigation or Non-litigation Matters:

1. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to Major ongoing lawsuits, non-lawsuits or administrative lawsuit disputes specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions : None.
2. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions : None.

7.6.13 Other important risks and response measure:

The company adopts a stringent approach to risk management and has not experienced any significant risks. Our risk control measures remain robust.

7.7 Other Important Matters

Industry-specific KPIs (Key Performance Indicators) are as follows:

KPI performance evaluation metrics.						
Quality Target	delivery rate	Raw material delivery error	Material delivery error	Finished product shipment error	employee attendance	Deployment error
Monthly Goal	≧ 97% / Month	0 pc / Month	≧ 2 pcs / Month	≧ 2 pcs / Month	≧ 90% / Month	0 pc / Month

KPI performance evaluation metrics.			
Quality Target	Production (Allocation)	Production (Filling)	Production (Packaging)
Monthly Goal	Order completion rate ≧ 95% / Month	Order completion rate ≧ 80% / Month	Order completion rate ≧ 80% / Month

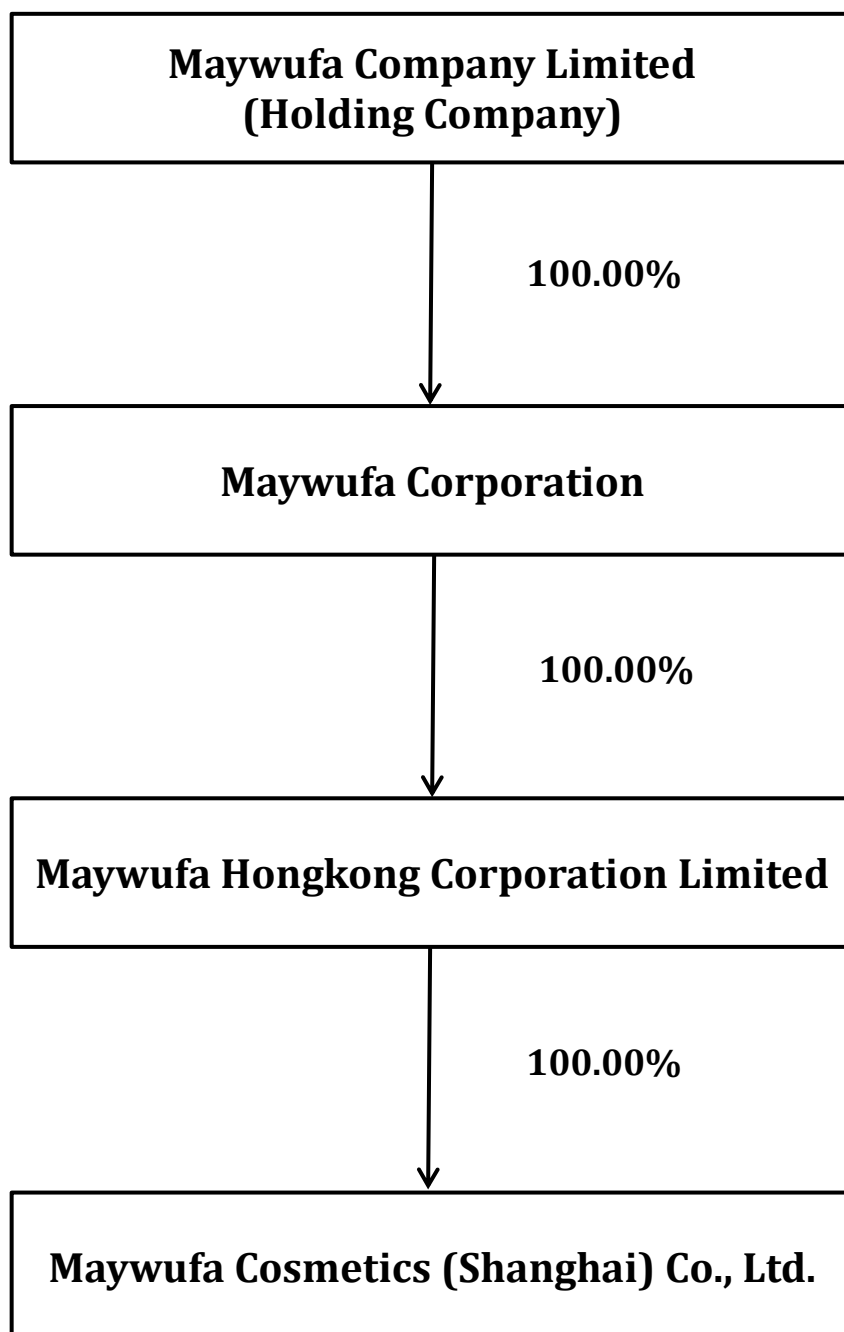
KPI performance evaluation metrics.				
Quality Target	(Repair / Maintenance) Work order completion rate	Product inspection error	Customer complaints	Customer satisfaction survey
Monthly Goal	≧ 90% / Month	≧ 3 pcs /Month	(Product exception handling and tracking form) ≧ 3 pcs / quarter	≧ 70 Points / Year

8. SPECIAL DISCLOSURE

8.1 Information on affiliates:

8.1.1 Consolidated Business Report of Affiliates:

1. Organization structure of affiliates



2. Basic information on affiliates

Unit: thousands

Company Name	Date of Incorporation	Paid-in capital	address	Scope of business/production
Maywufa Corporation	2007.09.12	USD 8,500 (NTD257,220)	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding
Maywufa Hongkong Corporation Limited	2007.10.23	USD 8,500 (NTD257,220)	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	Investment holding
Maywufa Cosmetics (Shanghai) Co., Ltd.	2009.05.07	USD 7,500 (NTD226,459)	Rm. 902,Huei Jing international plaza,No.777, Hong ciao Rd., Syu huei Dist., Shanghai, China	Wholesale of cosmetics and daily necessities

3. Information on shareholders presumed to have a controlling and dependent relationship pursuant to Article 369-3 of the Company Act:
Not applicable..

4. Ustries covered in the scope of operations of the associated enterprises as a whole and interaction and division of labors :

Industry covered in the scope of operations	Name of associated enterprise	Business correspondence
Investment holding	Maywufa Corporation	None
Investment holding	Maywufa Hongkong Corporation Limited	None
Wholesale and retail trade	Maywufa Cosmetics (Shanghai) Co., Ltd.	Wholesale hairdressing products

5. The name and shareholding or capital contribution of directors, supervisors and the general manager of affiliated companies

Dec. 31, 2023

Company name	Job title	Name of individual or representative(s)	Shares held	
			Number of shares	Shareholding ratio(%)
Maywufa Corporation	Director	Maywufa Company Limited Representative: Lai Yu-Ju	8,500,000 shares (Paid-in capital USD8,500,000)	100.00%
Maywufa Hongkong Corporation Limited	Director	Maywufa Corporation Representative: Lai Yu-Ju	8,500,000 shares (Paid-in capital USD8,500,000)	100.00%
	Director	Lee Yi-Li	0	0.00%
Maywufa Cosmetics (Shanghai) Co., Ltd.	Chairman and General manager	Maywufa Hongkong Corporation Limited Representative: Lai Yu-Ju	None (Paid-in capital USD7,500,000)	100.00%
	Director	Maywufa Hongkong Corporation Limited. Representative: Lee Chen-Chia		
	Director	Maywufa Hongkong Corporation Limited Representative: Lee Yi-Li		
	Supervisor	Maywufa Hongkong Corporation Limited Representative: Lee I-Lin		

6. The financial status and operating results of the affiliated companies:

Dec. 31, 2023; thousands

Company Name	capital amount	Total Assets	Total Liabilities	Net value	Operating revenue	Operating profit (loss)	Current Profit and Losses (After-tax)	EPS (NTD) (After-tax)
Maywufa Corporation	USD 8,500 (NTD257,220)	139,532	0	139,532	0	0	(3,124)	(0.37)
Maywufa Hongkong Corporation Limited	USD 8,500 (NTD257,220)	139,532	0	139,532	0	0	(3,124)	(0.37)
Maywufa Cosmetics (Shanghai) Co., Ltd.	USD 7,500 (NTD226,459)	141,821	2,292	139,529	19,452	(6,879)	(3,124)	—

8.1.2 Affiliated company consolidated financial statements :

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Maywufa Company Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No. 10, "Consolidated Financial Statements". In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, Maywufa Company Ltd. and subsidiaries do not prepare a separate set of consolidated financial statements of affiliates

Very truly yours,

MAYWUFA COMPANY LTD.

By



Lee Chen Chia
Chairman

February 27, 2024

8.1.3 Affiliation report: Not applicable

- 8.2 Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report: None.**
- 8.3 Holding or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report: None.**
- 8.4 Other necessary supplementary explanations: None.**

9. **Latest Matters with Important Impacts on Shareholder Rights or Security Prices Indicated in Article 36 Paragraph 3 Subparagraph 2 of the Securities Exchange Act as of the Date of Printing of Annual Report: None.**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Maywufa Company Ltd.

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards(IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

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 Group 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(1); for operating revenue recognition policy, refer to Note 22.

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 consolidated 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 Group were NT\$505,206 thousand and NT\$505,634 thousand, respectively, representing 18% and 20% of the consolidated total assets, respectively; the amounts of the equity accounting method - recognition of losses of Maywufa Group 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 consolidated total profit before income tax, respectively.

We have also audited the parent company only financial statements of Maywufa Company Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion and other matter paragraph on record for reference.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 consolidated 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 consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 178,481	6	\$ 177,504	7
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 29)	226,268	8	205,802	8
Other receivables (Notes 4, 8 and 29)	2,927	-	2,045	-
Inventories (Notes 4 and 9)	257,911	9	232,375	9
Prepayments	1,321	-	1,430	-
Other financial assets - current (Notes 4 and 10)	395,130	14	354,870	14
Other current assets (Note 16)	1,576	-	899	-
Total current assets	<u>1,086,136</u>	<u>38</u>	<u>1,048,954</u>	<u>41</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	127,105	5	119,228	5
Investments accounted for using the equity method (Notes 4 and 13)	507,561	18	508,011	20
Property, plant and equipment (Notes 4, 14 and 30)	956,203	34	725,048	29
Right-of-use assets (Notes 4 and 15)	4,588	-	8,404	-
Intangible assets (Note 4)	4,637	-	3,609	-
Deferred tax assets (Notes 4 and 24)	26,117	1	23,993	1
Refundable deposits	5,336	-	5,156	-
Net defined benefit assets - non-current (Notes 4 and 20)	59,742	2	60,152	3
Other non-current assets (Note 16)	54,646	2	27,354	1
Total non-current assets	<u>1,745,935</u>	<u>62</u>	<u>1,480,955</u>	<u>59</u>
TOTAL	<u>\$ 2,832,071</u>	<u>100</u>	<u>\$ 2,529,909</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 18)	\$ 125	-	\$ 250	-
Accounts payable (Notes 18 and 29)	83,514	3	78,255	3
Other payables (Notes 19 and 29)	215,573	7	180,388	7
Current tax liabilities (Notes 4 and 24)	25,631	1	20,265	1
Lease liabilities - current (Notes 4 and 15)	3,564	-	8,168	-
Other current liabilities	25,581	1	25,097	1
Total current liabilities	<u>353,988</u>	<u>12</u>	<u>312,423</u>	<u>12</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17 and 30)	437,893	16	218,185	9
Deferred tax liabilities (Notes 4 and 24)	5	-	16	-
Lease liabilities - non-current (Notes 4 and 15)	1,084	-	399	-
Guarantee deposits (Note 29)	1,945	-	1,893	-
Total non-current liabilities	<u>440,927</u>	<u>16</u>	<u>220,493</u>	<u>9</u>
Total liabilities	<u>794,915</u>	<u>28</u>	<u>532,916</u>	<u>21</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 21)				
Share capital - ordinary shares	1,329,152	47	1,329,152	53
Capital surplus	189,320	7	188,042	7
Retained earnings				
Legal reserve	197,797	7	178,465	7
Special reserve	106,162	3	59,357	2
Unappropriated earnings	304,546	11	348,139	14
Total retained earnings	608,505	21	585,961	23
Other equity	(89,821)	(3)	(106,162)	(4)
Total equity	<u>2,037,156</u>	<u>72</u>	<u>1,996,993</u>	<u>79</u>
TOTAL	<u>\$ 2,832,071</u>	<u>100</u>	<u>\$ 2,529,909</u>	<u>100</u>

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

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

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED 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, 22 and 29)	\$ 1,300,721	100	\$ 1,245,105	100
OPERATING COSTS (Notes 4, 9, 20, 23 and 29)	<u>446,349</u>	<u>34</u>	<u>428,548</u>	<u>34</u>
GROSS PROFIT	<u>854,372</u>	<u>66</u>	<u>816,557</u>	<u>66</u>
OPERATING EXPENSES (Notes 4, 20, 23 and 29)				
Selling and marketing expenses	555,166	43	519,603	42
General and administrative expenses	103,859	8	98,447	8
Expected credit impairment loss (gain on reversal) (Note 8)	<u>679</u>	<u>-</u>	<u>(652)</u>	<u>-</u>
Total operating expenses	<u>659,704</u>	<u>51</u>	<u>617,398</u>	<u>50</u>
PROFIT FROM OPERATIONS	<u>194,668</u>	<u>15</u>	<u>199,159</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	7,602	1	5,403	-
Other income (Note 29)	19,299	1	22,694	2
Other gains and losses	992	-	1,364	-
Interest expense	(92)	-	(2,561)	-
Share of profit or loss of associates (Notes 4 and 13)	<u>(12,221)</u>	<u>(1)</u>	<u>(17,706)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>15,580</u>	<u>1</u>	<u>9,194</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	210,248	16	208,353	17
INCOME TAX EXPENSE (Notes 4 and 24)	<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. AND SUBSIDIARIES

CONSOLIDATED 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, 13, 20, 21 and 24)				
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	(2,630)	-	2,114	-
Total other comprehensive income (loss) (net of income tax)	15,994	1	(15,316)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 185,092	14	\$ 146,514	12
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 169,098	13	\$ 161,830	13
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 185,092	14	\$ 146,514	12
EARNINGS PER SHARE (Note 25)				
Basic	\$ 1.27		\$ 1.22	
Diluted	\$ 1.27		\$ 1.21	

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

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

(Concluded)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED 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 21)	Capital Surplus (Note 21)	Retained Earnings (Note 21)			Other Equity (Note 21)		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 13 and 21)	-	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 12, 13 and 21)	-	-	-	-	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	-	-	-	-	10,039	2,114	(27,469)	(15,316)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	171,869	2,114	(27,469)	146,514
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 13 and 21)	-	203	-	-	-	-	-	203
Dividends unclaimed by shareholders (Note 21)	-	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 12, 13 and 21)	-	-	-	-	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	-	-	-	-	(803)	(2,630)	19,427	15,994
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	168,295	(2,630)	19,427	185,092
BALANCE AT DECEMBER 31, 2023	\$ 1,329,152	\$ 189,320	\$ 197,797	\$ 106,162	\$ 304,546	\$ (18,070)	\$ (71,751)	\$ 2,037,156

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

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

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED 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	27,253	28,243
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	(7,602)	(5,403)
Dividend income	(5,953)	(7,603)
Share of loss of associates	12,221	17,706
Write-down of inventories	947	244
(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	(21,128)	12,134
Other receivables	(815)	1,186
Inventories	(26,401)	5,650
Net defined benefit assets	(393)	(23)
Prepayments	115	426
Other current assets	(677)	50
Notes payable	(125)	48
Accounts payable	5,259	(10,323)
Other payables	38,317	(36,936)
Other current liabilities	471	4,573
Cash generated from operations	285,495	214,906
Interest paid	(3,257)	(4,027)
Income tax paid	(37,919)	(62,995)
Net cash generated from operating activities	<u>244,319</u>	<u>147,884</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	(179)	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	(27,292)	(27,922)

(Continued)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

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

	2023	2022
Interest received	\$ 7,535	\$ 5,349
Other dividends received	<u>5,953</u>	<u>7,603</u>
Net cash (used in) generated from investing activities	<u>(308,390)</u>	<u>36,198</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>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(1,470)</u>	<u>952</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	977	(60,505)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>177,504</u>	<u>238,009</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 178,481</u>	<u>\$ 177,504</u>

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

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

(Concluded)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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”), along with the Company-controlled subsidiaries (collectively known as the “Group”), was incorporated in the Republic of China (ROC) in October 1976. The Company’s Chinese name was changed 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 are as follows:

- 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 minerals.
- g. The consulting and analysis business managed by the Pharmaceutical Affairs Bureau.
- h. Warehousing.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 Group’s accounting policies.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated 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.

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 Group 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. Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Notes 11 and 34, Tables 2 and 3 for detailed information on subsidiaries (including percentages of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity'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 was 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 consolidated 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.

f. 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.

g. Investment in associates

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

The Group 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 Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group'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 Group'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 Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 Group 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 Group 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 Group 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 28.

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.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to 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 Group 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 Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including Accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for Accounts receivable. For all other financial instruments, the Group 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 Group 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 Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- 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 Group 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 Group 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.

1. Revenue recognition

The Group 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 Group 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 Group recognizes revenue and accounts receivable.

m. Lease

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

1) The Group 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 Group as lessee

The Group 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 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 consolidated 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 Group 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 consolidated 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 the employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) 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 in which they occur or when the plan amendment or curtailment occurs. Rereasurement, 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. Rereasurement 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 Group'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

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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 Group 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 Group 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 Group'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 Group's accounting policies, estimates and underlying assumptions, management of the Group 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	119,081	114,294
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>59,280</u>	<u>63,090</u>
	<u>\$ 178,481</u>	<u>\$ 177,504</u>

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

	<u>December 31</u>	
	2023	2022
Demand deposits	0.05%-1.45%	0.05%-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

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

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	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>
<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	-	114
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>-</u>	<u>114</u>
	<u>\$ 226,268</u>	<u>\$ 205,802</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>

a. 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 Group 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 Group'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 Group's credit risk was significantly reduced.

The Group 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 Group'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 Group's different customer base.

The Group 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 Group 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 Group'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:

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

b. 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 Group 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 Group'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 Group's credit risk was significantly reduced.

The Group 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 and the customer's current financial position. As the Group'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 Group different customer base.

The Group writes off an account 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 Group 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 Group'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	\$ 198,544	\$ 9,404	\$ -	\$ -	\$ -	\$ 207,948
Loss allowance (Lifetime ECLs)	<u>(2,042)</u>	<u>(104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,146)</u>
Amortized cost	<u>\$ 196,502</u>	<u>\$ 9,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,802</u>

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

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

c. Other receivables

The Group measures the loss allowance for other receivables at an amount equal to lifetime ECLs. The Group estimated the loss allowance 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	\$ 66,589	\$ 62,676
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>\$ 257,911</u>	<u>\$ 232,375</u>

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 438,634	\$ 420,424
Inventory write-downs	947	244
Inventory obsolescence loss	6,836	8,163
Gain on physical inventory	<u>(68)</u>	<u>(283)</u>
	<u>\$ 446,349</u>	<u>\$ 428,548</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. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Percentage % Ownership	
			2023	2022
Maywufa Company Ltd.	Maywufa Corporation (Samoa Maywufa)	Investment Holdings	100.00	100.00
Maywufa Corporation (Samoa Maywufa)	Maywufa Hongkong Corporation Limited (Hong Kong Maywufa)	Investment Holdings	100.00	100.00
Maywufa Hongkong Corporation Limited (Hong Kong Maywufa)	Maywufa Cosmetics (Shanghai) Co., Ltd. (Maywufa (Shanghai) Company)	Cosmetics and household goods wholesale	100.00	100.00

The main business risks of Samoa Maywufa and its subsidiaries are political risk and exchange rate risk due to changes in government regulations and cross-strait relations.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	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 34, Table 1 of marketable securities held, for information relating to above investments.

Refer to Note 21 (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 Group'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 retained earnings in 2023. The Group 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.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2023	2022
<u>Listed company</u>		
PhytoHealth Corporation	\$ 457,071	\$ 454,824
AmCad BioMed Corporation	24,811	27,713
<u>Unlisted company</u>		
Broadsound Corporation	23,324	23,097
Lu Te Na Company Limited	<u>2,355</u>	<u>2,377</u>
	<u>\$ 507,561</u>	<u>\$ 508,011</u>

The Group's percentage of ownership and voting rights in associates as of the balance sheet date were as follows:

Name of Companies	December 31	
	2023	2022
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 Group 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 34 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 Group's investment income or loss recognized using the equity method in its affiliated companies was as follows:

	December 31	
	2023	2022
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>\$ (12,221)</u>	<u>\$ (17,706)</u>

The Group 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 the AmCad BioMed Corporation for the year ended December 31, 2023, the Group's shareholding in AmCad BioMed Corporation was reduced to 6.52%, which resulted in a change in the net value of the Group's investment in the Company's net assets, and the capital surplus should be adjusted for an increase of \$32 thousand.

The Group 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 Group's associates is summarized as follows:

	For the Year Ended December 31	
	2023	2022
The Group'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:

	For the Year Ended 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>

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Land	\$ 293,932	\$ 293,932
Buildings	176,113	188,802
Machinery and equipment	13,269	15,123
Income-generating equipment	739	1,163
Other equipment	25	108
Construction in progress	<u>472,125</u>	<u>225,920</u>
	<u>\$ 956,203</u>	<u>\$ 725,048</u>

	Land	Buildings	Machinery and Equipment	Income-generat ing equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 293,932	\$ 389,364	\$ 49,270	\$ 2,517	\$ 2,181	\$ 225,920	\$ 963,184
Additions	-	2,857	2,497	-	-	246,205	251,559
Effects of foreign currency exchange differences	-	(2,293)	-	(2)	-	-	(2,295)
Balance at December 31, 2023	<u>\$ 293,932</u>	<u>\$ 389,928</u>	<u>\$ 51,767</u>	<u>\$ 2,515</u>	<u>\$ 2,181</u>	<u>\$ 472,125</u>	<u>\$ 1,212,448</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ (200,562)	\$ (34,147)	\$ (1,354)	\$ (2,073)	\$ -	\$ (238,136)
Depreciation expenses	-	(14,344)	(4,351)	(423)	(83)	-	(19,201)
Effects of foreign currency exchange differences	-	1,091	-	1	-	-	1,092
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (213,815)</u>	<u>\$ (38,498)</u>	<u>\$ (1,776)</u>	<u>\$ (2,156)</u>	<u>\$ -</u>	<u>\$ (256,245)</u>
Carrying amount at December 31, 2023	<u>\$ 293,932</u>	<u>\$ 176,113</u>	<u>\$ 13,269</u>	<u>\$ 739</u>	<u>\$ 25</u>	<u>\$ 472,125</u>	<u>\$ 956,203</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Income-generating equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 293,932	\$ 403,980	\$ 94,918	\$ 3,508	\$ 2,081	\$ -	\$ 798,419
Additions	-	256	705	89	100	225,920	227,070
Disposals	-	(16,684)	(46,353)	(1,081)	-	-	(64,118)
Effects of foreign currency exchange differences	-	1,812	-	1	-	-	1,813
Balance at December 31, 2022	<u>\$ 293,932</u>	<u>\$ 389,364</u>	<u>\$ 49,270</u>	<u>\$ 2,517</u>	<u>\$ 2,181</u>	<u>\$ 225,920</u>	<u>\$ 963,184</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ (202,015)	\$ (75,683)	\$ (1,937)	\$ (1,908)	\$ -	\$ (281,543)
Depreciation expenses	-	(14,532)	(4,817)	(497)	(165)	-	(20,011)
Disposals	-	16,684	46,353	1,081	-	-	64,118
Effects of foreign currency exchange differences	-	(699)	-	(1)	-	-	(700)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (200,562)</u>	<u>\$ (34,147)</u>	<u>\$ (1,354)</u>	<u>\$ (2,073)</u>	<u>\$ -</u>	<u>\$ (238,136)</u>
Carrying amount at December 31, 2022	<u>\$ 293,932</u>	<u>\$ 188,802</u>	<u>\$ 15,123</u>	<u>\$ 1,163</u>	<u>\$ 108</u>	<u>\$ 225,920</u>	<u>\$ 725,048</u>

(Concluded)

On May 12, 2021, the Group's board of directors approved the building of a GMP factory on its own land in the Yangmei factory area in response to the Group'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 30.

15. 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	<u>\$ 3,564</u>	<u>\$ 8,168</u>
Non-current	<u>\$ 1,084</u>	<u>\$ 399</u>

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 Group leases buildings for operating purposes for a period of 2.75 years.

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

At the end of the lease terms, the Group 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	<u>\$ 2,599</u>	<u>\$ 1,154</u>
Expenses relating to low-value asset leases	<u>\$ 347</u>	<u>\$ 347</u>
Total cash outflow for leases	<u>\$ (11,142)</u>	<u>\$ (9,922)</u>

The Group 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.

16. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Temporary payments	<u>\$ 1,576</u>	<u>\$ 899</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 54,646	\$ 27,350
Others	<u>-</u>	<u>4</u>
	<u>\$ 54,646</u>	<u>\$ 27,354</u>

17. BORROWINGS**Long-term Borrowing**

	December 31	
	2023	2022
Secured borrowings (Note 30)		
Bank loans	<u>\$ 437,893</u>	<u>\$ 218,185</u>

Bank loan's floating rates of the bank loans, which the Group used to build a factory, 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 Group used the loan to build a factory.

18. 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 Group 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.

19. OTHER PAYABLES

	December 31	
	2023	2022
Payables for promotion fee	\$ 69,002	\$ 61,057
Payables for salaries and bonuses	50,639	47,451
Payables for advertising fee	49,362	49,843
Others	<u>46,570</u>	<u>22,037</u>
	<u>\$ 215,573</u>	<u>\$ 180,388</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The employees of the Group's subsidiary in Mainland China are members of a retirement benefit plan operated by the government in Mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the Retirement Benefit Plan to fund the plan. The Group's obligation to this government-operated retirement benefit plan is only to contribute a specified amount.

Hong Kong Maywufa and Samoa Maywufa do not have a retirement plan for their employees and no pension costs are recognized because they do not have regular employees.

b. Defined benefit plan

The defined benefit plans adopted by the Group 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 Group 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are 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	\$ 52,912	\$ (113,064)	\$ (60,152)
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>
Balance at January 1, 2022	\$ 65,648	\$ (115,738)	\$ (50,090)
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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
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 Group 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 will increase (decrease) as follows:

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

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.

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

21. EQUITY

a. Share capital

Ordinary shares

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

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
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)	<u>1,075</u>	<u>-</u>
	<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	<u>-</u>	<u>-</u>	<u>1,075</u>	<u>1,075</u>
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	<u>-</u>	<u>89</u>	<u>-</u>	<u>89</u>
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 23 (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	<u>\$ 19,332</u>	<u>\$ 16,231</u>
Special reserve	<u>\$ 46,805</u>	<u>\$ (88,263)</u>
Cash dividends	<u>\$ 146,207</u>	<u>\$ 155,511</u>
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	<u>\$ 16,875</u>
Reversal of special reserve	<u>\$ (16,341)</u>
Cash dividends	<u>\$ 152,852</u>
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	<u>\$ (18,070)</u>	<u>\$ (15,440)</u>
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	<u>22,457</u>	<u>13,160</u>
	<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	(2,630)	2,114
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>19,472</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 28 (b) for the reconciliation of the fair value measurements in Level 3.

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods		
Consumer Business Unit	\$ 891,012	\$ 883,115
Pharmaceutical Business Unit	<u>409,709</u>	<u>361,990</u>
	<u>\$ 1,300,721</u>	<u>\$ 1,245,105</u>

Revenue from sale of goods

The Group's 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.

23. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	<u>\$ 7,602</u>	<u>\$ 5,403</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 11,105	\$ 11,121
Dividend income	5,953	7,603
Other income	<u>2,241</u>	<u>3,970</u>
	<u>\$ 19,299</u>	<u>\$ 22,694</u>

c. Other gains and losses

	For the Year Ended December 31	
	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>(1,120)</u>
	<u>\$ 992</u>	<u>\$ 1,364</u>

d. Interest expense

	For the Year Ended December 31	
	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 expense

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 14,567	\$ 15,345
Operating expenses	<u>12,686</u>	<u>12,898</u>
	<u>\$ 27,253</u>	<u>\$ 28,243</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 (Note 20)		
Defined contribution plan	\$ 7,009	\$ 6,356
Defined benefit plans	(382)	127
Other employee benefits		
Salaries and bonuses	171,330	162,801
Labor and health insurance	14,544	13,813
Other	<u>6,372</u>	<u>6,497</u>
Total employee benefits expense	<u>\$ 198,873</u>	<u>\$ 189,594</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 39,910	\$ 38,758
Operating expenses	<u>158,963</u>	<u>150,836</u>
	<u>\$ 198,873</u>	<u>\$ 189,594</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 consolidated 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>

24. 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 consolidated 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, and there is no difference between the amount of approved and declared tax.

25. 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 attributable to owners of the Company	<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 Group may settle the compensation of employees in cash or shares; therefore, the Group 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.

26. 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>

27. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group 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).

28. Income-generating equipment

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	-	-	6,615	6,615
	<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	<u>\$ 52,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,004</u>
<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
	<u>\$ 36,265</u>	<u>\$ -</u>	<u>\$ 82,963</u>	<u>\$ 119,228</u>

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	<u>(286)</u>	<u>-</u>
Balance at December 31	<u>\$ 84,581</u>	<u>\$ 82,963</u>

3) Valuation techniques and assumptions for measuring fair value

When the Group 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 the 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)	830,664	767,402
Financial assets recognized at FVTOCI		
Equity instruments	127,105	119,228
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	688,411	431,520

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 Group's major financial instruments include equity investments, accounts receivable, other financial assets, accounts payable, borrowings and lease liabilities. The Group'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 Group 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 Group'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 Group'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 Group's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 33.

Sensitivity analysis

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

The following table details the Group'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).

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

The above effects of profit and loss were mainly derived from the Group'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 Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	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	527,443	512,010
Financial liabilities	437,893	218,185

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$112 thousand and \$367 thousand, respectively, which was mainly a result of demand deposits, foreign currency deposits, time deposits and long-term borrowing risk of interest rate risk.

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

c) Other price risk

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

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 Group. As the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and due to financial guarantee provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheet.

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

3) Liquidity risk

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

The Group'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 Group 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	\$ 248,573	\$ -	\$ 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>\$ 251,828</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	\$ 211,137	\$ 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>\$ 213,734</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>

29. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

Related Party Name	Related Party Category
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 Group 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	Associates	\$ <u>5,932</u>	\$ <u>5,940</u>
	Other related parties	\$ <u>2</u>	\$ <u>3</u>

The Group had signed a contract with PhytoHealth Corporation to sell its products. The Group 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	\$ <u>96,859</u>	\$ <u>73,611</u>
	Other operation costs - associates	\$ <u>311</u>	\$ <u>435</u>

The Group 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 1, 2014 to December 31, 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 Group 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 Group 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 Group to associates.

2) Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Associates	\$ <u>-</u>	\$ <u>114</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 Group.

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 Group is lessor under an operating lease

The Group 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	For the Year Ended December 31	
	2023	2022
Related parties		
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.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group 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)	\$ 1,028
EUR	263	33.98 (EUR:NTD)	9,033
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 21	30.71 (USD:NTD)	\$ 670
EUR	258	33.98 (EUR:NTD)	8,860 (Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 180	30.71 (USD:NTD)	\$ 5,537
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 23 (h) for the foreign currency exchange gains and losses (realized and unrealized) of the Group 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.

34. 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;
 - 10) Intercompany relationships and significant intercompany transactions: (Table 4)
- 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 5)

35. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The reporting departments of the Group are as follows: Management Department, and MeiwuHair department, Medical drugs department.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Department Income		Department Gain/Loss	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Consumer Business Unit	\$ 891,012	\$ 883,115	\$ 187,885	\$ 198,409
Pharmaceutical Business Unit	<u>409,709</u>	<u>361,990</u>	<u>100,553</u>	<u>89,052</u>
Total from continuing operations	<u>\$ 1,300,721</u>	<u>\$ 1,245,105</u>	288,438	287,461
Inseparable general and administrative expense (Including other revenue and expenses, net)			(93,770)	(88,302)
Interest income			7,602	5,403
Rental income			11,105	11,121
Dividend income			5,953	7,603
Other income			2,286	2,793
Foreign exchange gains, net			738	2,446
Gain on financial assets at fair value through profit or loss			209	95
Interest expenses			(92)	(2,561)
Share of loss of associates			<u>(12,221)</u>	<u>(17,706)</u>
Profit before taxes (Continue to operate unit)			<u>\$ 210,248</u>	<u>\$ 208,353</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the years ended December 31, 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without interest income, rental income, dividend income, other income, net foreign exchange gain or loss, gain on financial assets at fair value through profit or loss, interest expense and share of profit or loss of associates accounted for using the equity method. This measured amount was reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2023	2022
Customer A	\$ 142,483	\$ 120,557
Customer B	<u>99,506</u>	<u>126,475</u>
	<u>\$ 241,989</u>	<u>\$ 247,032</u>

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

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.	Share							
	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	6,615	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.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

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.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

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 follow:

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 audited financial statements.

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 = $\$2,037,156 \times 60\% = \$1,222,294$

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

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.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR YEAR ENDED DECEMBER 31, 2023
 (Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Accounts	Amount (Note 1)	Payment Terms	% of Total Sales or Assets (Note 2)
0	Maywufa Company Ltd.	Maywufa cosmetics (Shanghai) Co., Ltd	Parent company to subsidiary	Operating income	\$ 12,584	Similar to general transaction The credit period for hairdressing products is 3 months	1

Note 1: The table only shows one-way transactions, and the transactions have been eliminated.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset - liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount to the consolidated total revenue.

TABLE 5**MAYWUFA COMPANY LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares Held (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 consolidated 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.

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(1); 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)**

ASSETS	2023		2022	
	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)	1,576	-	899	-
Total current assets	1,008,300	36	971,133	38
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)	54,646	2	27,350	1
Total non-current assets	1,821,479	64	1,555,668	62
TOTAL	\$ 2,829,779	100	\$ 2,526,801	100
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	24,950	1	24,198	1
Total current liabilities	351,696	12	309,315	12
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)	1,945	-	1,893	-
Total non-current liabilities	440,927	16	220,493	9
Total liabilities	792,623	28	529,808	21
EQUITY (Note 20)				
Share capital - ordinary shares	1,329,152	47	1,329,152	53
Capital surplus	189,320	7	188,042	7
Retained earnings				
Legal reserve	197,797	7	178,465	7
Special reserve	106,162	3	59,357	2
Unappropriated earnings	304,546	11	348,139	14
Total retained earnings	608,505	21	585,961	23
Other equity	(89,821)	(3)	(106,162)	(4)
Total equity	2,037,156	72	1,996,993	79
TOTAL	\$ 2,829,779	100	\$ 2,526,801	100

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	-	-	-	-	10,039	2,114	(27,469)	(15,316)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	171,869	2,114	(27,469)	146,514
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	-	-	-	-	(803)	(2,630)	19,427	15,994
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	168,295	(2,630)	19,427	185,092
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	752	4,624
Cash generated from operations	290,377	204,918
Interest paid	(3,257)	(4,027)
Income tax paid	(37,919)	(62,995)
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)

(Continued)

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.

1. 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

	<u>December 31</u>	
	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:

	<u>December 31</u>	
	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

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

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	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)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<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>	
	<u>2023</u>	<u>2022</u>
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

	<u>December 31</u>	
	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:

	<u>December 31</u>	
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:

	<u>December 31</u>	
	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

	<u>December 31</u>	
	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-generat ing 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	<u>-</u>	<u>2,857</u>	<u>2,497</u>	<u>-</u>	<u>-</u>	<u>246,205</u>	<u>251,559</u>
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	<u>-</u>	<u>(8,980)</u>	<u>(4,351)</u>	<u>(423)</u>	<u>(83)</u>	<u>-</u>	<u>(13,837)</u>
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	<u>-</u>	<u>(16,684)</u>	<u>(46,353)</u>	<u>(1,081)</u>	<u>-</u>	<u>-</u>	<u>(64,118)</u>
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	<u>-</u>	<u>16,684</u>	<u>46,353</u>	<u>1,081</u>	<u>-</u>	<u>-</u>	<u>64,118</u>
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

	<u>December 31</u>	
	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:

	<u>December 31</u>	
	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

	<u>For the Year Ended December 31</u>	
	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

	<u>December 31</u>	
	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	\$ 52,912	\$ (113,064)	\$ (60,152)
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	\$ 65,648	\$ (115,738)	\$ (50,090)
Service costs			
Current service costs	455	-	455
Net interest expense (income)	417	(745)	(328)
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:

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

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.

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

20. EQUITY

a. Share capital

Ordinary shares

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

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
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)	<u>1,075</u>	<u>-</u>
	<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	<u>\$ 19,332</u>	<u>\$ 16,231</u>
Special reserve	<u>\$ 46,805</u>	<u>\$ (88,263)</u>
Cash dividends	<u>\$ 146,207</u>	<u>\$ 155,511</u>
Cash dividends per share (NT\$)	<u>\$ 1.10</u>	<u>\$ 1.17</u>

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	<u>\$ 16,875</u>
Reversal of special reserve	<u>\$ (16,341)</u>
Cash dividends	<u>\$ 152,853</u>
Cash dividends per share (NT\$)	<u>\$ 1.15</u>

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	<u>\$ (18,070)</u>	<u>\$ (15,440)</u>
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	<u>22,457</u>	<u>13,160</u>
	<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

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

b. Other income

	For the Year Ended December 31	
	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

	For the Year Ended December 31	
	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

	For the Year Ended December 31	
	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

	<u>December 31</u>	
	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

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

Shares

	<u>For the Year Ended December 31</u>	
	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
	<u>\$ 36,265</u>	<u>\$ -</u>	<u>\$ 82,963</u>	<u>\$ 119,228</u>

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	<u>(268)</u>	<u>-</u>
Balance at December 31	<u>\$ 84,581</u>	<u>\$ 82,963</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<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
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	687,024	429,664

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).

	<u>USD Impact</u>		<u>RMB Impact</u>		<u>EUR Impact</u>	
	<u>For the Year Ended December 31</u> 2023	<u>For the Year Ended December 31</u> 2022	<u>For the Year Ended December 31</u> 2023	<u>For the Year Ended December 31</u> 2022	<u>For the Year Ended December 31</u> 2023	<u>For the Year Ended December 31</u> 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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
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
<u>Secured bank facilities</u>		
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

<u>Related Party Name</u>	<u>Related Party Category</u>
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

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

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.

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

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).

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.	Share							
	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	6,615	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.

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.

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	6,599	-	-	-	-	16	146,922	6,615	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.



美吾華股份有限公司
Maywufa Company Limited