Stock Code: 4106

2023 Annual Report

Wellell Inc.

Website for the Annual Report of the Company: Market Observation Post System

http://mops.twse.com.tw/

Prepared by Wellell Inc.

Printed on May 20, 2024

I. Names, Titles, Contact Numbers, and Emails of Spokesperson and Acting Spokesperson:

Name: Li, Yong-Chuan
Title: Chairman
Tel: (02)2268-5568
Email: daniel.lee@wellell.com
Names, Titles, Contact Numbers of Acting Spokesperson:
Name: Chen, Shi-He
Title: Assistant Vice President of Finance and Accounting Division
Tel: (02)2268-5568
Email: richard.chen@wellell.com

II. Addresses and telephone numbers of the headquarters, branches, and factories:

Headquarter/ Plants:
Address: No. 9, Minsheng St., Tucheng Dist., New Taipei City
Tel: (02)2268-5568

III. Contact Information of the institution for stock transfer:

Name: Registrar & Transfer Agency Department of Masterlink Securities
Address: B1F., No. 35, Ln. 11, Guangfu N. Rd., Songshan Dist., Taipei City
Website: www.masterlink.com.tw
Tel: (02)2768-6668

IV. Contact Information of Financial Statement Auditors in the Latest Year:

Name: Kou, Hui-Zhi; Chen, Bei-Qi
CPA Firm: KPMG Taiwan
Address: 68F, No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Website: www.kpmg.com.tw
Tel: (02)8101-6666

V. Overseas Listings and Access to the Listing Information: None.

VI. Company Website: **https://tw.wellell.com/zh-tw**

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Chapter I Letter to Shareholders

Dear Shareholders,

Thank all shareholders for your long-term support to the Company. The following is a report on the Business Results for 2023 and the Business Plan for 2024.

I. 2023 Business Results

The following is a summary of Wellell's business performance in 2023 and outlook for future operations:

(I) Implementation results of the business plan

In 2023, some overseas customers are still facing high inventory pressure, and the lack of urgent orders due to the pandemic has led to a decline in shipments from some customers. Fortunately, the main markets in Europe have performed well, including the sales of oxygen concentrators and mobility aids in Spain, German air mattress-related products in Germany, air mattress bids from the Italian hospital channel, and more. Also, our business continued to grow steadily in the Pan-Asia Pacific region. Thus, the overall operation in 2023 was roughly the same as in 2022.

(II) Budget execution: The Company is not required to announce financial forecast for 2023, therefore, it is not applicable.

(III) Financial income, expenditure, and profitability

In 2023, the Company's consolidated revenue was NT$2,647,122 thousand, a decrease of 0.62% from the previous year's NT$2,663,723 thousand. The operating gross margin was 43.00%, an increase from 2022, which was mainly due to the increase in the revenue ratio of products with high gross margins; the consolidated operating expenses were NT$944,098 thousand, an increase of 7.06% from NT$881,848 thousand in the previous year, which was mainly due to higher revenue growth and relatively higher expenses in Europe. The net income after tax attributable to the parent was NT$152,172 thousand, a decrease of 5.72% from NT$161,404 thousand in the previous year, and earnings per share were NT$1.51.

In 2023, the consolidated net cash inflow from operating activities was NT$455,658 thousand, the net cash outflow from investing activities was NT$52,895 thousand, the net cash outflow from financing activities was NT$200,381 thousand, and the ending cash balance was NT$648,379 thousand. As of the end of 2023, the total consolidated assets amounted to NT$3,224,844 thousand and total liabilities amounted to NT$883,975 thousand, with a debt-to-assets ratio of 27.41%, and the financial structure and solvency were stable and normal.

(IV) Research & development

The Company continues to focus on the fields of wound care solutions, sleep apnea therapy and smart medical technology. In the field of wound care, the Optima Auto Link, an air mattress integrated with digital IoT devices, continues to win bids from Italy. Four new air mattress models have been launched in the Taiwan market. Introducing two-tube alternating models and one-piece designs to educate the Taiwan market and gear to international standards. At the same time, it introduced the Wellell brand PI to seize Taiwan's long-term care and disability market. In January 2023, Wellell's automatic turning-over air mattress and Domus Youyang won the 2023 Gold Award for Certification of Physical Therapy Quality.

In the field of respiratory therapy, we continue to invest in smart positive pressure breathing devices and networking systems, combining IoT, SleepWell App, remote service, and other technologies. Furthermore, the new WiZARD 520 mask has been launched. Its human-centered design includes unobstructed vision, extremely low noise, and a comfortable 3D frame, ensuring a comfortable experience in any sleeping position.

II. 2024 Business plan outline

(I) Business strategy:

The Company will continue to focus on the field of Patient Recovery Care (PRC), based on the needs of patient recovery care, combining with Pressure Area Care (PAC), mobility aids, patient hoists, Intermittent Pneumatic Compression (IPC), medical beds, and other products, so as to strengthen our product portfolio and provide complete solutions. Furthermore, focus on the sales of high-end air mattresses and expand channel strategic partners.

(II) Expected sales volume and basis:

One of our key goals for 2024 is to increase consolidated revenue and strengthen regional product marketing capabilities. We will strengthen the international management capabilities and build an international brand of high-end medical devices through the accumulation of brand marketing power and the establishment of parent-subsidiary standards.

(III) Important production marketing policies:

In terms of products and marketing, it is expected to launch new nasal pillow masks and air mattress products that meet the service needs of the hospital rental market successively, combined with value-added functions and services such as IoT and asset management software.

The Company will also continue to invest in clinical, research and human factors, and cooperate with KOLs and medical institutions to create product differentiation and enhance product added value.

To meet the arrival of the digital transformation era, the Company will continue to digitalize our content, services, and marketing. Through digital marketing and digital communication, assist our channel partners in marketing, and make it easier for patients and users to access and understand our product information, strengthening our brand competitiveness.

III. Future company development strategy

The main strategies for future development of the Company are as follows:

(I) Wellell is promoting its brand and expanding its business globally, and is committed to sustainable development.

(II) Focus on Patient Recovery Care to provide consumers with more complete products and services.

(III) Cultivate long-term partnerships with brand agents to deepen market operations.

(IV) Understand clinical needs and cooperate with KOLs to transform to value creation instead of price competition.

(V) Optimize the Group's internal operational efficiency and establish a global benchmark to share best practices.

The key points of the strategy based on region and production are as follows:

(I) Pan-Europe region: increase the revenue in the UK and France, stabilize gross profit margin in Spain, control expenses in Germany, and use flagship products such as Optima Auto, Turn, and Prone to improve the sales of mid-to-high-end air bed brand products and hospital channel layout through new website, digital marketing, and strategic brand channel partners.

(II) Americas region: Focus on the post acute care field, target the California market to provide localized services and build digital marketing capabilities, and enter the North American market.

(III) Asia Pacific Region: We will focus on the hospital channel and invest in KOL academic cooperation mainly relying on Patient Recovery Care (PRC). For Respiratory Therapy products, we will focus on the home self-pay market and mask sales, and increase revenue through new website, digital marketing, and strategic brand channel partners.

(IV) Production strategy: We will continue to improve our quality control and competitive advantage of cost, define key components, and continue development and manufacture to improve manufacturing efficiency and optimize quality and experience.

In terms of channels, for developed markets such as Europe, the U.S. and Japan, the wound management products will focus on the Hospital Channel and Post Acute Care market, and respiratory therapy products will aim to become the leading brand of sleep breathing masks to occupy the insurance-paid market; for emerging markets, the wound management products will expand the markets of medical centers and medical institutions, and respiratory therapy products will focus on mild symptoms of sleep respiratory health, specialize in home self-pay market.

Adhere to the core spirits of “Digital Well-being”, Wellell’s brand catalyst, build a data-centric enterprise and an IoT digital platform to meet the overall value chain and transform from a device manufacturer to a medical service provider. In addition to developing Smart Patient Recovery Care products, we will also build a portfolio of appropriate care products centered on the patient’s recovery course to create an ecological cycle of digital medical services.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

In terms of the external competitive environment, Wellell will face more competition from Asian manufacturers in the low-end product markets, both in the wound care and respiratory therapy product fields. In the future, Wellell will turn to in-depth research on the unmet needs of users and launch differentiated, value-added high-end products.

In terms of regulatory environment, MDR has replaced the MDD as the regulation that medical device manufacturers must comply with in the medical device industry of EU. The new regulations provide more strict requirements for the review of technical documents, including clinical evaluation and post-marketing clinical tracking, as well as improving traceability of medical devices through the supply chain. Wellell pursues long-term management and attaches importance to social responsibility, carries out all internal operations in accordance with relevant laws and regulations, and will develop and expand new products with a prudent and proactive attitude, and strengthen the operation model to create maximum benefits for the Company.

The Company launched the new company brand “Wellell” in 2022 through a three-year rebranding plan, and will complete the conversion of all product brands within the Group in the next three years. Through reshaping the brand concept, we will reposition our brand vision, value propositions and brand personality, and are expected to transform into a more passionate, flexible and empathetic international brand. Through digital transformation and the introduction of smart health care technologies such as IoT and cloud-based systems, we will continue to work with our global strategic partners to improve the medical quality of patients and lighten people’s digital health future.

We believe that with continued passion, execution, and patience, we will gradually achieve our brand business plan, further expand our market share, and continue to bring profit and growth to our shareholders.

Chairman　Li, Yong-Chuan

Chapter II Company Profile

I. Date of establishment: March 17, 1990

II. Company history:

Year	Important matters
1990	The Company was established with a capital of NT$5 million and mainly engaged in the export of medical devices.
1994	The elderly walker won the "Medical Product Innovation Award" from the Department of Health.
1997	Invested in BEST CARE (U.S.) to sell our own brand products.
	The Support Surface EXCEL8000 won the 6th "Taiwan Excellence Award" from the Ministry of Economic Affairs.
	President Li, Yong-Chuan was awarded "The 20th Entrepreneurial Youth Models of the Republic of China".
1998	Support Surface won the "Excellent Design Product Award" from Taiwan External Trade Development Council (TAITRA).
	Merged with Yatai Industrial Co., Ltd. to realize integrated production and sales.
	Increased capital in cash by NT$50 million, making the capital increase to NT$150 million; realized an annual revenue of NT$500 million, and opened stock subscription to all employees.
1999	Invested in APEX MEDICAL B.V. (Netherlands) as our representative in the European Union.
	The Support Surface EXCEL8000 won the "Innovation Award" from the Ministry of Economic Affairs.
	Increased capital to NT$200 million and launched a public offering.
	Won the 8th "National Award of Outstanding SMEs" from the Ministry of Economic Affairs.
	Won the Second "Rising Star Award" from the Ministry of Economic Affairs.
2000	Invested in APEX GLOBAL INVESTMENT LIMITED, as the holding company for the Company to establish production base in Mainland China.
	Established Shanghai Wellell Medical Devices Co., Ltd. as the Company's production base in Mainland China.
2001	Support Surface DYNA5000 and nebulizer won the 9th "Taiwan Excellence Award".
	The nebulizer won the "Innovation Award" from the Ministry of Economic Affairs.

Year	Important matters
	Invested in APEX MEDICAL U.S.A. CORP. as the Company’s sales office in the Americas.
2002	The Company was officially listed on the Taipei Exchange for public trading.
	Additionally elected external directors and supervisors to implement the corporate governance mechanism.
2003	CPAP respirators passed EMC test and GM and UL certification respectively.
	Obtained Canadian ISO 13485 quality system certification.
	Obtained EU ISO 9000 and ISO 13485 quality system certifications.
	Spent NT$460 million in the new factory building in Tucheng Industrial Park.
	Obtained domestic GMP quality system certification.
	Dynabest, a medical health air mattress series, won the “Golden Pin Design Award”.
	CPAP respirator and intelligent alternative-turning Support Surface won the “Gold and Bronze Prizes” of Pharmaceutical Technology Research and Development Award.
2004	Established the Spanish subsidiary APEX MEDICAL SL as the Company’s sales office in Southern Europe and North Africa.
	CPAP respirator obtained FDA 510(k) certification.
	The Company’s application for transfer of listing from TPEx to Taiwan Exchange was approved by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan.
	Care Nebulizer won the “Gold Prize” of Pharmaceutical Technology Research and Development Award.
2005	Kunshan factory passed UL/CE/ISO13485:2003 certification.
2006	LRT series CPAP respirator won the 14th “Taiwan Excellence Award” from the Ministry of Economic Affairs.
	Increased investment in APEX MEDICAL SL to expand the marketing of our own brand in the EMEALA region (Eastern Europe, Middle East, Central and South America, Southeast Asia and Greater China).
2007	LRT series CPAP respirator won the “Silver Prize” of Pharmaceutical Technology Research and Development Award.
	CPAP respirator system - XT series obtained CE and FDA (510K) certifications.
2008	CPAP respirator ICH series won the “Golden Pin Design Award” from Industrial Development Bureau, Ministry of Economic Affairs.

Year	Important matters
	CPAP respirator system - XT series won the 4th “Innovative Product Award” and the 16th “Taiwan Excellence Award”.
2009	Medical Pneumatic Suspension Turning Mattress System won the “Golden Pin Design Award” from Industrial Development Bureau, Ministry of Economic Affairs.
	CPAP respirator system - XT series won the “Silver Prize” of Pharmaceutical Technology Research and Development Award.
2010	Obtained the “Mobile Negative Pressure Wounded Therapy”, an Industrial TDP Project of the Ministry of Economic Affairs.
2011	WiZARD 210/220 obtained the GKV Heil- & Hilfsmittelnummer certification (Germany).
2012	The Mobile Negative Pressure Wounded Therapy Development Program won the Industry-University-Research Cooperation Award from the Department of Industrial Technology, Ministry of Economic Affairs.
	ICH Auto CPAP respirator system won the 20th Taiwan Excellence Silver Award from the Ministry of Economic Affairs.
	Invested in Westmeria Healthcare Ltd. as the Company’s sales office in the UK.
2013	The Mobile Negative Pressure Wounded Therapy, WiZARD 230 Nasal Mask, Low Equal Pressure Air Mattress, and Domus Auto Air Mattress won the 22nd Taiwan Excellence Award from the Ministry of Economic Affairs.
	The Mobile Negative Pressure Wounded Therapy won the “Silver Prize in Medical Device Category” of the Pharmaceutical Technology Research and Development Award.
	The Mobile Negative Pressure Wounded Therapy won the “Product/System/Service Innovation Award” from the Ministry of Economic Affairs.
	Won the Silver Award of 2013 Happy Workplace in the Small and Medium Enterprises Group in New Taipei City.
2014	Wellell’s CPAP respirator iCH Auto and WiZARD series masks won the National Innovation Award “Enterprise Innovation Group”.
	Wellell’s CPAP respirator iCH Auto won the “2014 Taipei Biotech Awards - Technology Commercialization Gold Medal Award”.
	The Mobile Negative Pressure Wounded Therapy won the 2014 Taiwan Excellence Silver Award.

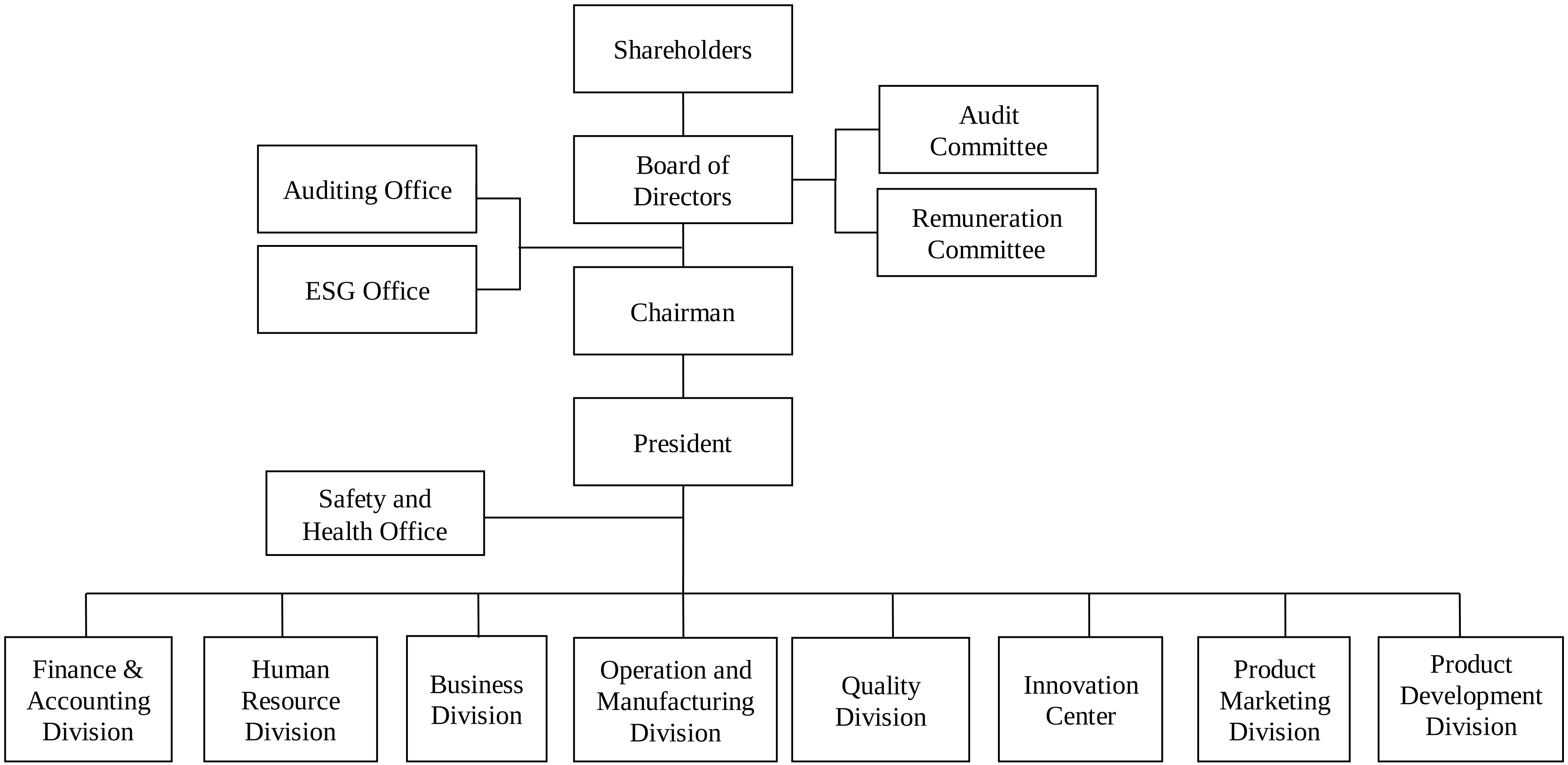
Year	Important matters
	The Mobile Negative Pressure Wounded Therapy, WiZARD 230 Nasal Mask, Low Equal Pressure Air Mattress, and Domus Auto Air Mattress won the 2014 Taiwan Excellence Award.
	Won the Gold Award of 2014 Happy Workplace in the Small and Medium Enterprises Group in New Taipei City.
2015	Wellell’s Pro-care series air mattress won the 2015 Taiwan Excellence Award.
	Wellell’s intelligent pressure-relieving air mattress won the “2015 Taipei Biotech Awards - Go-Global Gold Medal Award”.
	Wellell’s Serene series intelligent pressure-relieving air mattress won the “Pharmaceutical Technology Research and Development Award of the Ministry of Health and Welfare and Ministry of Economic Affairs” in 2015.
	Acquired Westmeria, a UK-based medical materials company, and established the British Branch Apex Medical Ltd.
2016	Wellell’s CPAP respirator iCH Auto and WiZARD series masks won the “2016 Taipei Biotech Awards - Go-Global Award”.
	Invested in SLK Vertriebs GmbH and SLK Medical Gmbh, with a shareholding ratio of 50% respectively.
2017	Wellell acquired Nexus, a British specialty medical bed company.
2018	Wellell’s Flex-Air composite pressure-relieving air mattress won the 26th “Taiwan Excellence Award” from the Ministry of Economic Affairs.
2019	Pro-care Optima Series Product and Wizard 310/320 CPAP respirator masks won the 27th “Taiwan Excellence Award” from the Ministry of Economic Affairs.
2020	Pro-care Turn automatic turning pressure-relieving air mattress won the 28th “Taiwan Excellence Award” from the Ministry of Economic Affairs.
	Acquired SLK Vertriebs GmbH and SLK Medical Gmbh, each company remaining 50% of stock equity.
	Wellell’s Pro-care Turn turning pressure-relieving air mattress won the “2020 Taipei Biotech Awards - Go-Global Silver Medal Award”.
	Wellell won the Health Management Award from Ministry of Health and Welfare in 2020.
2021	WiZARD 510 CPAP respirator mask won the 29th “Taiwan Excellence Gold Award” from the Ministry of Economic Affairs.
2022	Optima Prone air mattress won the 30th “Taiwan Excellence Gold Award” from the Ministry of Economic Affairs Officially launched the new brand name “Wellell”.

Year	Important matters
2022	Wellell’s Optima Series Product successfully won the 2022 “Taipei Biotech Awards” Go-Global Silver Medal Award.
2022	Wellell’s IoT sleep apnea patient management platform (SleepWell) won the 31st Taipei Excellence Award.
2023	The list of the 2023 Gold Award for Certification of Physical Therapy Quality has been released, and a total of 2 products of Wellell, “Automatic Turning Over Air Mattress” and “Domus Youyang” have passed the review and certification.

Chapter III　Corporate Governance Report

I. Organizational structure:

(I) Organizational structure (as of December 31, 2023):



(II) Main business by each major department

1. Auditing Office establish, implement and review the internal audit system, and audit the performance of each department.
2. ESG Office: Planning and execution of ESG work, participation of ESG organizations and societies, and preparation of the Sustainability Report.
3. Safety and Health Office: labor safety and health management related business.
4. Quality Division: establish, maintain, and analyze quality systems and practices, implement continuous quality improvement activities, and promote corporate culture and core values.
5. Finance & Accounting Division: make overall planning and coordination of budget preparation, financial fund allocation, routine accounting, tax planning, and capital increase/decrease approval.
6. Human Resource Division: achieve the maintenance of the Company’s human resources, public affairs, fixed assets, and compliance with the laws and regulations of the relevant authorities.
7. Innovation Center: be responsible for optimizing internal organizational effectiveness, exploring external innovation opportunities, developing global brand digital strategy, assisting in brand internalization and external communication, researching major markets and users, exploring innovative business models, evaluating technology and product investment, and planning for business strategy, etc.
8. Business Division: Preparation, execution and control of annual business plans and budgets for business units; market operation and customer visits, maintenance, classification and management; customer feedback handling and tracking.
9. Operation and Manufacturing Division: strengthen the integration of production functions, coordinate the supply and demand of parent and subsidiary companies, and manage the global supply chain; supervise the planning and execution of production and manufacturing capacity, integrate the long-term cost competitiveness of manufacturing, and achieve annual production and shipment goals.
10. Product Marketing Division: manage the marketing strategy of own-brand products; establish and promote the international brand marketing system.
11. Product Development Division: accumulate the Company’s R&D forces and assets, achieve the Company's short-, medium- and long-term product

research, development and marketing goals, and maintain the Company's product competitiveness; supervise the planning for new product development, new technology research and development and product improvement.

II. Profiles of Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of various departments and branches:

(I) Director:

1. Profiles of Directors

April 26, 2023

Title	Nationality or registry	Name	Gender / Age	Date elected	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remarks
							Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
Chairman	R.O.C.	Yasheng Investment Development Co., Ltd.	-	June 20, 2022	3 years	September 21, 1998	10,566,760	10.47%	10,566,760	10.47%	0	0%	0	0%	Not applicable	Not applicable	None	None	None	None
		Representative: Li, Yong-Chuan	M Age 61-70	June 20, 2022	3 years	September 21, 1998 (Note 1)	1,074,072	1.06%	1,074,072	1.06%	342,704	0.34%	0	0%	Business Manager of Comfort Orthopedic Co. Ltd. National Chengchi University, EMBA, Non-Profit Business Group	President of the Company Chairman of Yachuang Investment Development Co., Ltd. Director of Yaxin Investment Development Co., Ltd. Chairman of Yasheng Investment Development Co., Ltd. Director of Wenzhuan Investment Development Co., Ltd. Chairman (Legal Representative) of Sturdy Industrial Co., Ltd. Director of Wellell America Corp. Director of Apex Global Investment Ltd. Director of ComfortPro Investment Corp. Director of Max Delight Holding Limited Executive Director of Apex (Kunshan) Medical Corp. Executive Director of Wellell (Kunshan) Co., Ltd. Director of G Innings Medical Ltd. Director of Wellell (Thailand) Ltd. Director of Apex Medical Respiratory Ltd. Director of Wellell UK Limited Director of Wellell India Private Limited Director of Wellell France Director of SLK Vertriebs GmbH Director of SLK Medical GmbH	None	None	None	Note 3

Title	Nationality or registry	Name	Gender / Age	Date elected	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remarks
							Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
																Chairman of Apex Medical Corp. Director of Wellell Germany GmbH				
Director	R.O.C.	Yasheng Investment Development Co., Ltd.	-	June 20, 2022	3 years	September 21, 1998	10,566,760	10.47%	10,566,760	10.47%	0	0%	0	0%	Not applicable	Not applicable	None	None	None	None
		Representative: Liu, Chang-Qi	M Age 61-70	June 20, 2022	3 years	June 14, 2010	174,912	0.17%	174,912	0.17%	130,662	0.12%	0	0%	Vice President of Wellell Inc. President of Yatai Industrial Co., Ltd. EMBA, National Chung Hsing University Ph.D. in Economics, The Wang Yannan Institute for Studies in Economics, Xiamen University	Chairman of Yaxin Investment Development Co., Ltd. Director of Yasheng Investment Development Co., Ltd. Director of Yachuang Investment Development Co., Ltd. Chairman of Acemaker Technology Services & Products Corp. Chairman of Huaren Investment Development Co., Ltd. Director of Huizhua Investment Development Co., Ltd. Supervisor of Eversun Science and Technology Co., Ltd. Vice Chairman (Legal Representative) of Strong Biotech Corp. Director of Shengda Construction Co., Ltd. Supervisor of Medifun Corporation Adjunct Associate Professor, Executive Master of Business Administration (EMBA), National Chung Hsing University Consultant of Topkey Foundation Supervisor of Welfare Organization for the Elderly, Taiwan, R.O.C. Director of Xiamen University Taiwan Alumni Association Consultant of National Chung	None	None	None	None

Title	Nationality or registry	Name	Gender / Age	Date elected	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remarks
							Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
																Hsing University Alumni Association Executive Supervisor, National Chung Hsing University Business Administration Department Alumni Association President of Chang Hua Enterprise Operation Research Association				
Director	R.O.C.	CDIB Advantage Venture Capital Investment Limited Partnership	-	June 20, 2022	3 years	June 18, 2019	11,526,000	11.42%	11,526,000	11.42%	0	0%	0	0%	Not applicable	Not applicable	None	None	None	None
		Representative: Wei, Hong-Zheng	M Age 41-50	June 21 ,2022	3 years	June 18, 2019	0	0%	0	0%	0	0%	0	0%	Representative of the corporate director of Sino-American Silicon Products Inc. Representative of the corporate director of Solartech Energy Corp. Independent Director of Superior Plating Technology Co., Ltd. Independent Director of Liyu Technology Co., Ltd. CAPTEC PARTNER Management Corp. Assistant Vice President Master of Business and Management, National Chiao Tung University	Independent Director of AmTRAN Technology Co., Ltd.	None	None	None	None
Director	R.O.C.	National Development Fund, Executive Yuan	-	June 20, 2022	3 years	June 18, 2019	6,000,000	5.94%	6,000,000	5.94%	0	0%	0	0%	Not applicable	Not applicable	None	None	None	None
		Representative: He, Qi-Gong	M Age 61-70	June 20, 2022	3 years	December 16, 2020	0	0%	0	0%	0	0%	0	0%	Undersecretary of Administration, Ministry of Health and Welfare, Executive Yuan Director of Department of Health, Kaohsiung City	Professor of Department of Public Health, Kaohsiung Medical University Director of Department of Community Medicine, Kaohsiung Medical University Chung-Ho	None	None	None	None

Title	Nationality or registry	Name	Gender / Age	Date elected	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remarks
							Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
															Government Associate Professor, Institute of Occupational Safety and Health, Kaohsiung Medical University President of Taiwan Environmental and Occupational Medicine Association Director of Labor Safety and Health Office, Kaohsiung Medical University Chung-Ho Memorial Hospital Director of Department of Community Medicine and Department of Occupational and Environmental Medicine, Kaohsiung Medical University Chung-Ho Memorial Hospital Director of Department of Occupational and Environmental Medicine, Kaohsiung Medical University Chung-Ho Memorial Hospital	Memorial Hospital Director of TaiGen Biopharmaceuticals Holdings Limited (Representative of National Development Fund, Executive Yuan) Director of Center for Occupational Accident Prevention and Rehabilitation (COAPRE)				
															Institute of Public Health, National Taiwan University (College of Medicine)		None	None	None	None
Independent Director	R.O.C.	Lin, Wan-Ying	F Age 61-70	June 20, 2022	3 years	June 10, 2008	0	0%	0	0%	0	0%	0	0%	Associate Professor, Department of Accounting, National Chengchi University Ph.D. in Accounting, Boston University, USA	Adjunct Associate Professor, Department of Accounting, National Chengchi University Independent Director, Member of Audit Committee and Remuneration Committee of Crystalvue Medical Corporation Independent Director, Member of	None	None	None	None

Title	Nationality or registry	Name	Gender / Age	Date elected	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remarks
							Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
																Audit Committee and Remuneration Committee of Taiwan Pelican Express Co., Ltd. Independent Director, Member of Audit Committee and Remuneration Committee of Lien Chang Electronic Enterprise Co., LTD.				
Independent Director	R.O.C.	Wang, Wei	M Age 61-70	June 20, 2022	3 years	June 19, 2012	0	0%	0	0%	0	0%	0	0%	President of Crystalvue Medical Corporation Supervisor of Avalue Technology Incorporation Ph.D. in Electrical Engineering, University of Colorado, USA	Chairman of Crystalvue Medical Corporation Director of Avalue Technology Incorporation Director of KOGE Micro Tech Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Wang, Guo-Cheng	M Age 61-70	June 20, 2022	3 years	June 18, 2013	0	0%	0	0%	0	0%	0	0%	Chairman of Les enphants Co., Ltd. Director of Les Champions Co., Ltd. Member of Remuneration Committee of ACES Electronics Co., Ltd. Director of Genius Toy Taiwan Co., Ltd. Supervisor of Genetics Generation Advancement Corp. Institute of Business Administration, National Taiwan University	Independent Director and Member of Audit Committee of HannStar Board Corporation Independent Director, Member of Audit Committee and Remuneration Committee of Hon Hai Precision Industry Co., Ltd. Independent Director, Member of Audit Committee of Luo Lih-Fen Holding Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Lin, Tian-Fa	M Age 71-80	June 20, 2022	3 years	June 14, 2007 (Note 2)	6,000	0.00%	6,000	0.00%	12,000	0.01%	0	0%	Responsible person of Hemu Investment & Development Co., Ltd. Vice Chairman of Dynamic Medical Technologies Inc. President of Dynamic Medical Technologies Inc. School of Pharmacy, Kaohsiung Medical University	Responsible person of Hemu Investment & Development Co., Ltd.	None	None	None	None

Title	Nationality or registry	Name	Gender / Age	Date elected	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remarks
							Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Li, Xiong-Qing	M Age 61-70	June 20, 2022	3 years	June 18, 2019	0	0%	0	0%	0	0%	0	0%	Chairman of Jiu Zhen Nan Foods Co., Ltd. Executive Master of Business Administration (EMBA), School of Business, Sun Yat-sen University	Chairman of Jiu Zhen Nan Foods Co., Ltd. Responsible person of Yongxingheng Investment Co., Ltd. Representative of the corporate director of Logah Technology Corporation	None	None	None	None

Note 1: Mr. Li, Yong-Chuan was first elected as the Chairman on September 21, 1998 and resigned on April 27, 2004. He was re-elected as the Chairman on June 21, 2016 and has been serving as the Chairman up to now.

Note 2: Mr. Lin, Tian-Fa was first elected as the Supervisor on June 14, 2007, and was elected as an independent director at the shareholders' meeting on June 18, 2013 and resigned on August 8, 2013, and then was re-elected as an independent director on June 21, 2016.

Note 3: Where the Chairman and the president or person of an equivalent position (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors with a majority of directors not being employees or managers, etc.) shall be given: the Chairman also serves as the President of the Company to enhance operational efficiency and decision execution. The Chairman has been closely communicating with the directors on the recent operating status, plans and policies of the Company to implement corporate governance. At present, the Company has taken following specific measures:

(1) The current five independent directors are specialized in the fields of finance and accounting, marketing, and technology industries respectively to effectively perform their supervisory functions.

(2) Arrange all directors to attend professional courses organized by external institutions every year in order to effectively perform their functions.

(3) The Company has established the Remuneration Committee and Audit Committee, and the independent directors can fully discuss and make recommendations to the Board of Directors for its reference in each functional committee, in order to enhance the operational effectiveness of the Board

(4) More than half of the board members are not employees or managers

2. Major shareholders of Corporate Shareholders

Name of Corporate Shareholders (Note 1)	Major shareholders of the Corporate Shareholders (Note 2)
Yasheng Investment Development Co., Ltd.	Wenzhuan Investment Development Co., Ltd. (44.56%); Huaren Investment Development Co., Ltd. (26.60%); Li, Bi-Kai (10%); Li, Yong-Chuan (8.33%); Wu, Li-Hui (3.25%)
CDIB Advantage Venture Capital Investment Limited Partnership	CDIB Venture Capital Corporation (24.58%); Mega International Commercial Bank Co., Ltd. (23.13%); Yuanta Life Insurance Co., Ltd. (11.01%); China Life Insurance Company Limited (7.71%); Guoheng Investment Development Co., Ltd. (4.40%); GlobalWafers Co., Ltd. (3.85%); Win Semiconductors Cayman Islands Co., Ltd. (3.30%); Tong Hsing Food Ind. Corp. (2.20%); Sunplus Venture Capital Co., Ltd. (2.20%); Zhang, Bo-Min (2.20%); Li, Cai-Qiu (2.20%); Mercuries Life Insurance Co., Ltd. (1.54%); ACES Electronics Co., Ltd. (1.54%) (According to the data as of April 2021)
National Development Fund, Executive Yuan	Government of the Republic of China (100%)

Note 1: If a director or supervisor is a representative of corporate shareholder, the name of the corporate shareholder should be filled in.

Note 2: Please fill in the names of the major shareholders (the top ten shareholders in terms of shareholding ratio) of the corporate shareholder and their shareholding ratios.

Note 3: If the corporate shareholder is not a corporate organization, the above-mentioned shareholder name and shareholding ratio that should be disclosed shall be the name of the capital contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of capital contribution or donation; if the donor is deceased, add “Died”.

3. Major shareholders of the Company’s major institutional shareholders

Name of juristic person (Note 1)	Major Shareholders of juristic person(Note 2)
Huaren Investment Development Co., Ltd.	Liu, Chang-Qi (46.10%); Teng, Pei-Lan (29.26%); Liu, Zhao-Wei (24.64%)
Wenzhuan Investment Development Co., Ltd.	Wu, Li-Hui (31.00%); Li, Yong-Chuan (25.00%); Li, Bi-Kai (22.00%); Li, Zhao-Yi (22.00%)
CDIB Venture Capital Corporation	CDIB Capital Group (100%)
Mega International Commercial Bank Co., Ltd.	Mega Financial Holding Company Ltd. (100%)
Yuanta Life Insurance Co., Ltd.	Yuanta Financial Holding Co., Ltd. (100%)
China Life Insurance Company Limited	China Development Financial Holding Corporation (47.30%); Taili Investment Co., Ltd. (0.01%) (According to

Name of juristic person (Note 1)	Major Shareholders of juristic person(Note 2)
	the data as of February 2021)
Guoheng Investment Development Co., Ltd.	Grand Pacific Petrochemical Corporation (81.6%); Videoland Inc. (18.4%) (According to the data in the 2022 Annual Report)
GlobalWafers Co., Ltd.	Sino-American Silicon Products Inc. (51.17%); Lu, Ming-Guang (0.23%); Capital Gain Builder Investment Account custodied by JPMorgan Chase Bank (USA) Taipei Branch (2.87%); Cathay Life Insurance Company Limited (2.21%); New Labor Pension Fund (1.84%); Fubon Life Insurance Company Limited (1.50%); Global Balance Fund Investment Account of American Funds custodied by JPMorgan Chase Bank (USA) Taipei Branch (1.03%); Capital World Growth Income Fund Investment Account custodied by JPMorgan Chase Bank (USA) Taipei Branch (0.92%); Employee Provident Fund custodied by HSBC - EPF MSCI (0.71%); Vanguard Emerging Markets Stock Index Fund Investment Account managed by Vanguard Group custodied by JPMorgan Chase Bank (USA) Taipei Branch (0.68%); the Second Discretionary Fubon Investment Trust Investment Account (2009) of Old Labor Pension Fund (0.63%) (According to the data in the 2022 Annual Report)
Win Semiconductors Cayman Islands Co., Ltd.	Cathay Life Insurance Company Limited (5.05%); Investment Account of Avago Technologies International Marketing Private Limited Company custodied by CTBC Bank (4.72%); Tianhe Industrial Co., Ltd. (4.22%); Chen, Jin-Cai (3.01%); Ye, Guo-Yi (1.90%); Employee Shareholding Association Trust Property Account of Win Semiconductors Cayman Islands Co., Ltd. custodied by CTBC Bank (1.88%); UBS Europe SE Investment Account custodied by Citibank (Taiwan) Commercial Bank (1.87%); Ye, Li-Quan (1.81%); Ye, Li-Cheng (1.81%); Nan Shan Life Insurance Co., Ltd. (1.71%) (According to the data in the 2022 Annual Report)
Tong Hsing Food Ind. Corp.	Yang, Yi-Ling (19.26%); Yang, Hui-Jie (4.38); Yang, Zhi-Hong (0.25%); Huang, Ji-Tang (0.90%); Huang, Yin-Zhong (9.27%); Yang, An-Zhuo (7.50%); Yang, Yi-Wen (7.50%); Yang, Jia-Yu (7.25%); Yang, Nian-Hua (7.23%); Yang, Pei-Zhen (4.26%); Xu, Zhong-Mei (1.10%) (According to the data as of April 2020)
Sunplus Venture Capital Co., Ltd.	Sunplus Technology Co., Ltd. (100%)
Mercuries Life Insurance	Mercuries & Associates Holding, Ltd. (38.49%); Shanglin

Name of juristic person (Note 1)	Major Shareholders of juristic person(Note 2)
Co., Ltd.	Investment Co., Ltd. (5.82%); Xu, Chang-Hui (0.04%); Shuren Investment Co., Ltd. (5.11%); Mercuries Fu Bao Co., Ltd. (2.36%); Wang, Xian-Chang (0.01%); Mercuries Bank Co., Ltd. (1.34%); Chen, Xiang-Fen (0.01%); Vanguard Emerging Markets Stock Index Fund Account custodied by JPMorgan Chase Bank (0.66%); Advanced Starlight Advanced Total International Stock Index custodied by JPMorgan Chase Bank (0.65%); Investment Account of Yafei Co., Ltd. custodied by First Bank (0.64%); New Pension Fund (0.59%); Gan, Jian-Fu (0.49%) (According to the data in the 2022 Annual Report)
ACES Electronics Co., Ltd.	Yuan, Wan-Ding (6.59%); Investment Account of Albula Investment Fund Limited custodied by Deutsche Bank (4.95%); Xu, Chang-Fei (4.66%); Scientific Research Investment Co., Ltd. (4.45%); Weiji Investment Co., Ltd. (4.25%); Helu Investment Co., Ltd. (2.49%); Yuan, Xiang-Feng (2.46%); Liao, Ming-Shan (1.24%); Chengqing Investment Co., Ltd. (1.12%); Yuan, Zhen-Ting (1.10%) (According to the data in the 2022 Annual Report)

Note 1: If a major shareholder of corporate shareholder is a juristic person, the name of the juristic person should be filled in.

Note 2: Please fill in the names of the major shareholders (the top ten shareholders in terms of shareholding ratio) of the juristic person and their shareholding ratios.

Note 3: If the corporate shareholder is not a corporate organization, the above-mentioned shareholder name and shareholding ratio that should be disclosed shall be the name of the capital contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of capital contribution or donation; if the donor is deceased, add “Died”.

4. Disclosure of professional qualification of the directors and independence of directors:

<table>
<tr><th>Qualification / Name</th><th>Professional qualification and experience</th><th>Compliance of independence of Independent Directors</th><th>Number of positions as an Independent Director in other public listed companies</th></tr>
<tr><td>Director: Li, Yong-Chuan</td><td rowspan="9">For professional qualifications and experience of directors, please refer to the “Profiles of Directors” (Pages 19-24) of the annual report
All directors do not meet any descriptions stated in Article 30 of the Company Act, please refer to Note 1

For members of the Audit Committee with accounting or financial expertise, please refer to Note 2</td><td rowspan="4">Not applicable</td><td>0</td></tr>
<tr><td>Director: Liu, Chang-Qi</td><td>0</td></tr>
<tr><td>Director: Wei, Hong-Zheng</td><td>1</td></tr>
<tr><td>Director: He, Qi-Gong</td><td>0</td></tr>
<tr><td>Independent director: Lin, Wan-Ying</td><td rowspan="5">All independent directors meet the following conditions:
1. Comply with Article 14-2 of the Securities and Exchange Act and the relevant provisions of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Financial Supervisory Commission, please refer to Note 3
2. The independent directors (or in the names of others), spouses and minor children do not hold any shares of the Company
3. No remuneration received by provision of business, legal, financial, accounting and other services for the Company or its affiliated companies in the last two years</td><td>3</td></tr>
<tr><td>Independent director: Wang, Wei</td><td>1</td></tr>
<tr><td>Independent director: Wang, Guo-Cheng</td><td>3</td></tr>
<tr><td>Independent director: Lin, Tian-Fa</td><td>0</td></tr>
<tr><td>Independent director: Li, Xiong-Qing</td><td>0</td></tr>
</table>

Note 1: Article 30 of the Company Act: A person shall not act as a manager if any of the following circumstances occurs to that person, and shall be dismissed if that person has been appointed as a manager:

1. He/she has committed a crime stipulated in the Regulations on Organized Crime Prevention Act, and has been confirmed by a guilty verdict, which has not yet been executed or fully executed, or has been fully executed, probation expired or pardoned for less than five years.
2. He/she has committed a crime of fraud, breach of trust, or embezzlement that has been confirmed by a sentence of imprisonment for a term of one year or more, which has not yet been executed or fully executed, or has been fully executed, probation expired or pardoned for less than two years.

3. He/she has committed a crime stipulated in the Regulations on Anti-Corruption Act, and has been confirmed by a guilty verdict, which has not yet been executed or fully executed, or has been fully executed, probation expired or pardoned for less than two years.
4. He/she has been declared bankrupt or the liquidation procedure has started according to court ruling, with his/her rights un-restored.
5. The notes are dishonored, which has not yet expired.
6. Incapacity or limited capacity.
7. He/she is subject to aid declaration, which has not yet been revoked

Note 2: In the Company's Audit Committee, Lin, Wan-Ying, an independent director, has the accounting expertise. Please refer to Page 22 of the Annual Report for the relevant industry experience of independent directors.

Note 3: 1. Not a government, juridical person or its representative as defined in Article 27 of the Company Act.
2. Holding position as an Independent Director in less than three public listed companies.
3. There is no any of the following circumstances during the two years before the election and during the term of office:
   (1) Employed by the Company or any of its affiliated companies.
   (2) Directors and supervisors of the Company or any of its affiliated companies.
   (3) The person, spouse, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares or the top ten shareholders in the name of others.
   (4) A manager of (1) or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3).
   (5) A director, supervisor or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company or ranks as one of its top five shareholders or was appointed pursuant to Article 27 of the Company Act.
   (6) A director, supervisor, or employee of another company where a majority of the Company's directorships or voting shares and those of another company are controlled by the same person.
   (7) The same person as the Company's Chairman, President or person with equivalent position or the director (managing director), supervisor or employee of company or institution of the spouse thereof.
   (8) A director (council member), supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
   (9) A professional individual who, or an owner, partner, director (council member), supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the last two years has received cumulative compensation exceeding NT$500 thousand, or a spouse thereof. This shall not apply to those who serve as members of the Company's Remuneration Committee.

5. Diversity and independence of board of directors:

(1) Board diversity:

- The Company has specified the diversity policy for the composition of the Board of Directors in the Corporate Governance Best Practice Principles, and has set and implemented specific management objectives in accordance with the policy. In order to achieve the Company's desired objectives, the Board of Directors should possess the following capabilities: operational judgment capabilities, accounting and financial analysis capabilities, business management capabilities, crisis management capabilities, industry knowledge, international market outlook, leadership and decision-making skills.
- The Company's Board of Directors shall be accountable to the shareholders' meeting for its operations. The practices and arrangements of the corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with the laws, the Articles of Incorporation, or the resolutions of the shareholders' meetings. The Board of Directors should consider diversity in its membership, and an appropriate diversity policy should be formulated based on its operations, operation type, and development needs, which should include but not be limited to the following two major standard aspects:

  A. Basic conditions and values: gender, age, nationality, culture, etc. The proportion of female directors should reach one-third of the number of directors.

  B. Profession knowledge and skills: background (e.g. law, accounting, industry, finance, marketing or technology), profession skills, industry experience, etc.
- The implementation of the Board diversity policy is shown in the following table:

  A. The Company's current Board of Directors consists of nine directors, including five independent directors and four non-independent directors.

  B. Director Li, Yong-Chuan, Director Liu, Chang-Qi, Independent Director Wang, Wei, and Independent Director Lin Tian-Fa have experience in the biotechnology and medical industry and specialize in leadership, operational decision making and operation management; Independent Director Wang, Guo-Cheng has experience in manufacturing, brand marketing and establishing overseas offices; Independent Director Lin, Wan-Ying has professional abilities in accounting and financial analysis and is familiar with relevant laws and regulations; Director Wei, Hong-Zheng, representative of CDIB Advantage Venture Capital Investment Limited Partnership, has experience in industry, investment, mergers and acquisitions; Independent Director Li, Xiong-Qing has extensive experience in brand marketing channels; Director He, Qi-Gong, representative of the National Development Fund, Executive Yuan, is also a professor in the Department of Public Health at Kaohsiung Medical University and the Director of the Department of Community Medicine at Chung-Ho Memorial Hospital, and has extensive medical and academic experience.

C. The Company attaches importance to gender equality in the composition of the Board of Directors and aims to increase the number of female directors to more than one-third (i.e. 33%). Currently, the Board of Directors consists of 8 (89%) male members and 1 (11%) female member. We will strive to increase the number of female directors in the future to achieve our goal.

Diversity core item / Name of director	Basic compose											Industry Experience			Professional Ability				
	Title	Nationality	Gender	Current positions in our company	Age				Independent Director terms and seniority			Biotech and Medicine	Manufacturing and Brand Channels	Investment and M&A	Accounting	Finance	Industry	Marketing	Technology
					41 to 50	51 to 60	61 to 70	> 70	Less than 3 years	3 - 9 years	More than 9 Years								
Li, Yong-Chuan	Director	R.O.C.	M	Yes	-	-	✓	-	-	-	-	✓	✓	-	-	✓	✓	✓	✓
Liu, Chang-Qi	Director	R.O.C.	M	None	-	-	✓	-	-	-	-	✓	✓	-	-	✓	✓	✓	✓
Wei, Hong-Zheng	Director	R.O.C.	M	None	-	✓	-	-	-	-	-	-	-	✓	-	✓	✓	-	-
He, Qi-Gong	Director	R.O.C.	M	None	-	-	✓	-	-	-	-	✓	-	-	-	-	✓	-	-
Lin, Wan-Ying	Independent Director	R.O.C.	F	None	-	-	✓	-	-	-	✓	-	-	-	✓	✓	-	-	-
Wang, Wei	Independent Director	R.O.C.	M	None	-	-	✓	-	-	-	✓	✓	✓	-	-	✓	✓	✓	✓
Wang, Guo-Cheng	Independent Director	R.O.C.	M	None	-	-	✓	-	-	-	✓	-	✓	-	-	✓	✓	✓	✓
Lin, Tian-Fa	Independent Director	R.O.C.	M	None	-	-	-	✓	-	-	✓ Note	✓	✓	-	-	✓	✓	✓	✓
Li, Xiong-Qing	Independent Director	R.O.C.	M	None	-	-	✓	-	-	✓	-	-	✓	-	-	-	-	✓	-

Note: Mr. Lin, Tian-Fa was first elected as the Supervisor on June 14, 2007, and was elected as an independent director at the shareholders' meeting on June 18, 2013 and resigned on August 8, 2013, and then was re-elected as an independent director on June 21, 2016.

(2) Independence of the Board of Directors: Currently, the Company has five independent directors, accounting for 56% of the total number of directors. In accordance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", the Company has obtained written statements and other supporting documents from each independent director, confirming that the independent

directors and their relatives within the scope specified by the laws are independent of the Company. The Board of Directors as a whole meets the requirements of Paragraph 3, Article 26-3 of the Securities and Exchange Act, and all directors are not related to each other as spouses or relatives within the second degree of kinship. Therefore, the Company believes that the Board of Directors meets the independence requirements.

(II) President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

April 26, 2023

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks
					Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
Chairman-cum-President	R.O.C.	Li, Yong-Chuan	M	August 9, 2021	1,074,072	1.06%	342,704	0.33%	0	0%	Business Manager of Comfort Orthopedic Co. Ltd. National Chengchi University, EMBA, Non-Profit Business Group	Chairman of the Company Chairman of Yachuang Investment Development Co., Ltd. Director of Yaxin Investment Development Co., Ltd. Chairman of Yasheng Investment Development Co., Ltd. Director of Wenzhuan Investment	None	None	None	Note 1

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks
					Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
												Development Co., Ltd. Chairman (Legal Representative) of Sturdy Industrial Co., Ltd. Director of Wellell America Corp. Director of Apex Global Investment Ltd. Director of ComfortPro Investment Corp. Director of Max Delight Holding Limited Executive Director of Apex (Kunshan) Medical Corp. Executive Director of Wellell (Kunshan) Co., Ltd. Director of G Innings Medical Ltd.				

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks
					Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
												Director of Wellell (Thailand) Ltd. Director of Apex Medical Respiratory Ltd. Director of Wellell UK Limited Director of Wellell India Private Limited Director of Wellell France S.A.S. Director of SLK Vertriebs GmbH Director of SLK Medical GmbH Chairman of Apex Medical Corp. Director of Wellell Germany GmbH				
Senior Vice President	R.O.C.	Cui, Yi-De	M	January 1, 2023	153,110	0.02%	25,731	0%	0	0%	President of Sturdy Industrial Co., Ltd. On-the-job Master's Degree Course, College of Business Administration, Chang Gung	Chairman of Wellell Taiwan Corp.	None	None	None	Note 2

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks
					Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
											University					
Vice President	R.O.C.	Cai, Jia-Sheng	M	November 11, 2022	0	0%	0	0%	0	0%	Assistant Vice President of YFY Inc. Executive Master of Business Administration, National Chengchi University Institute of Industrial Education, National Taiwan Normal University	None	None	None	None	None
Vice President	R.O.C.	Tan, Jian-Qiang	M	January 1, 2018	0	0%	0	0%	0	0%	Vice President of Ford Lio Ho Motor Company Institute of Civil Engineering, National Central University	Supervisor of Wellell (Kunshan) Co., Ltd.	None	None	None	Note 3
Financial supervisor and corporate governance officer	R.O.C.	Chen, Shi-He	M	March 24, 2015	0	0%	0	0%	0	0%	Auditing Manager of Acer Incorporated Institute of Business Administration,	Director of Wellell India Private Limited	None	None	None	Note 4

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholdings of spouse and minor children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks
					Number of shares	%	Number of shares	%	Number of shares	%			Title	Name	Relation	
											National Central University					
Chief Accounting Officer	R.O.C.	Wang, Wei-Quan	M	April 30, 2020	0	0%	0	0%	0	0%	Accounting manager of Biodenta Corporation Senior Vice President in Accounting of Pegavision Corporation Institute of Accounting, Tunghai University	None	None	None	None	None

Note 1: Where the chairman and the president or person of an equivalent position (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors with a majority of directors not being employees or managers, etc.) shall be given: Please refer to Note 3 (Page 24) of the attached "Information on Directors and Supervisors" for details.

Note 2: Cui, Yi-De, Senior Vice President, took office on January 1, 2023.

Note 3: Tan, Jian-Qiang, Vice President, resigned on December 31, 2023.

Note 4: Chen, Shi-He, corporate governance officer, took office on May 3, 2023.

Note 5: Wang, Wei-Quan, Chief Accounting Officer, resigned on April 19, 2024.

(III) Remuneration payment to directors, president, and vice president in the latest year:

1. Remuneration for directors and independent directors

December 31, 2023; Unit: NT$ thousand

Title	Name	Remuneration to directors								Ratio of total compensation (A+B+C+D) to net profit after tax (%)		Relevant remuneration received by directors who are also employees								Ratio of total and compensation (A+B+C+D+E+F+G) to net profit after tax		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Pension (B)		Remuneration to Directors (C) (Note 1)		Business Execution Expenses (D) (Note 2)				Salary, bonus and special allowances, etc. (E)		Pension (F)		Remuneration to employees (G)						
																The Company		All companies shown in the financial report				
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies shown in the financial report	
Director	Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan																					None
Director	Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi																					None
Director	CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng	3,500	3,500	0	0	3,486	3,486	1,289	1,301	8,275 5.44%	8,287 5.45%	1,600	1,600	0	0	1,300	0	1,300	0	11,175 7.34%	11,187 7.35%	None
Director	National Development Fund, Executive Yuan Representative: He, Qi-Gong																					None
Independent Director	Lin, Wan-Ying																					None
Independent Director	Wang, Wei																					None
Independent Director	Wang, Guo-Cheng																					None

Title	Name	Remuneration to directors								Ratio of total compensation (A+B+C+D) to net profit after tax (%)		Relevant remuneration received by directors who are also employees								Ratio of total and compensation (A+B+C+D+E +F+G) to net profit after tax		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Pension (B)		Remuneration to Directors (C) (Note 1)		Business Execution Expenses (D) (Note 2)				Salary, bonus and special allowances, etc. (E)		Pension (F)		Remuneration to employees (G)						
																The Company		All companies shown in the financial report				
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies shown in the financial report	
Independent Director	Lin, Tian-Fa																					None
Independent Director	Li, Xiong-Qing																					None

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration amount according to the responsibilities, risks, time, and other factors: The Rules for Performance Evaluation of Board of Directors is the basis for evaluation. In addition to the operating results, the contribution of the directors to the Company is also considered to give a reasonable remuneration. The reasonableness of the relevant performance evaluation and remuneration is reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed timely according to the actual operating conditions and changes in relevant laws and regulations.
2. In addition to the disclosures in the above table, remuneration received by the Company's directors who provided services (such as consultant serving as the parent Company/ all companies in the financial report/ investee businesses non-employees, etc.) in the latest year: None.

*The remuneration disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for taxation.

Note 1: The amount of directors' remuneration proposed to be distributed in 2023 as approved by the Board of Directors in 2024 should be filled in, which is calculated based on the actual distribution proportion of directors' remuneration last year.

Note 2: The amount of compensation paid to drivers by all companies in the consolidated financial statements of the Company was NT$597 thousand.

Remuneration Bracket Table

<table>
<tr><td rowspan="3">Range of Remuneration for each director of the Company</td><td colspan="4">Name of director</td></tr>
<tr><td colspan="2">Total of the aforementioned 4 items (A+B+C+D)</td><td colspan="2">Total of the aforementioned 7 items (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company</td><td>All companies shown in the financial report</td><td>The Company</td><td>All companies shown in the financial report</td></tr>
<tr><td>Less than NT$1,000,000</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi
CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng
National Development Fund, Executive Yuan
Representative: He, Qi-Gong
<u>Independent Directors:</u>
Lin, Wan-Ying; Wang, Wei; Wang, Guo-Cheng; Lin, Tian-Fa; Li, Xiong-Qing</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi
CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng
National Development Fund, Executive Yuan
Representative: He, Qi-Gong
<u>Independent Directors:</u>
Lin, Wan-Ying; Wang, Wei; Wang, Guo-Cheng; Lin, Tian-Fa; Li, Xiong-Qing</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi
CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng
National Development Fund, Executive Yuan
Representative: He, Qi-Gong
<u>Independent Directors:</u>
Lin, Wan-Ying; Wang, Wei; Wang, Guo-Cheng; Lin, Tian-Fa; Li, Xiong-Qing</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi
CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng
National Development Fund, Executive Yuan
Representative: He, Qi-Gong
<u>Independent Directors:</u>
Lin, Wan-Ying; Wang, Wei; Wang, Guo-Cheng; Lin, Tian-Fa; Li, Xiong-Qing</td></tr>
<tr><td>NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan</td><td><u>General Director:</u>
Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan</td></tr>
<tr><td>NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
</table>

Range of Remuneration for each director of the Company	Name of director			
	Total of the aforementioned 4 items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—	—	—
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	9	9	9	9

2. Supervisors' remuneration: The Company has established an audit committee consisting of five independent directors to replace the duties of supervisors, therefore, it is not applicable.

3. Remuneration to the President and Vice Presidents：

December 31, 2023; Unit: NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name (Note 1)</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonuses and allowances etc. (C)</th><th colspan="4">Remuneration to employees (D) (Note 1)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net profit after tax (%)</th><th rowspan="3">Remuneration received from the invested companies other than the subsidiaries and the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies shown in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>President</td><td>Li, Yong-Chuan</td><td rowspan="4">6,399</td><td rowspan="4">6,399</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">2,374</td><td rowspan="4">2374</td><td rowspan="4">3,383</td><td rowspan="4">0</td><td rowspan="4">3,383</td><td rowspan="4">0</td><td rowspan="4">12,156
7.99 %</td><td rowspan="4">12,156
7.99%</td><td rowspan="4">None</td></tr>
<tr><td>Senior Vice President</td><td>Cui, Yi-De (Note 2)</td></tr>
<tr><td>Vice President</td><td>Cai, Jia-Sheng</td></tr>
<tr><td>Vice President</td><td>Tan, Jian-Qiang (Note 3)</td></tr>
</table>

Note 1: The Board of Directors of the Company approved the proposed remuneration to employees of NT$15,425 thousand in 2023. Up to the publication date of the annual report, the list of the current employee remuneration distribution has not yet been determined. Therefore, the proposed distribution amounts for this year are calculated based on the actual distribution ratio of last year.

Note 2: Cui, Yi-De, Senior Vice President, took office on January 1, 2023.

Note 3: Tan, Jian-Qiang, Vice President, resigned on December 31, 2023.

Remuneration Bracket Table

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company	All companies shown in the financial report
Less than NT$1,000,000		
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Li, Yong-Chuan	Li, Yong-Chuan
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Cai, Jia-Sheng; Tan, Jian-Qiang	Cai, Jia-Sheng; Tan, Jian-Qiang
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Cui, Yi-De	Cui, Yi-De
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	4	4

4. Name of the managers received remuneration and the distribution of remuneration:

December 31, 2023; Unit: NT$ thousand

	Title	Name	Stock amount (Note 1)	Cash amount (Note 1)	Total	As a percentage of net profit after tax (%)
Manager	President	Li, Yong-Chuan	0	4,350	4,350	2.86%
	Senior Vice President	Cui, Yi-De (Note 2)				
	Vice President	Cai, Jia-Sheng				
	Vice President	Tan, Jian-Qiang (Note 2)				
	Financial supervisor	Chen, Shi-He				
	Chief Accounting Officer	Wang, Wei-Quan				

Note 1: Up to the publication date of the annual report, the list of the current employee remuneration distribution has not yet been determined, so the proposed distribution amounts for this year are calculated based on the actual distribution ratio of last year.

Note 2: Cui, Yi-De, Senior Vice President, took office on January 1, 2023. Tan, Jian-Qiang, Vice President, resigned on December 31, 2023, and Wang, Wei-Quan, Accounting Manager, resigned on April 19, 2024.

(IV) Separately compare and describe the ratio of the remunerations paid by the Company and all companies in the financial statements to the Company's directors, President and Vice Presidents to the net profit after tax of the parent company only financial statements for the last two years, the policy, standard and combination of the remuneration, and the procedure for formulating the remuneration and its correlation with business performance and future risks:

1. Analysis of the total remuneration paid to the Company's directors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements as a percentage of the net profit after tax in the parent company only financial statements for the last two years:

<table>
<tr><th rowspan="2">Title</th><th colspan="2">The total remuneration paid to the Company's directors, the President, and Vice Presidents as a percentage of the net profit after tax in the parent company only financial statements for 2023</th><th colspan="2">The total remuneration paid to the Company's directors, the President, and Vice Presidents as a percentage of the net profit after tax in the parent company only financial statements for 2022</th></tr>
<tr><th>The Company</th><th>All companies shown in the financial report</th><th>The Company</th><th>All companies shown in the financial report</th></tr>
<tr><td>Director</td><td rowspan="2">13.43%</td><td rowspan="2">13.43%</td><td rowspan="2">10.70%</td><td rowspan="2">14.86%</td></tr>
<tr><td>President and Vice President</td></tr>
</table>

2. Remuneration policies, standards, and packages, the procedure and determining remuneration, and its linkage to operating performance and future risk exposure

(1) Remuneration policies, standards, and packages

In accordance with Article 20-1 of the Company's Articles of Incorporation, if the Company makes a profit in a fiscal year, it shall set aside 5% to 15% of the profit as employees' remuneration and not more than 2% as directors' remuneration, which shall be reviewed by the Remuneration Committee and then submitted to the Board of Directors for discussion and approval before distribution, and shall be reported to the Annual Shareholders' Meeting.

A. Directors Remuneration Distribution Policy

In addition to considering the operational efficiency, contribution, and tenure of the Company, the remuneration ratio is calculated by taking into account the occurrence of moral hazard incidents or other events that have a negative impact on the Company's image and goodwill, so as to give a reasonable remuneration. The reasonableness of the relevant remuneration is reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed timely by regular review of the actual operating conditions and changes in relevant laws and regulations.

B. Managers Remuneration Distribution Policy

The remuneration ratio is calculated and a reasonable remuneration is given by taking into account the salary level of the position in the industry, the overall performance of the Company and the occurrence of moral hazard incidents or other events that have a negative impact on the Company's image and goodwill, as well as the achievement rate of the individual’s performance and his or her contribution to the Company’s performance. The relevant remuneration has been considered and approved by the Remuneration Committee of the Company.

(2) Procedure for determining remuneration: The remuneration is determined in accordance with the Company’s Articles of Incorporation and the Performance Evaluation Method.

(3) Correlation between business performance and future risks: The Company’s remuneration policy takes into account the Company’s financial position and operating results for the current year and future capital requirements, as well as the evaluation of future risks in order to minimize the possibility of risk occurrence and balance sustainable management and risk control. The Company formulates and regularly reviews the policies, systems, standards and structure of performance and remuneration.

III. Corporate governance

(I) The state of operations of the Board of Directors

The state of operations of the Board of Directors

The Board of Directors convened 4 meetings in 2023 and the participation of the directors are shown below:

Title	Name	Actual attendance	Proxy attendance	Actual attendance (%)	Remarks
Chairman	Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan	4	0	100%	Re-elected on June 20, 2022
Director	Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi	4	0	100%	Re-elected on June 20, 2022
Director	CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng	4	0	100%	Re-elected on June 20, 2022
Director	National Development Fund, Executive Yuan Representative: He, Qi-Gong	4	0	100%	Re-elected on June 20, 2022
Independent Director	Lin, Wan-Ying	4	0	100%	Re-elected on June 20, 2022
Independent Director	Wang, Wei	4	0	100%	Re-elected on June 20, 2022
Independent Director	Wang, Guo-Cheng	4	0	100%	Re-elected on June 20, 2022
Independent Director	Lin, Tian-Fa	3	1	75%	Re-elected on June 20, 2022
Independent Director	Li, Xiong-Qing	3	1	75%	Re-elected on June 20, 2022

Other mentionable items:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(I) Issues required under Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and the provisions of Article 14-3 are not applicable. Please refer to the Operations of the Audit Committee for the relevant information.

(II) Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintain a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

III. Details of the implementation of self-evaluation of the Company's Board of Directors.

Evaluation term	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year, and submitted to the Board of Director on March 13, 2024	January 1, 2023 - December 31, 2023	Performance evaluation of the Board of Directors, individual Board members and functional committees	Self-evaluation of the Board of Directors and Board members	[Performance evaluation results of the Board of Directors, individual Board members and functional committees in 2023] Note 1

IV. Targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. establishing an audit committee, and improving information transparency) and the evaluation on implementation:

(I) Strengthen the functions of the Board of Directors

The Company has established the Rules of Procedure for Board of Directors Meetings, and the board meetings are all handled in accordance with the rules.

(II) Improve information transparency

The Company's financial statements are regularly audited by KPMG Taiwan, and we timely and accurately disclose all information required by laws and regulations to be disclosed, and the Company has designated dedicated personnel to be responsible for the collection and disclosure of the Company's information and established a spokesperson system to ensure that all material information is disclosed in a timely and appropriate manner.

V. Attendance of Independent Directors at Board Meetings in 2023

◎ Attend in person ◇ Attend by proxy *: Absent

2023	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting
Lin, Wan-Ying	◎	◎	◎	◎
Wang, Wei	◎	◎	◎	◎
Wang, Guo-Cheng	◎	◎	◎	◎
Lin, Tian-Fa	◇	◎	◎	◎
Li, Xiong-Qing	◎	◎	◎	◇

Note 1:

[Performance evaluation results of the Board of Directors, individual Board members and functional committees in 2023]

In accordance with the Rules for Performance Evaluation of Board of Directors amended on May 5, 2021, the Company shall conduct an internal performance evaluation of the Board of Directors at least once a year. The evaluation includes self-evaluation of the Company's Board of Directors, functional committees, and individual Board members, and the evaluation results have been submitted to the Board of Directors on March 13, 2024.

In consideration of the Company's conditions and needs, the measurement items of the board performance evaluation include the following five aspects:

1. Level of participation in the Company's operations.
2. Improvement in the decision-making quality of the board of directors.
3. Board composition and structure
4. Director's election and continuing education.
5. Internal Control

The measurement items of the Board members' (self) performance evaluation include the following six aspects:

1. Director's awareness toward the Company's goals and missions.
2. Director's awareness to duties
3. Level of participation in the Company's operations.
4. Management and communication of internal relations.
5. Director' s professional and continuing education
6. Internal Control

The performance evaluation questionnaires, after being collected before the end of the first quarter of the following year, will be analyzed by the organizer of the Board of Directors in accordance with the above method. The scoring standards for each evaluation item are as follows: 1: Very poor (strongly disagree); 2: Poor (disagree); 3: Moderate (average); 4: Good (agree); 5: Excellent (strongly agree). The evaluation results are summarized as follows:

(I) Self-evaluation of the Board's performance:

The performance evaluation indicators of the Board of Directors consist of 45 indicators in five aspects, and the average score of the evaluation results is 4.95 points.

1: Very poor (strongly disagree): 0 items
2: Poor (disagree): 2 items
3: Moderate (average): 0 items
4: Good (Agree): 0 items
5: Excellent (strongly agree): 43 items

There are 2 items with a score of 2: Poor (disagree).

1. Evaluation Item 2: Directors' attendance at shareholders' meetings
   The evaluation results and improvement program: The attendance rate of directors at the 2023 Annual Shareholders' Meeting was 22.22%; in order to increase the attendance rate of all directors at the Annual Shareholders' Meeting, the directors will be notified of the date of 2023 Annual Shareholders' Meeting earlier, so that the directors can schedule their attendance.
2. Evaluation Item 15: Frequency of Board meetings
   The evaluation results and improvement program:
   The Board of Directors held 4 meetings during 2023. In the future, the number of board meetings will be increased as necessary to improve performance evaluation and corporate governance needs.
   The rest of the report shows that the Board of Directors has fulfilled the responsibility for guiding and supervising the Company's strategy, major business and risk management, and is able to establish a proper internal control system.

Five aspects of self-evaluation	Evaluation item	Scoring results (Mean)
Level of participation in the Company's operations.	12 items	4.75
Improvement in the decision-making quality of the board of directors.	12 items	4.75
Board composition and structure	7 items	5
Director's election and continuing education.	7 items	5
Internal Control	7 items	5

(II) Self-evaluation on performance by Board members:

The performance evaluation indicators of the Board members consist of 23 indicators in six aspects, and the average score is 4.95 points.

The evaluation results of each director are as follows, which show that the directors have positive comments on the operational efficiency and effectiveness of each indicator.

Six aspects of self-evaluation	Evaluation item	Scoring results (Mean)
Director's awareness toward the Company's goals and missions.	3 items	5.00
Director's awareness to duties	3 items	4.96
Level of participation in the Company's operations.	8 items	4.86
Management and communication of internal relations.	3 items	4.89
Director' s professional and continuing education	3 items	4.96
Internal Control	3 items	5.00

(III) Audit Committee's self-evaluation on performance:

The performance evaluation indicators of the Audit Committee consist of 22 indicators in five aspects, and the average score of the evaluation results is 4.95 points.

In particular

1: Poor (disagree): 0 item

2: Poor (disagree): 0 item

3: Moderate (average): 0 item

4: Good (Agree): 1 item

5: Excellent (strongly agree): 21 items

The evaluation results of each director are as follows, which show that the overall operation of the Audit Committee is sound and in compliance with the requirements of corporate governance and effectively enhances the functions of the Board of Directors.

Five aspects of self-evaluation	Evaluation item	Scoring results (Mean)
Level of participation in the Company's operations.	4 items	4.75
Awareness of responsibilities of the Audit Committee	5 items	5
Improvement to the quality of the functional committee's decision-making	7 items	5
The composition and election of the Audit Committee members	3 items	5
Internal Control	3 items	5

(IV) Remuneration Committee's self-evaluation on performance:

The performance evaluation indicators of the Remuneration Committee consist of 19 indicators in five aspects, and the average score of the evaluation results is 4.96 points.

The evaluation results of each director are as follows, which show that the overall operation of the Remuneration Committee is sound and in compliance with the requirements of corporate governance and effectively enhances the functions of the Board of Directors.

Five aspects of self-evaluation	Evaluation item	Scoring results (Mean)
Level of participation in the Company's operations.	4 items	4.83
Awareness of responsibilities of the Audit Committee	5 items	5.00
Improvement to the quality of the functional committee's decision-making	7 items	5.00
The composition and election of the	3 items	5.00

Remuneration Committee members		

(II) Operations of the Audit Committee:

Information on the operation of the Audit Committee

The Audit Committee held 4 meetings during 2023, and the independent directors' attendance is as follows:

Title	Name	Actual attendance	Proxy attendance	Actual attendance (%)	Remarks
Independent Director	Lin, Wan-Ying	4	0	100%	Re-elected on June 20, 2022
Independent Director	Wang, Wei	4	0	100%	Re-elected on June 20, 2022
Independent Director	Wang, Guo-Cheng	4	0	100%	Re-elected on June 20, 2022
Independent Director	Lin, Tian-Fa	3	1	75%	Re-elected on June 20, 2022
Independent Director	Li, Xiong-Qing	4	0	100%	Re-elected on June 20, 2022

Other mentionable items:

I. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the term, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the committee's resolution results, and the Company's response to the committee's opinions shall be specified:

(I) Issues required under Article 14-5 of the Securities and Exchange Act:

Date of meeting	Discussion	Objection, reservation, or major suggestion made by independent directors	Resolution results of Audit Committee and the Company's handling of the Audit Committee's opinion
4th meeting of the Fourth Audit Committee March 29, 2023	Proposal for 2022 Employees' and Directors' Remunerations Distribution	None	The members of the Audit Committee unanimously approved all motions, and the Board of Directors approved all motions according to the suggestions of the Audit Committee.
	2022 Business Report of the Company		
	"2022 Financial Statements" and "2022 Consolidated Financial Statements" of the Company		
	Proposal for the Company's 2022 earnings distribution		
	Statement of Internal Control System for 2022		
	Proposal for amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings"		
	Proposal for applying to the competent authority for public offering of the Company's 2018 private placement of common shares		
5th meeting of the Fourth Audit Committee May 3, 2023	Matters regarding the provision of endorsements and guarantees required for the short-term credit line between Wellell America Corp. and CTBC Bank		

6th meeting of the Fourth Audit Committee August 9, 2023	Consolidated financial statements of the Company for the first half of 2023		
	Proposal for amendment of the Company's "Internal Audit Rules"		
7th meeting of the Fourth Audit Committee November 10, 2023	The appointment and remuneration of the CPAs for 2023		
8th meeting of the Fourth Audit Committee March 13, 2024	Proposal for 2023 Employees' and Directors' Remunerations Distribution		
	2023 Business Report of the Company		
	"2023 Financial Statements" and "2023 Consolidated Financial Statements" of the Company		
	Proposal for the Company's 2023 earnings distribution		
	Proposal for amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings"		
	Matters regarding the provision of endorsements and guarantees required for the short-term financing between Wellell America Corp. and CTBC Bank		
	Statement of Internal Control System for 2023		
	Proposal to replace CPAs for the Company's financial report		
9th meeting of the Fourth Audit Committee May 8, 2024	Proposal to appoint the Company's Chief Accounting Officer		
	Proposal to amend the Audit Committee Charter		

(II) Except the aforementioned issue, other issue not yet resolved in the Audit Committee but has been duly resolved by two-thirds majority of the total number of director seats: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

III. Facts of communications by and between independent directors and internal audit supervisors as well as CPA(s) (should include issues regarding the Company's financial conditions, facts in business operation and such key issues, the method of communications and the outcome thereof):

(I) The audit supervisor and the CPAs may communicate directly with the independent directors as needed at ordinary times.

(II) In addition to receiving monthly audit reports, at least once a year, the independent directors hold a separate meeting with the CPAs and the audit supervisor without the presence of the general directors and management to discuss the implementation of the audit and the CPAs' external audit opinions.

Separate communication meetings in 2023: Facts of communications by and between independent directors and the internal audit supervisors, the audit supervisor reports to the Audit Committee and the Board of Directors at least once a year on the implementation and effectiveness of the audit. The specific matters are as follows:

Date	Attendees	Communications	Implementing results
March 29, 2023	Independent director: Lin, Wan-Ying Independent director: Wang, Wei Independent director: Wang, Guo-Cheng Independent director: Lin, Tian-Fa Independent director: Li, Xiong-Qing Audit supervisor: Cai, Siou-Ling	(1) To present the results of the Group's annual self-evaluation (2) To approve the "Internal Statement"	After consideration and approval by the Audit Committee members, it was submitted to the Board of Directors for approval

May 3, 2023	Independent director: Lin, Wan-Ying Independent director: Wang, Wei Independent director: Wang, Guo-Cheng Independent director: Lin, Tian-Fa Independent director: Li, Xiong-Qing Audit supervisor: Cai, Siou-Ling	Report on the implementation of the audit plan and the audit deficiency arising therefrom	Presented to the Audit Committee members and Board of Directors.
August 9 ,2023	Independent director: Lin, Wan-Ying Independent director: Wang, Wei Independent director: Wang, Guo-Cheng Independent director: Lin, Tian-Fa Independent director: Li, Xiong-Qing Audit supervisor: Cai, Siou-Ling	(1) Summary report on the implementation of the audit plan, the audit deficiency arising therefrom, and tracking of quarterly deficiencies (2) Amendment of the internal audit rules	(1) Presented to the Audit Committee and Board of Directors. (2) After consideration and approval by the Audit Committee members, it was submitted to the Board of Directors for approval
November 10, 2023	Independent director: Lin, Wan-Ying Independent director: Wang, Wei Independent director: Wang, Guo-Cheng Independent director: Lin, Tian-Fa Independent director: Li, Xiong-Qing Audit supervisor: Cai, Siou-Ling	(1) To summarize and report the annual risk assessment results (2) To submit the "2024 Annual Audit Plan Schedule" for discussion and approval	After consideration and approval by the Audit Committee members, it was submitted to the Board of Directors for approval

2. Facts of communications by and between independent directors and CPA(s):
The Company's Audit Committee consists of all independent directors, and the CPAs will communicate and discuss the contents of the audited financial statements and updates of the relevant laws and regulations at least once a year. The specific matters include:

Date Nature	**Attendees**	**Communications**	**Implementing results**
March 29, 2023 Annual meeting of independent directors and CPAs	Independent director: Lin, Tian-Fa Independent director: Lin, Wan-Ying Independent director: Wang, Wei Independent director: Wang, Guo-Cheng Independent director: Li, Xiong-Qing CPA: Guo, Xin-Yi	1. The CPAs explain the annual financial report and the key audit matters 2. Discuss important accounting standards or interpretation letters, securities regulatory laws and tax law updates	The independent directors had no objections to the explanation of the annual financial report, key audit matters and relevant law updates.
March 13, 2024 Annual meeting of independent directors and CPAs	Independent director: Lin, Tian-Fa Independent director: Lin, Wan-Ying Independent director: Wang, Wei Independent director: Wang, Guo-Cheng Independent director: Li, Xiong-Qing CPA: Guo, Xin-Yi	1. The CPAs explain the annual financial report and the key audit matters 2. Discuss important accounting standards or interpretation letters, securities regulatory laws and tax law updates	Communicated and discussed the questions raised by the participants, and approved without objection.

(III) In addition to the above regular communication, the audit supervisor and the CPAs also communicate with the independent directors as needed from time to time.

IV. Summary of annual work focus of Audit Committee

The Company's Audit Committee consists of five independent directors. The Audit Committee aims to assist the Board of Directors to perform its supervision on the Company's quality and integrity in the implementation of accounting, auditing, financial reporting processes and financial control. The Audit Committee met 4 times in 2023 and mainly considered the following matters:

(I) Audit of financial statements
(II) Internal control system and related policies and procedures
(III) Handling material asset or derivative trading
(IV) Critical capital lending, endorsement, or guarantee
(V) Regulatory compliance
(VI) Qualifications, independence and performance evaluation of CPAs
(VII) Appointing or dismissing CPAs or determining their remuneration
(VIII) Evaluate the independence of CPA firm

- Review of financial statements

  The Board of Directors prepared the Company's business report, financial statements, and profit distribution proposal for the year 2023. The financial statements have been audited by KPMG Taiwan and an audit report has been issued. The above-mentioned business report, financial statements, and profit distribution proposal have been audited by this Audit Committee, with no discrepancy found.

- Evaluate the effectiveness of internal control system

  The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, regulatory compliance and other control measures), and reviewed the Company's audit department, including risk management and regulatory compliance.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>I. Will the Company based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies set up and disclose the Company’s corporate governance best-practice principles?</td><td>✓</td><td></td><td>The Company’s Board of Directors has approved the formulation of the Corporate Governance Best-Practice Principles.</td><td>None</td></tr>
<tr><td>II. Shareholding structure and shareholders’ equity
(I) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?
(II) Will the Company possess the list of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders?
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?</td><td>✓</td><td></td><td>(I) The Company has a spokesman and an acting spokesman to be responsible for properly handling the relevant matters.
(II) The Company will upload the relevant information to the Market Observation Post System according to the specified time limits.
(III) The Company complies with the relevant laws and regulations, and has established the “Regulations on Supervision and Administration of Subsidiaries”.
(IV) The Company has set up regulations on prevention of insider trading to prohibit insiders from utilizing the undisclosed information to trade securities.</td><td>None</td></tr>
<tr><td>III. The constitution and obligations of the board of directors
(I) Has the Board of Directors formulated a diversity policy and specific management objectives and implemented them accordingly?</td><td>✓</td><td></td><td>Please refer to “II. Board of Directors - Diversity and Independence of the Board of Directors” (Pages 30-31) in this annual report.</td><td>None</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</td><td></td><td>✓</td><td>(II) The Company has set up Remuneration Committee and Audit Committee in accordance with the law, and plans to establish other functional committees in the future according to actual operational needs.</td><td>Same as the Summary Description</td></tr>
<tr><td>(III) Does the Company establish a methodology for evaluating the performance of its Board of Directors on an annual basis and reported the performance evaluation results to the Board as reference for remuneration paid to directors and their nomination for succession?</td><td>✓</td><td></td><td>The Company’s Board of Directors has approved the “Rules for Performance Evaluation of Board of Directors”, which stipulates that the Company shall conduct performance evaluation on the Board of Directors, individual Board members and functional committees (Remuneration Committee and Audit Committee) at least once a year. At the end of each year, the “Self-evaluation Questionnaire for Performance Evaluation of the Board of Directors and Functional Committees” and the “Self-evaluation Questionnaire for Board Members” are sent to all Board members to evaluate the overall operation of the Board of Directors and their own performance.
Each year, the execution unit will collect information related to the operation of the Board of Directors and prepare questionnaires based on the evaluation indicators for self-evaluation by the Board members and the Board of Directors, and then the execution unit will record the evaluation results based on the score of each indicator and report the evaluation results to the Board of Directors and disclose them on the Company’s official website.
The Company completed the performance evaluation of the Board of Directors, Board members, the Remuneration Committee and the Audit Committee in March 2024, and</td><td>None</td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>submitted the evaluation results and the directions to be continuously strengthened in 2024 to the Board of Directors on March 13, 2023.
For the evaluation items and results of performance evaluation of the Board of Directors, the Audit Committee and the Remuneration Committee in 2023, please refer to the implementation of Board evaluation on Pages 48-51 of the Annual Report of Shareholders’ Meeting.
The Company may use the evaluation results as one of the references for director nomination for reappointment and individual directors’ remuneration in the future.</td><td></td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of CPAs?</td><td>✓</td><td></td><td>The Company has established criteria for evaluating the independence of CPAs in accordance with the relevant independence provisions of the Bulletin No. 10 “Integrity, Impartiality, Objectivity and Independence” of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and evaluates the independence and suitability of CPAs on an annual basis (Note 2).
According to the evaluation results, CPAs Guo, Xin-Yi and Chen, Bei-Qi from KPMG Taiwan meet the independence and suitability evaluation criteria of the Company and are qualified to serve as the CPAs of the Company. The evaluation results for 2023 had been approved by the Board of Directors on March 13, 2024.</td><td>None</td></tr>
</table>

Assessment Items	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
IV. Has the TWSE/TPEx Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	✓		The Company has set up a Corporate Governance Officer. The main responsibilities of the Corporate Governance Officer are to handle affairs related to the Board of Directors and shareholders' meetings, prepare minutes of board meetings and shareholders' meetings, assist directors and supervisors in their assumption of duty and continuing education, provide directors and supervisors with the materials required for performance of their duties, and assist directors and supervisors with compliance. The Company has appointed an appropriate number of competent corporate governance personnel and approved the formulation of "Standard Operating Procedures for Handling Directors' Requests" at the boarding meeting held on March 26, 2019, in order to establish good corporate governance, assist directors in performing their duties, and improve the effectiveness of the Board of Directors.	None
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		The Company's website has a "Corporate Social Responsibility (CSR)" section and a "Investor Relations" section as communication channels, where different departments will respond to the issues of concern to different stakeholders (including CSR). Company website: https://tw.wellell.com/zh-tw ESG section/ Stakeholder section/ Stakeholder communication results and contact information	None
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has entrusted the stock service agent of MasterLink Securities Corporation to handle the shareholders' meeting affairs.	None

Assessment Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	✓		(I) The Company has established both English and Chinese websites, and declares financial and business information on the Market Observation Post System in accordance with the regulations.	None
(II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company’s website, etc.)?	✓		(II) The Company has established an English website to disclose financial and business and corporate governance information, designated a responsible person for collecting and disclosing information of the Company, designated a spokesman and an acting spokesman to explain the Company’s financial and business conditions externally, and placed the Investor Conference information on the Company’s website for the reference of the investors.	None
(III) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?		✓	(III) The Company currently reports its financial statements and monthly operations on the dates specified in the “Business Matters to be Handled by Listed Securities Issuers”; the Company has not announced and filed its annual financial reports within two months from the end of the fiscal year, nor announced before the due date.	Same as the Summary Description
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the	✓		(I) Employee rights and interests and employee care: The Company holds regular labor-management meetings so that employees’ opinions can be valued and communicated effectively. We also establish a good relationship of mutual trust and dependence with	None

Assessment Items	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			our employees through various welfare systems, including the provision of employee education and training, and the holding of various activities from time to time. (II) Investor relations: In accordance with the relevant regulations, the Company announces important information on finance, business, and insider shareholding changes on the "Market Observation Post System", and also sets up an Investor section on the Company's website to disclose financial and business information. The Company provides information about the shareholders' meeting in the Shareholders section on the Company's website for the reference of investors. (III) Supplier relations: The Company has established long-term and close relations with suppliers based on the win-win principle, and hopes to jointly pursue sustainable growth through mutual trust and mutual benefits. (IV) Rights of stakeholders: The Company lists the relevant contact information and windows on the Company's website to protect the rights and interests of stakeholders and provide unblocked communication channels. (V) Continuing education of Directors: The Company has completed the continuing education of directors' in 2023 as scheduled and met the requirements for the number of hours of continuing education. (VI) Purchase of liability insurance for	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>directors and supervisors: liability insurance has been purchased for the directors and supervisors and key employees (the insurance period is from April 23, 2024 to April 23, 2025), and the renewal of the insurance has been reported to the Board of Directors on May 8, 2024.</td><td></td></tr>
</table>

IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures (not required for those not included in the evaluated companies).

The following improvements have been made in the corporate governance evaluation for 2024 for the items unscored in the initial evaluation on corporate governance of the Company for 2023:

Index contents	Improvements
Index 1.2: Whether the Company has formulated written regulations on financial business-related operations with related parties. The content should include management procedures for transactions such as purchasing and sales, acquiring or disposing of assets, and relevant major transactions should be submitted to the Board of Directors for approval and submitted to the Shareholders Meeting for approval or report.	The Company has amended the “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties” at the Board of Directors on May 8, 2024. The content of the rules includes transactions of major purchasing and sales and acquiring or disposing of assets with individual related parties that have been submitted to the Board of Directors for approval. The actual transaction status should be reported to the latest Shareholders Meeting at the end of the year.
Index 4.16: Has the Company established and disclosed in detail on its website a reporting system for illegal (including corruption) and unethical behavior by internal and external parties?	The Company has established an independent reporting mailbox for internal and external parties to use. The information provided by the reporter and the level of acceptance of different individuals being reported are the Human Resources Department. The relevant procedures are disclosed on its official website.

Assessment Items	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	

Priorities and measures for strengthening improvement for those not improved:

Index contents	Priorities and measures for strengthening improvement in 2024 for those not improved in the corporate governance evaluation for 2023
Index 4.11: Does the Company disclose the water consumption and total waste in the last two years?	The Company has produced statistics on carbon emissions, water consumption, and total waste in the last two years, which will be disclosed in the Sustainability Report.
Index 2.8: Does the Company have more than half of the independent directors whose consecutive terms do not exceed three terms?	The Company has begun the process of selecting suitable independent directors.

Note 1: The operating conditions, regardless of whether "Yes" or "No" is checked, should be stated in the Summary Description column.

Note 2: Evaluation report on the independence and suitability of CPAs of Wellell Inc.

1. Evaluation date: February 26, 2024
2. Evaluation content: Check with reference to Article 47 of the Certified Public Accountant Act and Articles 8 to 12 of the "Integrity, Objectivity and Independence" of Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China.
3. Basic information:

   CPA Firm: KPMG Taiwan

   (1) Name of CPA (1) Kou, Hui-Zhi

   Main academic experience and professional qualifications:
   Biotechnology Executive Master's Degree in Business Administration (EMBA), Taipei Medical University
   NTU EMBA (Class of 2013)
   Institute of Accounting, Jinan University
   Department of Accounting, Chung Yuan Christian University
   Certified Public Accountant of R.O.C.
   Certified Internal Auditor of R.O.C.
   Individual experience:
   Vice Chairman of KPMG Pharmaceutical and Life Science Consulting Co., Ltd
   Executive Director of KPMG Taiwan
   Certified Public Accountant, Audit Department, KPMG Taiwan
   Co-host Accountant, KPMG Healthcare Service Industry Team
   Host Accountant, Life Science Service Team, KPMG Taiwan

Deputy Director, Forensic Accounting Committee, National Federation of Certified Public Accountant Associations R.O.C.
Deputy Director, Accounting and Auditing Committee, Taiwan Provincial CPA Association
Deputy Director, Accounting and Auditing Committee, Taipei CPA Association
Director of Tax Agent Association Taipei City
Expertise:
Financial statement attestation and profit-seeking enterprise income tax declaration
Advisory services for government investigations
Advisory services related to IPO and TWSE/TPEx listing.
Incremental capital for TWSE/TPEx listed companies and public companies
Company internal control and internal audit project review
Company M&A

(2) <u>Name of CPA (2) Chen, Bei-Qi</u>

Main academic experience and professional qualifications:
Department of Accounting, National Taiwan University
NTU EMBA (Class of 2012)
Certified Public Accountant of R.O.C.
Certified Internal Auditor of R.O.C.
Individual experience:
Head of Human Resources, KPMG Taiwan
Host CPA, KPMG Startups Services
KPMG Audit Services Department Certified Public Accountant
Advisory CPA for GISA Stock, Taipei Exchange
Accountant responsible for KPMG IFRS issues
Healthcare & Life Science Service Team
Professional Experience:
Financial statement attestation and profit-seeking enterprise income tax declaration
Advisory and implemented services related to IPO and TWSE/TPEx listed.
Advisory and implemented services for listing in Taiwan
Advisory services for IFRS project and financial reporting process establishment
Advisory CPA for Internal Control Project and Training Center

4. Evaluate the independence of CPAs:

Items formulated with reference to Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China.

Item	Whether it complies with	Description
1. As of the latest attestation operation, there has been no change for seven years.	☑Yes ☐No	Kou, Hui-Zhi has been engaging in the audit financial report since the fourth quarter of 2020, and after the cooling-off period, he is the CPA in the first quarter of 2024. Chen, Bei-Qi has acted as the CPA since the first quarter of 2021, less than seven consecutive years of providing auditing services.
2. There is no significant financial interest in the client.	☑Yes ☐No	After checking, the two CPAs did not have this situation.

3. Avoid any inappropriate relationship with the client.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
4. CPAs should ensure that their assistants maintain honesty, impartiality and independence.	☑Yes ☐No	KPMG strictly requires the independence of its assistants and has relevant independence regulations.
5. The financial statements of the service organization within the two years before practicing are not allowed to be audited and certified.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
6. The CPA's name may not be used by others.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
7. They do not hold any shares in the Company or affiliated companies.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
8. Those who do not concurrently hold regular jobs in the Company or affiliated companies will receive a fixed salary.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
9. They do not involve the decision-making management functions of the Company or its affiliated companies.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
10. Not concurrently engaged in other businesses that may lose their independence.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
11. They have no spouse or relative relationship within the second degree with the Company's management personnel.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
12. No business-related commissions are received.	☑Yes ☐No	After checking, the two CPAs did not have this situation.
13. Others: Obtain a Statement of Independence from the CPAs	☑Yes ☐No	The Statement has been obtained

Evaluation result: Based on the above evaluation, CPAs Kou, Hui-Zhi, and Chen, Bei-Qi meet the independence and competence of the attestation.

1. If "No" is checked for any of the above indicators, a detailed description of the conditions should be provided for consideration of the need to change the CPA.
2. Description:
   (1) In accordance with the Sarbanes-Oxley Act, in order to implement the corporate governance mechanism, a company shall not engage an auditing CPA to perform non-audit services (e.g. bookkeeping or financial management services) for that company at the same time.
   (2) In order to avoid the loss of independence of a CPA due to long-term provision of auditing service to a company and familiar with the company's management, the Stock Exchange has clearly established a revolving door provision for the periodic (7-year) replacement of CPAs, that is, a CPA shall be replaced with another CPA before he/she has been providing audit service for the same client for 7 years.

(IV) If a Remuneration Committee is established, its composition and operation should be disclosed:

1. Information on the members of the Remuneration Committee

Identity (Note 1)	Qualification / Name	Professional qualification and experience	Compliance of independence	Number of other public companies where the members are also the members of the Remuneration Committee of these companies.
Independent Director (Convener)	Wang, Guo-Cheng	Please refer to the “Profiles of Directors” (Pages 19-24) in this annual report for the professional qualifications and experience of independent directors.	All Remuneration Committee members meet the following criteria: 1. Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act and the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note) issued by the Financial Supervisory Commission 2. The independent directors (or in the names of others), spouses and minor children do not hold any shares of the Company 3. No remuneration received by provision of business, legal, financial, accounting and other services for the Company or its affiliated companies in the last two years	1
Independent Director	Lin, Tian-Fa			None
Independent Director	Wang, Wei			None

Note 1: None of the following circumstances occurs within two years before election and during the term of office:

1. Employed by the Company or any of its affiliated companies.
2. Directors and supervisors of the Company or any of its affiliated companies.
3. The person, spouse, minor children, or natural person shareholders who hold more than 1% of the Company’s total issued shares or the top ten shareholders in the name of others.
4. A manager of (1) or spouse, relative within the second degree of kinship, or lineal relative within the third degree

of kinship, of any of (2) or (3).

5. A director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or ranks as one of its top five shareholders or appoints a representative as the director of the Company pursuant to Article 27 of the Company Act.
6. A director, supervisor, or employee of another company where a majority of the Company's directorships or voting shares and those of another company are controlled by the same person.
7. The same person as the Company's Chairman, President or person with equivalent position or the director (managing director), supervisor or employee of company or institution of the spouse thereof.
8. A director (council member), supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
9. A professional individual who, or an owner, partner, director (council member), supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the last two years has received cumulative compensation exceeding NT$500 thousand, or a spouse thereof.

This shall not apply to those who serve as members of the Company's Remuneration Committee.

2. Responsibility of the Remuneration Committee

   The members of Remuneration Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, be accountable to the Board of Directors, and submit its recommendations for deliberation by the Board of Directors:

   (1) Formulate and regularly review the policies, systems, standards and structure of performance evaluation and remuneration of directors and managers.

   (2) Regularly evaluate and determine the remunerations of directors and managers, including cash compensation, bonuses, retirement benefits, severance payment, allowances and other substantial incentives.

3. Information on the operation of the Remuneration Committee

   (1) The Company's Remuneration Committee has three Committee members in total.

   (2) The term of office of the committee members is from June 20, 2022 through June 19, 2025. The Remuneration Committee held three meetings during 2023. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance	Proxy attendance	Actual attendance (%) (Note)	Remarks
Convener	Wang, Guo-Cheng	3	0	100%	Re-elected on June 20, 2022
Member	Lin, Tian-Fa	2	1	66.67%	Re-elected on June 20, 2022

Member	Wang, Wei	3	0	100%	Took office on November 4, 2022

Other mentionable items:

I. Where the Board of Directors does not adopt or amend the proposal(s) posed by the Remuneration Committee: The Company shall expressly elaborate on the date, session while the board of directors meeting was convened, contents of the issues, outcome of decisions resolved in the Board of Directors and the Company's response to the opinions posed by the Remuneration Committee: None.

II. Where a decision resolved in the Remuneration Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall expressly elaborate on the date, terms of the meeting convened by the Remuneration Committee, contents of agenda, opinions of all members and acts taken in response to such opinions:

Session/ Date	Proposal content and subsequent handling	Resolution result	The Company's response to the opinions posed by the Remuneration Committee
3rd meeting of the 5th Remuneration Committee March 29, 2023	1. Reviewed the performance evaluation of directors and managers in 2022. 2. Reviewed the plan for allocating directors' remuneration and employees' bonus.	1. All present Committee members approved without objection. 2. All present Committee members approved without objection, which will be sent to the Audit Committee, the Board of Directors, and the Shareholders' Meeting for deliberation.	Proposed to the Board of Directors for approval by all directors present.
4th meeting of the 5th Remuneration Committee August 9, 2023	1. 2022 employee bonus payment plan. 2. Annual salary adjustment explanation and planning.	1. All present Committee members approved without objection. All present Committee members approved without objection.	The proposal results will be used as the direction for the subsequent system promotion.
5th meeting of the 5th Remuneration Committee	1. Reviewed the year-end bonus and salary structure of senior executives in	1. All present Committee members approved without objection. 2. All present Committee	The proposal results will be used as the direction for the subsequent

November 11, 2023	2023. 2. Reviewed the work plan of the Remuneration Committee in 2024.	members approved without objection.	system promotion.

Note: (1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the Remarks column. The actual attendance (%) is calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

(2) If there is a re-election of the Remuneration Committee before the end of the year, both the new and former members of the Remuneration Committee should be listed, and the status (former, new or re-elected) and date of re-election shall be indicated in the Remarks column. The actual attendance (%) is calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

(V) Implementation of the promotion of sustainable development and the deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
I. Does the Company have a specific (or part-time) unit set up to promote the sustainable development governance framework, and the Board of Directors authorizing the management to handle matters and report the supervision results to the Board of Directors?	✓		The Company has established a framework for promoting sustainable development, with the Chairman as the chief convener. The ESG Office was established as the dedicated unit for sustainable development. Since 2023, the ESG Office has been reporting to the Board of Directors on the development of ESG quarterly and set up task groups to carry out various tasks, including the organization of carbon inventories and the environmental protection, occupational safety and human rights requirements for suppliers. The sustainable development strategy takes the "United Nations Sustainable Development Goals" (SDGs) as the linking goal of the strategy, and selects SDG 3 "Good Health and Well-being" as the main linking goal based on the characteristics of the industry. Climate	None

Promotion items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	
			change is also a key concern, so SDG 13 “Climate Action” is also a key linking goal. In addition, the target link also incorporates SDG 4 “Quality Education”, SDG 8 “Decent Work and Economic Growth”, SDG 16 “Peace, Justice and Strong Institutions” and SDG 17 “Partnerships for the Goals” based on industry characteristics and company development direction. According to this plan and implementation direction, we will continue to adjust and refine the strategic planning and implementation of sustainable development in the future. The ESG Office reports to the Board of Directors on the planning and progress of promoting sustainable development regularly quarterly. In 2023, the focus of the report was on organizing carbon emission inventories. The Board of Directors shall supervise and guide on environmental, social and corporate governance issues related to sustainable development. The Company will also build an “ESG” section on its official website in 2024 to integrate and collect its ESG-related information. The above information will also be simultaneously disclosed in the “ESG” section to facilitate the understanding of the outside world and stakeholders.	
II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management? (Note 2)	✓		The Company follows the “Sustainable Development Best Practice Principles”, implements corporate governance, conducts risk evaluations on environmental, social and corporate governance issues related to corporate operations, develops a sustainable environment and protects social welfare, and formulates relevant risk management strategies and measures for major issues. In order to accurately	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			grasp the issues of concern to stakeholders, the Company identifies important sustainability issues with reference to international trends, GRI disclosure standards, investor views, and internal management feedback. Considering the importance of the issues that different stakeholders are concerned about, each has its own measurement basis and value. The members of the sustainable development project team will evaluate the impact of each issue on the economy, environment and society and the level of concern of the stakeholders, and major issues will be divided into five major levels: corporate governance, operational performance, customer satisfaction, business integrity and regulatory compliance. Please refer to each annual Sustainability Report for the themes, impact on stakeholders and issue management after identification of major issues. In terms of risk management policy, the Company regularly identifies and evaluates various types of risk management within the Company, including changes in finance, research and development, policies and laws, technology, and corporate image, reinvestment or asset acquisition/disposal, purchasing/sales concentration, changes in equity/operating rights, legal related matters, etc., in order to establish a complete risk management system and steadily operate the business towards the goal of corporate sustainable development. In the current internal risk management, the organizational structure of the Company involves: enterprise units, audit departments, Audit Committee, and Board of Directors; in particular, the internal audit is an independent	

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			unit, that can independently audit the implementation of the organization's operations and report to the Board of Directors and Audit Committee. All three organizations can help supervise and control risks and continue to pay attention to whether the internal controls between departments are operating effectively. When the lines of defense are implemented, the Company can achieve the overall risk control goals; the evaluation results and strategy description of each risk event analysis, please refer to Pages 158-161 of this annual report for details.	
III. Environmental issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	✓		(I) In order to meet the ISO 13485 certification specifications for medical products, the Company's production mode is mainly product assembly, and we require our suppliers of raw materials for the manufacturing process to comply with the requirements of our customers and the European Union's RoHS (Restriction of Hazardous Substances) for electronic products to reduce environmental pollution. The industry is not a high energy-consuming industry, and all of our products and process outputs will not cause environmental pollution, and we are striving to develop green products. (II) The Company complies with all environmental protection laws and regulations, and our factories' environmental management system meets the requirements of environmental protection laws and regulations. Based on the environmental protection concept, we strive to comply with various international laws and certification	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			specifications in the process of R&D, design, manufacturing, sales and distribution. The Company also promotes energy-saving and carbon-reduction measures within the Company to fulfill our responsibilities and obligations for environmental protection.	
(II) Is the company committed to enhancing the power efficiency and using renewable materials that are with low impact on the environmental impacts?	✓		The Company has a low possibility of pollution in the manufacturing process, and the employees follow the practice of turning off lights and air conditioners when leaving to effectively save energy. We also promote electronic operations to reduce paper usage and recycle paper for effective use, and carry out waste classification and resource recovery. With regard to the use of renewable materials, there may be potential issues such as insufficient mechanical strength or biocompatibility for medical devices. In view of the protection of users and caregivers, the Company must perform prudent evaluation. However, we will gradually promote the concept of sustainable or green procurement for procurements related to operational activities in order to strengthen the proportion of sustainable or green procurement.	None
(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related?			(I) The Company is engaged in R&D, manufacturing and sales of medical devices, and is not in a high energy-consuming industry, so we do not set up or use a lot of facilities that emit greenhouse gases. However, air conditioning temperature control is carried out in summer to effectively utilize energy and achieve energy saving and carbon reduction goals. (II) The general temperature increase caused by climate change indirectly increases the	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			Company's load on air conditioning equipment. When conducting maintenance, we also review the need for replacement to cope with the increased carbon emissions and reduced efficiency of the equipment, and purchase green and low-carbon products as far as possible. In 2024, we will evaluate the replacement of high-power-consuming air-conditioning equipment in an effort to reduce the organization's carbon emissions and cope with the risk of electricity price fluctuations.	
(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for GHG reduction, water conservation, and waste management?	✓		The Company has produced statistics on carbon emissions, water consumption, and total waste in the last two years, which will be disclosed in the Sustainability Report. The management strategy is described below: 1. Greenhouse gas reduction: We have already changed the air compressor drainer to the non-gas-consumption type, replaced LED lamps, and adjusted the temperature of the air conditioners and water chillers to saved electricity. The greenhouse gas inventory of the Tucheng headquarters in 2022 was completed in accordance with ISO 14064-1:2018. The emission was 1299.1590 metric tons of CO2e, and the verification was completed by a third-party agency. The Company will regard this as a reference for setting subsequent reduction targets. In the future, the GHG reduction targets will be set gradually through the sustainable development framework and promotion plan. According to internal evaluation, the GHG emissions of the Company (the parent company, excluding subsidiaries) should be dominated by electricity use, and the carbon	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			emissions (electricity use) in the last two years were 885.9145 metric tons of CO2e (2021), and 886.7925 metric tons of CO2e (2022), respectively. Among them, since a complete inventory has not yet been conducted in 2021, the estimated main source of carbon emissions is represented by electricity use. As mentioned above, the ISO 14064-1:2018 greenhouse gas inventory was completed in 2022 and verified by Afnor Asia Ltd. It was confirmed that the total emissions were 1299.1590 metric tons of CO2e, of which the verified emissions from electricity use (i.e. Category 2) were 886.7925 metric tons of CO2e, and accounted for the highest proportion of emissions in categories 1-6. 2. Water consumption reduction: The Company is not in a water-consuming industry and mainly uses water for domestic purposes, with water consumption of 7,417 m^3 (2021) and 7,435 m^3 (2022) respectively in the last two years. Water conservation management measures mainly include the installation of sensor-activated faucets, water savers, and two-stage toilet flushers to save domestic water. The current processes are mainly assembly and testing, and there is no significant water demand for the processes. (1) Reduction of other wastes: the Company generated 45,476 kg (2021) and 50,315 kg (2022) of general wastes in the last two years. The Company attaches importance to the internal management of waste. In addition to garbage sorting, the Company also uses	

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			various recycling measures to reduce the generation of wastes. In the last two years, 18,790 kg (2021) and 17,360 kg (2022) of waste fabric may be generated during the product development and manufacturing process, respectively. In addition to reducing the production of waste fabrics by internal R&D and production process management, we also ask the employees to reuse the waste fabrics.	
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company has formulated the "Rules of the Occupational Safety and Health Act" in accordance with the relevant laws and regulations on occupational safety and health, which has been approved by the competent authority. The Company is committed to building a safe and healthy working environment and complying with local laws and regulations, and supports and respects international labor and human rights norms, including the International Labor Office Tripartite Declaration of Principles and the United Nations Universal Declaration of Human Rights, etc. The Company has established safe working principles and emergency response plans, and has also established sexual harassment prevention measures in accordance with the Act of Gender Equality in Employment, as described below: 1. Objectives (1) To comply with domestic safety and health regulations and standards, and provide a safe working environment for employees. (2) To promote work safety and physical	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			and mental health of employees. (3) To deepen the awareness, responsibility and commitment of all employees to safety and health. 2. Human rights protection training practices (1) Provide a complete series of occupational safety and health trainings. ■ Hold fire drills in April and October every year. ■ Plan one education and training lecture on human factors induced skeletal injury prevention and unlawful infringement prevention every year. ■ Plan four to six occupational safety/fire safety education courses each year. (2) Provide online courses. The content includes: anti-sexual harassment, self-protection guide against employment discrimination, Act of Gender Equality in Employment, and fire safety promotion. (3) Provide legal compliance education in orientation training. The content includes: occupational safety and health training, general safety and health education. Statistics of occupational accidents and main improvement measures in current year: A. There were 10 occupational accidents (involving 10 persons) reported by the parent company, mainly in-plant accidents and commuting traffic accidents, accounting for 3.8% of the	

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			total number of employees of the parent company. B. The in-plant accidents have been improved by modifying the working methods and adding new protective measures and tools, while the commuting traffic accidents have been improved by holding regular occupational health and safety trainings to inform the common traffic accidents and the countermeasures.	
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	✓		1. The Articles of Incorporation stipulate that if the Company makes a profit in a fiscal year, it shall set aside 5% to 15% of the profit as employees' remuneration, which shall be distributed in shares or cash as resolved by the Board of Directors, to employees of controlling and subsidiary companies under certain conditions. 2. The Company's remunerations to directors, managers and employees are determined based on a stable salary structure that takes into account the sustainable corporate operation and interests of shareholders, as well as variable bonuses linked with overall operational performance of the Company, job attributes and individual performance achievement status, which will be taken as an incentive factor to realize a salary package consolidating and motivating the directors, managers and employees. We will establish the relevant regulations as the basis for implementation, and review and revise them regularly according to the operating conditions in order to maintain the competitiveness of remuneration.	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			3. For other employee benefits, please refer to Pages 136-139 of this annual report.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company provides a safe environment for employees and has established the Rules of the Occupational Safety and Health Act and the emergency response plan, as well as harassment prevention and control measures in accordance with the Act of Gender Equality in Employment, so that employees can work in a safe and healthy environment. The main measures for a safe and healthy working environment are as follows: 1. Implement environmental testing (organic solvents) 2. Electrical and mechanical protection measures (1) In the first half of each year, the high voltage electrical part will be inspected with power cut. In the second half of each year, the high voltage electrical part will be inspected by infrared thermal imaging without power cut. (2) Lifts (passenger and freight lifts) will be inspected regularly every year. (3) Fire safety (annual fire inspection in October) 3. Barrier-free facilities 4. Access control: 24h security guards, 24h surveillance video system, and digital access control system management. Employee health care measures. The main measures are as follows: 1. Provide regular employee health examinations that are better than regulations.	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			2. Promote healthy life. The employees have established various clubs, and the Company provides subsidies to encourage employees to participate in various clubs and encourage the clubs to hold activities from time to time. 3. A breastfeeding room has been set up and has been certified as an excellent breastfeeding room in New Taipei City. 4. In addition to the statutory insurance, we also provide group insurance so that our employees can enjoy more comprehensive insurance benefits. 5. We provide on-site services of professional doctors and nurses for consultation of employees. In 2023, there was a total of 57 on-site medical services, and a total of 39 participants using colleagues consultation.	
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		The Company provides effective career capacity development training programs for employees and hold professional education and training activities regularly to enhance their career capacity development.	None
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and	✓		The Company complies with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marketing communication, and labeling of its products and services, and has established a customer service department and rules for handling customer complaints to enhance customer satisfaction. In addition, the Company has set up a Stakeholder section provide them with means to ask questions, file complaints, or make suggestions. Based on the principle of good	None

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
establish policies to protect the rights and interests of customers and procedures for grievances?			faith, we properly respond and give feedback to protect their rights.	
(VI) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?		✓	The Company's supplier management policy is based on the "Management Regulations on Purchase Operations" and "Specification for Purchase Operations", and the evaluation of suppliers is scheduled every year. In the future, we will follow the planning of the sustainable development framework to include the selection and evaluation of suppliers in the environmental protection, occupational safety and health, and labor and labor human rights issues to meet the relevant regulations.	Same as the Summary Description
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its sustainable environment report to disclose non-financial information of the Company? Did the Company apply for assurance or guarantee of such reports to a third-party certification body?		✓	The Company has been preparing CSR reports according to the GRI standards since 2020, but has not applied for assurance or guarantee of such reports to a third-party certification body. The Company will consider whether to obtain third-party certification depending on its future operations and scale and the changes in the market. The Company's report has been published in the "ESG" section of the official website and the Sustainability Report has been disclosed on the Market Observation Post System in accordance with the regulations.	Same as the Summary Description

Promotion items	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
VI. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No major discrepancy.				
VII. Other important information that helps understand the implementation of sustainable development: In response to environmental protection, the Company uses e-mail instead of paper as far as possible and makes proper use of recycled paper to achieve energy-saving and carbon-reducing operations; the Company has also been participating in public welfare activities for a long time to give back to the public in a timely manner.				

Note 1: If "Yes" is checked for implementation, please specify the important policies, strategies and measures adopted and their implementation. If "No" is checked, please explain the differences and reasons in the "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" column, and specify the future plans for relevant policies, strategies and measures. However, with regard to the Promotion Items 1 and 2, the TWSE/TPEx listed companies should describe the governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal setting, and review measures. In addition, please describe the Company's risk management policies or strategies on environmental, social and corporate governance issues related to its operations, and the evaluation thereof.

Note 2: The materiality principle refers to the relative importance of environmental, social and corporate governance issues on the Company's investors and other interested parties.

Implementation status of climate-related information

Item	Implementation
1. Describe the Board of Directors and management supervision and governance of climate-related risks and opportunities.	In 2023, Wellell Inc. established a new internal "ESG Office" as the dedicated unit for sustainable development. In addition, an internal Sustainable Development Committee has been established, with the Chairman serving as the convener and chairperson, and the Company's senior executives as members. It convenes at least one meeting every year and convenes meetings as needed to address major issues. The Sustainable Development Committee receives planning support from the ESG Office and consists of three working groups: carbon management, social responsibility, and corporate governance. It integrates sustainable development into the Company's business strategy and reports ESG-related strategies and implementation results to the Board of Directors. The proposal covers sustainability issues that need attention and the formulation of corresponding action plans; revision of goals and policies related to sustainability issues; supervision and recommendations on the implementation of sustainable management matters. The management is required to propose company strategies to the Board of Directors, who must assess the possibility of success of these strategies. It must also frequently review the progress of the strategies and prompt the management team to make adjustments when necessary. Main duty Sustainability Steering Committee: • Listen to and guide ESG-related work proposals and the progress of each task working group. • The Chairman has been invited to act as the chairperson, with the Company's senior executives serving as committee members. ESG Office: • Planning and implementation of ESG related work • Take on the role of PMO to coordinate and integrate various task working groups

Item	Implementation
	• Quarterly present ESG Progress Report to the Board of Directors • Preparation of Sustainability Report • Communication with internal and external stakeholders Task working group: Adapted according to phased task directions and functional expertise. Sustainable Seed Group: • In the initial stage, it was piloted with the task working group as members. • Gradually internalize sustainability concepts and knowledge through participation in relevant education and training, knowledge exchange, event visits, support, etc.
2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances (short-term, medium-term, and long-term).	In the medical device industry, extreme weather events and climate change will impact the Company's business, strategy, and finances in the short, medium, and long term. The following are the corresponding countermeasures: Short-term risk Supply chain disruption: Typhoons, floods, etc. Physical assets damaged: Operational bases and logistics facilities. Measures Establish emergency response plans and multi-vendor strategies. Ensure adequate insurance coverage. Medium-term risks Regulatory changes: Tighter environmental regulations. Changes in market demand: Increase demand for green products. Measures Invest in research and development of environmentally friendly products that meet medical standards. Obtain environmental protection and carbon emission certificates. Long-term risk

Item	Implementation
	Long-term climate change: More extreme weather events. Impairment of asset value: Impairment of assets in the affected area. Measures Transform to a low-carbon economic model and develop sustainable medical devices. Invest in climate resilient-infrastructure. Opportunities for technological innovation: Increase research and development of new technologies and new materials. Market leadership: Build an environmental leadership image. Financial growth: Gain new revenue growth points through environmentally friendly products. These measures will help the Company effectively respond to climate risks, seize opportunities, and promote sustainable business and financial development.
3. Describe the financial impact of extreme climate events and transition actions.	Extreme climate events such as typhoons, floods, or extreme heat may cause damage to the Company’s physical assets, including operating bases, supply chain logistics, and inventories. Such losses may lead to increased insurance claims and facility repair costs, thereby affecting the Company’s operating performance. Thus, the financial operations need to be more accurate and delicate. As extreme weather becomes more frequent, adjustments in operations and strategies are inevitable. As a channel sales platform for medical equipment, the Company needs to enhance the introduction transformative of green products, low-carbon economy, and other related products. It should actively engage with brand original manufacturers, and conduct research and development to create environmentally friendly products that meet medical safety standards. Accordingly, the Company is assessing the specific financial impacts of extreme climate events and transition actions. It is developing response strategies to ensure the Company adapt to these changes while maintaining financial soundness during the transition.

Item	Implementation
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Up to the date of publication of the annual report, the Company has not yet integrated it into the overall risk management system.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.	Up to the publication date of the annual report, the Company has not yet used scenario analysis to assess resilience to climate change risks. However, it is actively considering introducing this approach.
6. If there is a transition plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	Up to the publication date of the annual report, the Company is still formulating a transition plan for climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be described.	Up to the publication date of the annual report, the Company did not use internal carbon pricing as a planning tool.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress, and other information should be described; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant goals, the source and quantity of offset carbon reduction or the quantity of Renewable Energy Certificates (RECs) should be described.	Up to the publication date of the annual report, the Company has not yet established any climate-related targets.
9. Greenhouse gas inventory and assurance, reduction targets, strategies, and specific action plans. (Fill in 1-1 and 1-2 separately)	The Company has started the greenhouse gas inventory and verification process, and will report the latest progress to the Board of Directors according to the progress.

The greenhouse gas inventory and assurance status of the Company during the last two years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases during the last two years.
The GHG emissions of the Company (the parent company, excluding subsidiaries) should be dominated by electricity use, and the carbon emissions (electricity use) in the last two years were 885.9145 metric tons of CO2e (2021), and 886.7925 metric tons of CO2e (2022), respectively. Among them, since a complete inventory has not yet been conducted in 2021, the estimated main source of carbon emissions is represented by electricity use. As mentioned above, the ISO 14064-1:2018 greenhouse gas inventory was completed in 2022 and verified by Afnor Asia Ltd. It was confirmed that the total emissions were 1299.1590 metric tons of CO2e, of which the verified emissions from electricity use (i.e. Category 2) were 886.7925 metric tons of CO2e, and accounted for the highest proportion of emissions in categories 1-6.

1-1-2 Reduction targets, strategies, and specific action plans

Describe the base year for greenhouse gas reduction, along with its data, reduction targets, strategies, specific action plans, and achievement of reduction targets.
Greenhouse gas reduction: We have already changed the air compressor drainer to the non-gas-consumption type, replaced LED lamps, and adjusted the temperature of the air conditioners and water chillers to saved electricity. The greenhouse gas inventory of the Tucheng headquarters in 2022 was completed in accordance with ISO 14064-1:2018. The emission was 1299.1590 metric tons of CO2e, and the verification was completed by a third-party agency. The Company will regard this as a reference for setting subsequent reduction targets. In the future, the GHG reduction targets will be set gradually through the sustainable development framework and promotion plan.

(VI) Performance in ethical corporate management inconsistency with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies":

Assessment Items	Actual Governance (Note)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
I. Business Integrity Policy and action plans (I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?	✓		(I) 1. The Company's corporate culture core values are "Integrity, Professionalism, and Innovation". Integrity is the top priority of the Company and is required to be observed by customers, vendors, and employees, starting with the management. 2. The Company's Board of Directors has approved the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", with all relevant matters handled in accordance with the Principles and Procedures. 3. The Company provides online training courses (e.g., insider trading and the Ethical Corporate Management Best Practice Principles). 4. The directors and senior management have issued a statement of compliance with the ethical corporate management policy, and the Chairman and President of the Company have signed the "Statement of Ethical	None

Assessment Items	Actual Governance (Note)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			Corporate Management Policy" on behalf of the directors and senior management, which is announced on the Company's official website.	
(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?			(II) 1. The Company has established the "Code of Ethical Conduct for Directors and Managers", "Procedures for Ethical Management and Guidelines for Conduct", and "Procedures for Handling Material Inside Information and Prevention of Insider Trading", and requires the establishment of integrity from top to bottom in the personnel management regulations, and strictly prohibits employees from engaging in any illegal and bribery practices. In order to prevent the occurrence of dishonest behaviors, an effective reward and punishment system is clearly established in combination with employee performance evaluation. 2. The Company expressly prohibits employees from offering and accepting bribes, making illegal political contributions, making improper charitable donations or sponsorships, or offering or accepting unreasonable gifts, hospitality or other abnormal benefits.	

Assessment Items	Actual Governance (Note)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?			(III) 1. The Company has established "Procedures for Ethical Management and Guidelines for Conduct" to provide regular training to employees every year to inform the importance of "honesty and integrity"; provide the code of conduct and education and training to new employees upon their entry into the Company to clearly communicate their rights and obligations. 2. The Company also has a "Multi-opinion Channel Mailbox" to encourage employees to report dishonesty or misconduct in order to implement ethical corporate management and to protect the legitimate rights and interests of the reporter and the counterparty.	
II. Proper enforcement of business integrity (I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	✓		(I) The Company adheres to the ethical corporate management and adopts a zero tolerance policy for any bribery and illegal activities, and strictly prohibits dishonest operations of employees, customers and vendors. When entering into a contract with the Company, the rights and obligations of both parties are set forth in detail, and the contract will clearly stipulate that the both parties shall comply with the ethical corporate management policy to implement the principle of ethical corporate management.	None

Assessment Items	Actual Governance (Note)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
(II) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under Board of Directors and report regularly (at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?			(II) The Human Resources Division of the Company serves as the dedicated unit for ethical corporate management and is responsible for assisting the Board of Directors and management in formulating and supervising the implementation of ethical corporate management policies and programs to prevent dishonest behaviors to ensure the implementation of the Ethical Corporate Management Best Practice Principles. The dedicated unit reported its implementation status to the Board of Directors on November 10, 2023. The Company has implemented the ethical corporate management policy and the implementation status in 2023 is as follows: 1. Education and training: internal and external education and training courses related to the Company's ethical corporate management were held for a total of 296 hours, and 296 employees completed and passed the courses, with a completion rate of 100%. Review of Reward and Punishment Specification and Multi-opinion Channel Mailbox. As of December 31, 2023, no report was received through the Multi-opinion Channel Mailbox.	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and			(III) The Company's Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct have clearly defined a policy to prevent conflicts of	

Assessment Items	Actual Governance (Note)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
substantiated the policies?			interest, and set up a multi-opinion channel for employees to present their opinions.	
(IV) Has the Company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?			(IV) In order to ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system. In addition, the auditors regularly review the relevant systems and prepare an annual audit plan based on the risk assessment results, and then perform the audit and submit the audit report to the Board of Directors.	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?			(V) The Company holds irregular internal meetings to publicize ethical corporate management in various forms, and hold internal education and training on issues related to ethical corporate management during the orientation training (including courses on insider trading, intellectual property rights, and management of trade secrets) to explain the importance of ethical corporate management. In 2023, the Company held internal and external education and training courses related to ethical corporate management for a total of 296 hours, and 296 employees completed and	

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Actual Governance (Note)</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>passed the courses, with a completion rate of 100%.
393 employees (person-time) attended 294 hours of lectures on insider trading and general legal knowledge.</td><td></td></tr>
<tr><td>III. The operations of the Company’s Report System
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?
(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?</td><td>✓</td><td></td><td>The Company’s Human Resources Division is the dedicated receiving unit and has established the Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct to regulate the specific report and reward system. Anyone who violates the regulations will be punished in accordance with the reward and punishment system, and legal action will be taken in the event of violation of law.
The report case acceptance, investigation process and results shall be kept, the identity of the whistle-blower and the report content will be indeed kept confidential, and the whistle-blower will not be subjected to improper disposal measures as a result of the report.
If a violation is confirmed, the Company will immediately request the perpetrator to stop the relevant behavior and take appropriate actions, and if necessary, seek compensation for damages through legal proceedings to protect the Company’s reputation and rights, and immediately disclose the title and name of the perpetrator, date and content of violation, and disposal on the Company’s internal website.</td><td>None</td></tr>
</table>

Assessment Items	Actual Governance (Note)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			As of October 31, 2023, no report was received through the Multi-opinion Channel Mailbox.	
IV. Enhanced information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company discloses information such as its core culture, business policies, and the content of its Ethical Corporate Management Best Practice Principles on its website, annual reports, and MOPS, and updates relevant promotion results on its website from time to time.	None
V. Where a Company has established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please specify the difference between its operation and the principles: In accordance with the Company's Ethical Corporate Management Best Practice Principles and various management regulations, all employees, managers and board members are required to comply with the relevant regulations.				
VI. Other important information that helps to understand the Company's ethical corporate management operations: Integrity is one of its core values. It establishes reliable and long-term partnerships with suppliers, customers and employees based on commitment, mutual trust and reciprocity; In addition to formulating the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" related to its ethical corporate management, it also reviews relevant measures from time to time to comply with current laws and practical management needs. It also organizes education, training and promotion irregularly, and invites and relevant parties involved in its business activities can fully understand its determination to operate with integrity.				

(VII) Where the Company has formulated the corporate governance principles and related regulations, it should disclose its inquiry method:
Please refer to the Company's website:
https://tw.wellell.com/zh-tw/investor-area/fd7727c48d9b4ce082d20f94e8e33862

(VIII) Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance: None.

(IX) Internal control system implementation:

1. Internal Control Statement

Wellell Inc.

Statement of Internal Control System

Date: March 13, 2024

The following declaration is based on the 2023 self-audit over the Company's internal control policies:

I. The Company is aware that the establishment, execution, and maintenance of its internal control system is the responsibilities the Company's board of directors and managers. The internal control system was implemented throughout the Company. The system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets, etc.), reliability, timeliness, transparency, and regulatory compliance of our reporting, and compliance with relevant rules, laws, and regulations to achieve the goals.

II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"), the Company should study and judge whether the Company's internal control system is effective in design and implementation. The criteria adopted by the Regulations identify five key components of a managerial internal control system: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each component also includes several items. Please refer to the Regulations for the preceding items.

IV. The Company has adopted the aforementioned judgment projects for the internal control system to evaluate the effectiveness of the Company's internal control system in both design and implementation.

V. Based on the results of such evaluation, the Company believes that, on December 31, 2023, it has maintained achieving goals, in all material respects, an effective internal control system (that includes the supervision and management of its subsidiaries), to provide reasonable assurance over the operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rules, laws, and regulations.

VI. This declaration forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 13, 2024. Of the nine directors present, none held an opposition, and all directors agreed to the contents of this statement.

Wellell Inc.

Chairman: Li, Yong-Chuan

President: Li, Yong-Chuan

2. Hiring an accountant to audit the Company's internal control system, the audit report prepared by the CPAs should be disclosed: Not applicable.

(X) If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the latest year and up to the publication date of this annual report, where the result of such penalty could have a material effect on shareholders' equity or securities prices, the penalty, the main defects, and the improvements made shall be disclosed: None.

(XI) Material resolutions of the board of directors in the latest year and up to the publication date of the annual report

1. Material Resolutions of the Board of Directors

Board of Directors	Date	Material resolutions
Board of Directors	March 29, 2023	1. Proposal for 2022 Employees' and Directors' Remunerations Distribution
		2. 2022 Business Report of the Company
		3. "2022 Financial Statements" and "2022 Consolidated Financial Statements" of the Company
		4. Proposal for the Company's 2022 earnings distribution
		5. 2023 operational budget of the Company
		6. Proposal for amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings"
		7. Proposal to amend the Company's Corporate Governance Best Practice Principles
		8. Proposal to establish the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company
		9. Proposal for the pre-approval of the Company's non-confirmatory services by CPAs
		10. Proposal to change in the Company's bank financing to meet the needs for working capital
		11. Proposal for applying to the competent authority for public offering of the Company's 2018 private placement of common shares
		12. Statement of Internal Control System for 2022
		13. The convening of the Company's 2023 Annual Shareholders' Meeting
		14. Proposal to determine the period and place for receiving proposals from shareholders in accordance with Article 172-1 of

Board of Directors	Date	Material resolutions
		the Company Act
		15. Proposal on the performance evaluation results of the Company's Board of Directors and functional committees in 2022
Board of Directors	May 3, 2023	1. Proposal of Consolidated Financial Statements for the first quarter of 2023
		2. Proposal to apply for general credit line from the CTBC Bank to meet the needs for working capital and foreign exchange hedging
		3. Matters regarding the provision of endorsements and guarantees required for the short-term credit line between Wellell America Corp. and CTBC Bank
		4. Proposal to appoint the Company's governance officer
	August 9 ,2023	1. Proposal for amendment of the Company's Internal Audit Rules.
		2. Consolidated financial statements of the Company for the first half of 2023
		3. Proposal to renew the short-term general credit line with Hua Nan Bank, Yongho Branch to meet the needs for working capital.
	November 10, 2023	1. Proposal of Consolidated Financial Statements for the third quarter of 2023
		2. The Company's 2024 annual audit plan
		3. The appointment and remuneration of the CPAs for 2023
		4. Proposal to renew the short-term general credit line from Mega International Commercial Bank, Tu Cheng Branch to meet the needs for working capital and foreign exchange hedging.
		5. Proposal to renew the short-term general credit line and derivative financial transaction line from Bank of Taiwan, Nangang Branch to meet the needs for working capital and foreign exchange hedging.
		6. Proposal to renew the short-term general credit line and derivative financial transaction line from Mizuho Bank, Taipei Branch to meet the needs for working capital and foreign exchange hedging.
	March 30, 2024	1. Statement of Internal Control System for 2023
		2. Proposal for 2023 Employees' and Directors' Remunerations Distribution
		3. 2023 Business Report of the Company
		4. "2023 Financial Statements" and "2023 Consolidated Financial

Board of Directors	Date	Material resolutions
		Statements" of the Company
		5. Proposal for the Company's 2023 earnings distribution
		6. 2024 Operational budget of the Company
		7. Proposal to replace CPAs for the Company's financial report
		8. Proposal for amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings"
		9. Proposal to renew for short-term general credit line and add new sub-limit corporate commercial card from the CTBC Bank to meet the needs for working capital and foreign exchange hedging
		10. Matters regarding the provision of endorsements and guarantees required for the short-term financing between Wellell America Corp. and CTBC Bank
		11. The convening of the Company's 2024 Annual Shareholders' Meeting
		12. Proposal to renew the short-term general credit line with Hua Nan Bank, Yongho Branch to meet the needs for working capital.
		13. Add the convening of the Company's 2024 Annual Shareholders' Meeting
	May 08 ,2024	1. Proposal to appoint the Chief Accounting Officer
		2. Proposal of Consolidated Financial Statements for the first quarter of 2024
		3. Proposal to amend the Audit Committee Charter
		4. Proposal for amendment of the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company.
		5. Proposal to renew the short-term general credit line with Hua Nan Bank, Yongho Branch to meet the needs for working capital.
		6. Add the convening of the Company's 2024 Annual Shareholders' Meeting
Board of Directors	March 29, 2023	1. Proposal for 2022 Employees' and Directors' Remunerations Distribution
		2. 2022 Business Report of the Company
		3. "2022 Financial Statements" and "2022 Consolidated Financial Statements" of the Company
		4. Proposal for the Company's 2022 earnings distribution
		5. 2023 operational budget of the Company

Board of Directors	Date	Material resolutions
		6. Proposal for amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings"
		7. Proposal to amend the Company's Corporate Governance Best Practice Principles
		8. Proposal to establish the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company
		9. Proposal for the pre-approval of the Company's non-confirmatory services by CPAs
		10. Proposal to change in the Company's bank financing to meet the needs for working capital
		11. Proposal for applying to the competent authority for public offering of the Company's 2018 private placement of common shares
		12. Statement of Internal Control System for 2022
		13. The convening of the Company's 2023 Annual Shareholders' Meeting
		14. Proposal to determine the period and place for receiving proposals from shareholders in accordance with Article 172-1 of the Company Act
		15. Proposal on the performance evaluation results of the Company's Board of Directors and functional committees in 2022
Board of Directors	May 3, 2023	1. Proposal of Consolidated Financial Statements for the first quarter of 2023
		2. Proposal to apply for general credit line from the CTBC Bank to meet the needs for working capital and foreign exchange hedging
		3. Matters regarding the provision of endorsements and guarantees required for the short-term credit line between Wellell America Corp. and CTBC Bank
		4. Proposal to appoint the Company's governance officer
	August 9 ,2023	1. Proposal for amendment of the Company's Internal Audit Rules is submitted for discussion and resolution. (Proposed by Audit Committee)
		2. Consolidated financial statements of the Company for the first half of 2023 are submitted for discussion and resolution. (Proposed by Audit Committee)
		3. Proposal to renew the short-term general credit line with Hua Nan Bank, Yongho Branch to meet the needs for working capital is submitted for discussion and resolution. (Proposed by

Board of Directors	Date	Material resolutions
		Audit Committee)

2. Material Resolutions and Implementation in the 2023 Shareholders' Meeting:

Material resolutions of the Shareholders' Meeting	Implementation
1. 2022 Business report and financial statements	Approved the resolution.
2. Proposal for the 2022 earnings distribution	The distribution base date was set on August 7, 2023, and the earnings had been fully distributed on August 25, 2023 in accordance with the resolution of the shareholders' meeting. (Cash dividends distributed per share at NT$0.85)

(XIII) In the latest year and up to the publication date of the annual report, the assembled information of discharge or resignation by the Company for the Company's Chairman, President, chief accountant, financial supervisor, internal audit officer, governance officer and research & development officer

Chief Operating Officer	Tan, Jian-Qiang	January 1, 2018	December 31, 2023	Due to personal career planning, he resigned on December 31, 2023.
Chief Accounting Officer	Wang, Wei-Quan	April 30, 2020	April 19, 2024	Due to personal career planning, he resigned on April 19, 2024.

IV. Information on the public fees of the CPAs

(I) The amount of audit and non-audit fees paid to the CPAs, their firm and affiliated enterprises, and the contents of non-audit services

Unit: NT$ thousand

CPA firm	Name of CPA	CPA Auditing Period	Audit fees	Non-audit fees (Note)	Total	Remarks
KPMG Taiwan	Guo, Xin-Yi	January 1, 2023 - December 31, 2023	January 1, 2023 - December 31, 2023	3720	350	4,070
	Chen, Bei-Qi					

Note: Contents of non-audit services: transfer pricing report, main documents and various tax consultation services.

(II) Where the accounting firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: None.

(III) Where the audit fees paid for the year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and the reason therefor shall be disclosed: None.

V. Information on replacement of CPA: there is no replacement of CPA for the Company within the last two fiscal years or any subsequent interim period.

(I) About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="5">March 13, 2024</td></tr>
<tr><td>Reasons and descriptions for replacement</td><td colspan="5">KPMG Taiwan</td></tr>
<tr><td rowspan="3">Describe that the appointer or CPA has terminated or refused to accept the appointment.</td><td colspan="3">Participants
Status</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="3">Voluntary termination of appointment</td><td>-</td><td>-</td></tr>
<tr><td colspan="3">No longer accept (continue) appointment</td><td>The Company originally entrusted CPAs Guo, Xin-Yi and Chen, Bei-Qi of KPMG Taiwan to manage the audit and attestation of financial reports. In order to comply with the Statement of Auditing Standards No. 46, relevant laws and regulations of the securities competent authorities and the needs of the firm’s risk control, any CPAs who have been certificated for seven consecutive years must be rotated. Since the financial report of the first quarter of 2024, the CPAs have been changed. CPAs Kou, Hui-Zhi and Chen, Bei-Qi have been responsible for auditing (reviewing) and attestations.</td><td></td></tr>
<tr><td>Opinions and reasons for audit reports other than unqualified opinions issued within the last two years</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Whether there is any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Audit scope or steps</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td>None</td><td colspan="4">✓</td></tr>
<tr><td colspan="5">Description: None.</td></tr>
<tr><td>Other disclosures (those that should be disclosed from Item 1-4 to Item 1-7 of Subparagraph 6 of Article 10 of these Standards)</td><td colspan="5">None</td></tr>
</table>

(II) About successor CPAs

CPA firm	KPMG Taiwan
Name of CPA	Kou, Hui-Zhi
Date of appointment	March 13, 2024
Consultation matters and results regarding accounting treatment methods or accounting principles for specific transactions and possible issuance of opinions on financial reports before appointment	None
The successor CPAs' written opinion on matters with which the former CPAs disagrees	None

(III) Reply from the former CPAs on Item 1 and Item 2-3 of Subparagraph 6 of Article 10 of these Standards: Not applicable

VI. For any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the CPA Firm or any of its affiliated company in the latest year: None.

VII. In the latest year and up to the publication date of the annual report, the Transfer of Equity Interest and Change in Stock Pledge of Directors, Supervisors, Managers and Shareholders with Stake of 10% or More:

(I) Change in equity of directors, managerial officers and key shareholders

Unit: shares

Title	Name	2023		For the current year as of May 20, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Chairman-cum-President	Yasheng Investment Development Co., Ltd.	-	-	-	-
	Representative: Li, Yong-Chuan (Note 2)	-	-	-	-
Director	Yasheng Investment Development Co., Ltd.	-	-	-	-
	Representative: Liu, Chang-Qi	-	-	-	-
Director	CDIB Advantage Venture Capital Investment Limited Partnership	-	-	-	-
	Representative: Wei, Hong-Zheng	-	-	-	-

Title	Name	2023		For the current year as of May 20, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director	National Development Fund, Executive Yuan	-	-	-	-
	Representative: He, Qi-Gong	-	-	-	-
Independent Director	Wang, Wei	-	-	-	-
Independent Director	Lin, Wan-Ying	-	-	-	-
Independent Director	Wang, Guo-Cheng	-	-	-	-
Independent Director	Lin, Tian-Fa	-	-	-	-
Independent Director	Li, Xiong-Qing	-	-	-	-
Vice President	Zhang, Ming-Zheng	-	-	-	-
Vice President	Cui, Yi-De (Note 1)	-	-	-	-
Vice President	Tan, Jian-Qiang (Note 1)	-	-	-	-
Vice President	Cai, Jia-Sheng	-	-	-	-
Financial supervisor	Chen, Shi-He	-	-	-	-
Chief Accounting Officer	Wang, Wei-Quan (Note 1)	-	-	-	-
Major Shareholder	CDIB Advantage Venture Capital Investment Limited Partnership	-	-	-	-
Major Shareholder	Yasheng Investment Development Co., Ltd.	-	-	-	-
Major Shareholder	Yaxin Investment Development Co., Ltd.	-	-	-	-

Note 1: Cui, Yi-De, Vice President, took office on January 1, 2023. Tan, Jian-Qiang, Vice President, resigned on December 31, 2023, and Wang, Wei-Quan, Accounting Manager, resigned on April 19, 2024.

(II) If the party to whom the shares are transferred is a related party, the name of such party, the relationship with the directors, supervisors, managers and shareholders holding more than 10% of the total shares, and the number of shares acquired should be disclosed: None.

(III) If the party to whom the shares are pledged is a related party, the name of such party, the relationship with the directors, supervisors, managers and shareholders holding more than 10% of the total shares, and the number of shares pledged should be disclosed: None.

VIII. Information on the relations among the top 10 shareholders with the highest shareholding ratios:

April 26, 2024

Name	Shares held in own name		Shareholdings of spouse and minor children		Shares held in the names of others		The name and relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another.		Remarks
	Number of shares	%	Number of shares	%	Number of shares	%	Name	Relation	
CDIB Advantage Venture Capital Investment Limited Partnership	11,526,000	11.42%	0	0%	0	0%	None	None	None
Yasheng Investment Development Co., Ltd.	10,566,760	10.47%	0	0%	0	0%	None	None	None
Yaxin Investment Development Co., Ltd.	10,561,732	10.46%	0	0%	0	0%	None	None	None
National Development Fund, Executive Yuan	6,000,000	5.94%	0	0%	0	0%	None	None	None
Yachuang Investment Development Co., Ltd.	4,458,341	4.41%	0	0%	0	0%	None	None	None
Li, Yong-Chuan	1,074,072	1.06%	342,704	0.34%	0	0%	Li, Bi-Kai Li, Zhao-Yi	Father and son Father and son	None
Li, Zhao-Yi	1,018,292	1.00%	0	0%	0	0%	Li, Yong-Chuan Li, Bi-Kai	Father and son Brothers	None
Li, Bi-Kai	820,530	0.81%	0	0%	0	0%	Li, Yong-Chuan Li, Zhao-Yi	Father and son Brothers	None
Lin, Huang-Yang	742,000	0.73%	0	0%	0	0%	None	None	None
Zhu, Yan-Qin	500,000	0.49%	0	0%	0	0%	None	None	None

IX. Comprehensive shareholding ratio:

April 26, 2024

Investee businesses (Note 1)	Invested by the Company		Investments of directors, supervisors, managers, and other affiliates directly or indirectly		Aggregated investment	
	Number of shares (Shares in thousand)	%	Number of shares (Shares in thousand)	%	Number of shares (Shares in thousand)	%)
Apex Global Investment Ltd.	10,543	100.00%	—	—	10,543	100.00%
Wellell America Corp. (Note 2)	50	100.00%	—	—	50	100.00%
Apex Medical S.L.	—	100.00%	—	—	—	100.00%
Sturdy Industrial Co., Ltd.	10,000	100.00%	—	—	10,000	100.00%
Wellell India Private Limited (Note 2)	6,458	99.82%	12	0.18%	6,470	100.00%
Wellell (Thailand) Ltd. (Note 2)	245	49.00%	—	—	245	49.00%
Apex Medical Respiratory Ltd.	7,780	100.00%	—	—	7,780	100.00%
Wellell Germany GmbH (Note 2)	25	100.00%	—	—	25	100.00%
Apex Medical Corp.	100	100.00%	—	—	100	100.00%

Note 1: It is a long-term investment made by the Company using the equity method.

Note 2: In accordance with the Group's brand strategy, Apex Medical (Kunshan) Co. Ltd., Apex Medical Corp. India Private Ltd., Apex Medical (Thailand) Co., Ltd., Apex Medical USA Corp. and Apex Medical Investment GmbH were renamed as Wellell (Kunshan) Co., Ltd., Wellell India Private Limited, Wellell (Thailand) Ltd., Wellell America Corp. and Wellell Germany GmbH in 2022.

Chapter IV Information on Capital Raising Activities

I. Share capital and shares

(I) Source of share capital

Unit: NT$; shares

Month / Year	Price of issue	Authorized capital		Paid-in capital		Remarks					
						Source of share capital				Assets other than cash contributed as equity capital	Others
		Number of shares	Amount	Number of shares	Amount	Capital increase in cash	Recapitalization of earnings	Employee bonus	Consolidated issuance of new shares		
March 1990	1000	5,000	5,000,000	5,000	5,000,000	5,000,000	—	—	—	None	-
June 1993	10	2,500,000	25,000,000	2,500,000	25,000,000	20,000,000	—	—	—	None	Note 1
July 1996	10	4,500,000	45,000,000	4,500,000	45,000,000	20,000,000	—	—	—	None	Note 2
June 1997	10	7,500,000	75,000,000	7,500,000	75,000,000	30,000,000	—	—	—	None	Note 3
November 1997	10	17,500,000	175,000,000	10,000,000	100,000,000	25,000,000	—	—	—	None	Note 4
August 1998	—	17,500,000	175,000,000	10,001,200	100,012,000	—	—	—	12,000	None	Note 5
November 1998	10	17,500,000	175,000,000	15,001,200	150,012,000	50,000,000	—	—	—	None	Note 6
July 1999	10	27,500,000	275,000,000	20,001,440	200,014,400	20,000,000	30,002,400	—	—	None	Note 7
September 2000	—	27,500,000	275,000,000	24,901,792	249,017,920	—	45,003,240	4,000,280	—	None	Note 8
July 2001	—	36,000,000	360,000,000	27,700,000	277,000,000	—	26,146,880	1,835,200	—	None	Note 9
August 2002	—	57,000,000	570,000,000	33,100,000	331,000,000	—	49,860,000	4,140,000	—	None	Note 10
August 2003	26	57,000,000	570,000,000	49,600,000	496,000,000	75,000,000	82,750,000	7,250,000	—	None	Notes 11, 12
June 2004	—	110,000,000	1,100,000,000	60,400,000	604,000,000	—	99,200,000	8,800,000	—	None	Note 13
July 2005	—	110,000,000	1,100,000,000	63,900,000	639,000,000	—	30,200,000	4,800,000	—	None	Note 14
July 2006	—	110,000,000	1,100,000,000	65,800,000	658,000,000	—	12,780,000	6,220,000	—	None	Note 15
September 2008	—	110,000,000	1,100,000,000	67,900,000	679,000,000	—	15,792,000	5,208,000	—	None	Note 16
August 2009	—	110,000,000	1,100,000,000	72,195,287	721,952,870	—	40,740,000	2,212,870	—	None	Note 17
July 2010	—	110,000,000	1,100,000,000	75,805,051	758,050,510	—	36,097,640	—	—	None	Note 18

Month / Year	Price of issue	Authorized capital		Paid-in capital		Remarks					
						Source of share capital				Assets other than cash contributed as equity capital	Others
		Number of shares	Amount	Number of shares	Amount	Capital increase in cash	Recapitalization of earnings	Employee bonus	Consolidated issuance of new shares		
July 2011	—	110,000,000	1,100,000,000	83,385,557	833,855,570	—	75,805,060	—	—	None	Note 19
October 2018	22.1	150,000,000	1,500,000,000	100,911,557	1,009,115,570	175,260,000	—	—	—	None	Note 20

Note: Information of the current year as of the publication date of the annual report.

Note 1: The effective (approved) date of the capital increase is June 21, 1993, and the approval number is Jian-Yi No. 82747797.
Note 2: The effective (approved) date of the capital increase is July 11, 1996, and the approval number is Jian-Yi No. 85314274.
Note 3: The effective (approved) date of the capital increase is July 4, 1997, and the approval number is Jian-Yi No. 86311742.
Note 4: The effective (approved) date of the capital increase is January 8, 1998, and the approval number is Jing (1998) Shang No. 100312
Note 5: The effective (approved) date of the capital increase is October 21, 1998, and the approval number is Jing (1998) Shang No. 131494
Note 6: The effective (approved) date of the capital increase is December 11, 1998, and the approval number is Jing (1998) Shang No. 140154
Note 7: The effective (approved) date of the capital increase is July 19, 1999, and the approval number is (1999) Tai-Cai-Zheng-(I) No. 63876.
Note 8: The effective (approved) date of the capital increase is August 30, 2000, and the approval number is (2000) Tai-Cai-Zheng-(I) No. 72663.
Note 9: The effective (approved) date of the capital increase is July 5, 2001, and the approval number is (2001) Tai-Cai-Zheng-(I) No. 143317.
Note 10: The effective (approved) date of the capital increase is July 18, 2002, and the approval number is Tai-Cai-Zheng-Yi-Zi No. 0910139988.
Note 11: The effective (approved) date of the capital increase by surplus is May 15, 2003, and the approval number is Tai-Cai-Zheng-Yi-Zi No. 0920121105.
Note 12: The effective (approved) date of the capital increase in cash is May 22, 2003, and the approval number is Tai-Cai-Zheng-Yi-Zi No. 0920121106.
Note 13: The effective (approved) date of the capital increase by surplus is May 12, 2004, and the approval number is Tai-Cai-Zheng-Yi-Zi No. 0930119897.
Note 14: The effective (approved) date of the capital increase by surplus is June 22, 2005, and the approval number is Jin-Guan-Zheng-Yi-Zi No. 0940124952.
Note 15: The effective (approved) date of the capital increase by surplus is June 26, 2006, and the approval number is Jin-Guan-Zheng-Yi-Zi No. 0950126344.
Note 16: The effective (approved) date of the capital increase by surplus is July 3, 2008, and the approval number is Jin-Guan-Zheng-Yi-Zi No. 0970033334.
Note 17: The effective (approved) date of the capital increase by surplus is August 6, 2009, and the approval number is Jin-Guan-Zheng-Yi-Zi No. 09801176350.
Note 18: The effective (approved) date of the capital increase by surplus is June 24, 2010, and the approval number is Jin-Guan-Zheng-Fa-Zi No. 0990032568.
Note 19: The effective (approved) date of the capital increase by surplus is July 5, 2011, and the approval number is Jin-Guan-Zheng-Fa-Zi No. 1000031050.
Note 20: The effective (approved) date of the capital increase in cash is October 22, 2018, and the approval number is Jing-Shou-Shang-Zi No. 10701134350.

April 26, 2024 Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares (Notes)	Unissued shares	Total	
Registered ordinary shares	100,911,557 (Shares of listed company)	49,088,443	150,000,000	10,000 thousand shares are reserved for issuance of employee stock warrants.

Note: the par value is NT$10 per share.

(II) Information on self-registration system: None.

(III) Shareholder structure

Shareholder structure

April 26, 2024

Shareholder structure / Quantities	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	1	-	24	18,073	50	18,148
Number of shares held	6,000,000	-	37,542,927	54,818,611	2,550,019	100,911,557
Ratio of Shareholding	5.95%	-	37.20%	54.32%	2.53%	100.00%

(IV) Shareholding distribution

1. Shareholding distribution

Par value is NT$10 per share. April 26, 2024

Class of shareholding	Number of shareholders	Number of shares held	Ratio of Shareholding
1 to 999	8,340	1,230,409	1.22%
1,000 to 5,000	8,123	15,672,019	15.53%
5,001 to 10,000	921	7,358,301	7.29%
10,001 to 15,000	260	3,385,642	3.36%
15,001 to 20,000	138	2,597,065	2.57%
20,001 to 30,000	128	3,299,046	3.27%
30,001 to 40,000	65	2,321,598	2.30%
40,001 to 50,000	54	2,532,485	2.51%
50,001 to 100,000	55	3,899,949	3.86%
100,001 to 200,000	30	4,359,746	4.32%
200,001 to 400,000	20	5,232,512	5.19%
400,001 to 600,000	5	2,255,058	2.23%
600,001 to 800,000	1	742,000	0.74%
800,001 to 1,000,000	1	820,530	0.81%
> 1,000,001	7	45,205,197	44.80%
Total	18,148	100,911,557	100.00%

2. The Company did not issue any preference shares

(V) List of major shareholders: Name, number and proportion of shares held of the top 10 shareholders with the highest shareholding ratios

List of major shareholders

Shareholding / Name of major shareholders:	Number of shares held	Ratio of Shareholding
CDIB Advantage Venture Capital Investment Limited Partnership	11,526,000	11.42%
Yasheng Investment Development Co., Ltd.	10,566,760	10.47%
Yaxin Investment Development Co., Ltd.	10,561,732	10.46%
National Development Fund, Executive Yuan	6,000,000	5.94%
Yachuang Investment Development Co., Ltd.	4,458,341	4.41%
Li, Yong-Chuan	1,074,072	1.06%
Li, Zhao-Yi	1,018,292	1.00%
Li, Bi-Kai	820,530	0.81%
Lin, Huang-Yang	742,000	0.73%
Zhu, Yan-Qin	500,000	0.49%

(VI) Market price per share, net worth, dividend and relevant data over the last two years

Market price per share, net worth, earnings and dividend

Unit: NT$

Item / Year			2022	2023	For the current year as of March 31, 2024 (Note 2)
Market price per share	Highest market price		45.15	39.75	29.05
	Lowest market price		22.75	26.75	27.15
	Average market price		27.06	29.88	28.14
Net value per share (Note 1)	Before distribution		22.01	22.35	23.10
	After dividend distribution		21.16 (Note 1)	22.35(Note 1)	—
Earnings per share	Weighted average shares		100,911,557	100,911,557	100,911,557
	Earnings per share	Before tracing	1.60	1.51	0.4
		After tracing	1.60	1.51	0.4
	Cash dividends		0.85 (Note 1)	0.80 (Note 1)	—

Item \ Year			2022	2023	For the current year as of March 31, 2024 (Note 2)
Dividends per share	Stock dividends	Dividends from retained earnings	–	–	–
		From capital reserves	–	–	–
	Cumulative undistributed dividends		–	–	–
Analysis of investment returns	Price / Earnings ratio		16.91	19.79	–
	Price / Dividend ratio		31.84 (Note 1)	37.35(Note 1)	–
	Cash dividend yield rate		3.14% (Note 1)	2.68% (Note 1)	–

Note 1: the proposal for the 2022 earnings distribution shall be filled in according to the resolution of the Board of Directors.

Note 2: 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.

(VII) Dividend policy and implementation status:

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

   The Company’s capital and financial structures, operating conditions, earnings, and the nature and cycle of the industry to which the Company belongs determine that the dividend should be paid by stock dividends or cash dividends. However, as the Company is currently operating in a growing industry, the Company may consider the financial, business and operational factors and the dividend payment policy in last year. If the Company has earnings available for distribution in the current year, the principle of dividend distribution is to set aside more than 30% of the net income after tax for the current year as dividends to shareholders after deducting legal reserve and other items required by law.

   The Company’s dividend policy is determined by the Board of Directors in accordance with the operating plan, investment plan, capital budget and changes in internal and external environments. The Board of Directors shall prepare a proposal for earnings distribution, which shall be approved by the Shareholders Meeting before distribution. The distribution of earnings may be made in the form of cash dividends or stock dividends, provided that the percentage of stock dividends shall not exceed 50% of the total earnings distributed for the year.

2. The distribution of dividends proposed at this shareholders' meeting:

   On March 13, 2023, the Company's Board of Directors approved the proposal for the 2023 earnings distribution and planned to distribute cash dividends of NT$80,729,246 from the earnings for 2023, with NT$0.80 per share, which will be submitted to the Annual Shareholders' Meeting on June 24, 2024.

(VIII) The impact on the operating performance of the Company and earnings per share proposed of the shareholders' meeting to issue free allotment shares: Not applicable.

(IX) Remuneration to the employees and directors:

1. The percentage of the profit for or scope of employee remuneration and directors' remuneration as stated in the Company's Articles of Incorporation: If the Company makes a profit in a fiscal year, it shall set aside 5% to 15% of the profit as employees' remuneration, which shall be distributed in shares or cash as resolved by the Board of Directors, to employees of controlling and subsidiary companies under certain conditions; the Company may set aside not more than 2% of the above-mentioned profit as directors' remuneration as resolved by the Board of Directors. The remuneration proposal to the employees and the Directors shall be reported to the shareholders' meeting.

   However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss before allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

2. Regarding the allocation percentage and amount of directors' remuneration, these are determined based on the company's operational performance, individual contributions, and tenure. In addition, the remuneration proportion is calculated by considering any incidents of ethical risks involving directors or other events that negatively impact the company's image or reputation. The reasonableness of the related compensation is reviewed by the Compensation Committee and the Board of Directors, with regular assessments of the actual business situation and timely reviews of the remuneration system in response to changes in relevant regulations.

3. The accounting treatment for the difference between the estimated amount of employees' and directors' remuneration and the actual distribution amount for the period: If there is any difference, the Company adopts the accounting treatment of change in accounting estimate and directly adjusts the salary expenses in the year of actual payment.

4. The proposal for earnings distribution for 2023 was approved by the Board of

Directors on March 13, 2024. The proposed distribution of earnings approved by the Board of Directors was: NT$15,425,174 of employees' remuneration and NT$3,485,664 of directors' remuneration.

5. The distribution of employees' and directors' remuneration by the 2022 earnings is as follows:

Distribution	Actual number of shares distributed as resolved by the Annual Shareholders' Meeting	Number of shares to be distributed as approved by the Board of Directors
1. Employee stock dividend (1) Number of shares	- thousand shares	- thousand shares
(2) Amount	- NT$ thousand	- NT$ thousand
2. Remuneration to employees	NT$15,634 thousand	NT$15,634 thousand
3. Remuneration to directors	NT$3,518 thousand	NT$3,518 thousand

(X) Repurchase of the Company's stock: None.

II. Corporate bond handling situation: None.

III. Preference share: None.

IV. Overseas depositary receipts: None.

V. Employee stock option: None.

VI. Issuance of restricted stock awards: None.

VII. Status of new shares issuance in connection with mergers and acquisitions: None.

VIII. Financing plans and implementation:

(I) As of the quarter before the publication date of the annual report, previous issuances or private placements of securities have not yet been completed or have been completed within the last three years and the benefits of the plan have not yet shown up: None.

(II) Regarding the purpose of each plan in the preceding paragraph, a detailed analysis is conducted as of the quarter before the publication date of the annual report, its implementation and comparison with the originally expected benefits: Not applicable.

Chapter V Business Performance

I. Content of business

(I) Scope of business operation:

1. Major contents of the business operation undertaken:

Wellell Inc. is an international healthcare brand that provides a wide range of institutional and home care solutions. Our products are sold worldwide, with sales channels and service networks in more than 60 countries. Since establishment in 1990, the Company has integrated wound care solutions, sleep apnea therapy and smart medical technology to provide better medical quality for patients, healthcare professionals and healthcare providers.

(1) Medical device import, export, trading, and leasing business: post-operative recovery care solutions, chronic respiratory therapy products, digital medical services, and electronic medical materials.

(2) Medical device manufacturing industry: manufacturing, processing, and trading of air pumps.

(3) Metal electronic products trading and distribution business: care and welfare devices and electronic medical devices.

(4) General import and export trading business (except licensed business), etc.

2. Business proportion

Unit: NT$ thousand

Sales Category	Revenue in 2023	Revenue proportion%
Pressure area care products	1,236,834	46.72
Respiratory therapy products	588,152	22.22
Others	822,136	31.06
Total	2,647,122	100.00

3. Main products and services

(1) Medical products sold: Pressure Area Care (PAC), Compression Therapy, Patient Handling, Welfare Equipment (Welfare), Respiratory Therapy (RT) Products, Electronic Medical Devices (EMD).

(2) Medical leasing products and leasing services: Patient Recovery Care Solution includes Pressure Area Care, Compression Therapy, and Patient Handling.

4. New products under development

(1) Digital management platform for medical product rental service: Track the use of leased pressure ulcer prevention products in hospital and the cleaning and disinfection of devices to avoid cross-infection by IoT.

(2) Pressure ulcer prevention: specialize in the development of the IoT

transmission that conforms to the hospital rental model in Europe and the United States and solutions that improve the efficiency of gas flow and regional pressure control, the development of new domestic material with antibacterial function, and the development of Support Surface that meet the needs of medical stakeholders and related advanced pressure ulcer prevention and care products.

(3) Respiratory Therapy: Develop IoT CPAP respirators with digital medical services to enter the European, American, and Japanese health insurance benefit markets, and use human factors engineering and data research to develop multiple respirator mask models to meet the needs of global users with different facial features and sleep habits.

(4) Deep vein thrombosis (DVT) device: Provide intermittent pneumatic compression therapy to increase venous blood flow in patients with potential risks and to help prevent deep vein thrombosis and pulmonary embolism after surgery.

(II) Industrial overview

1. Progress and Development of the industry

According to the forecast of Battele, a U.S. research and development organization, the medical device industry will rank first among the top ten industry opportunities in the 21st century. The government-led “Two-Trillion and Twin-Star Industry Development Plan” also lists biotechnology as one of the key “Twin-Star” industries, which shows that the medical and healthcare industry has the opportunity to become the next star industry in Taiwan after the information and electronics industry.

The ultimate consumer group for medical devices is people. Since the global population is increasing rapidly and the average life expectancy in advanced countries is over 75 years, it is expected that global expenditure in medical industry will continue to grow. The consumption of medical device is positively correlated with national income, and countries with high income have relatively higher annual expenditure per capita on medical devices. In addition to developed countries, China, Taiwan, and emerging countries in Southeast Asia and Central and South America have a large room for future growth due to economic development and an increasing elderly population, making them potential markets.

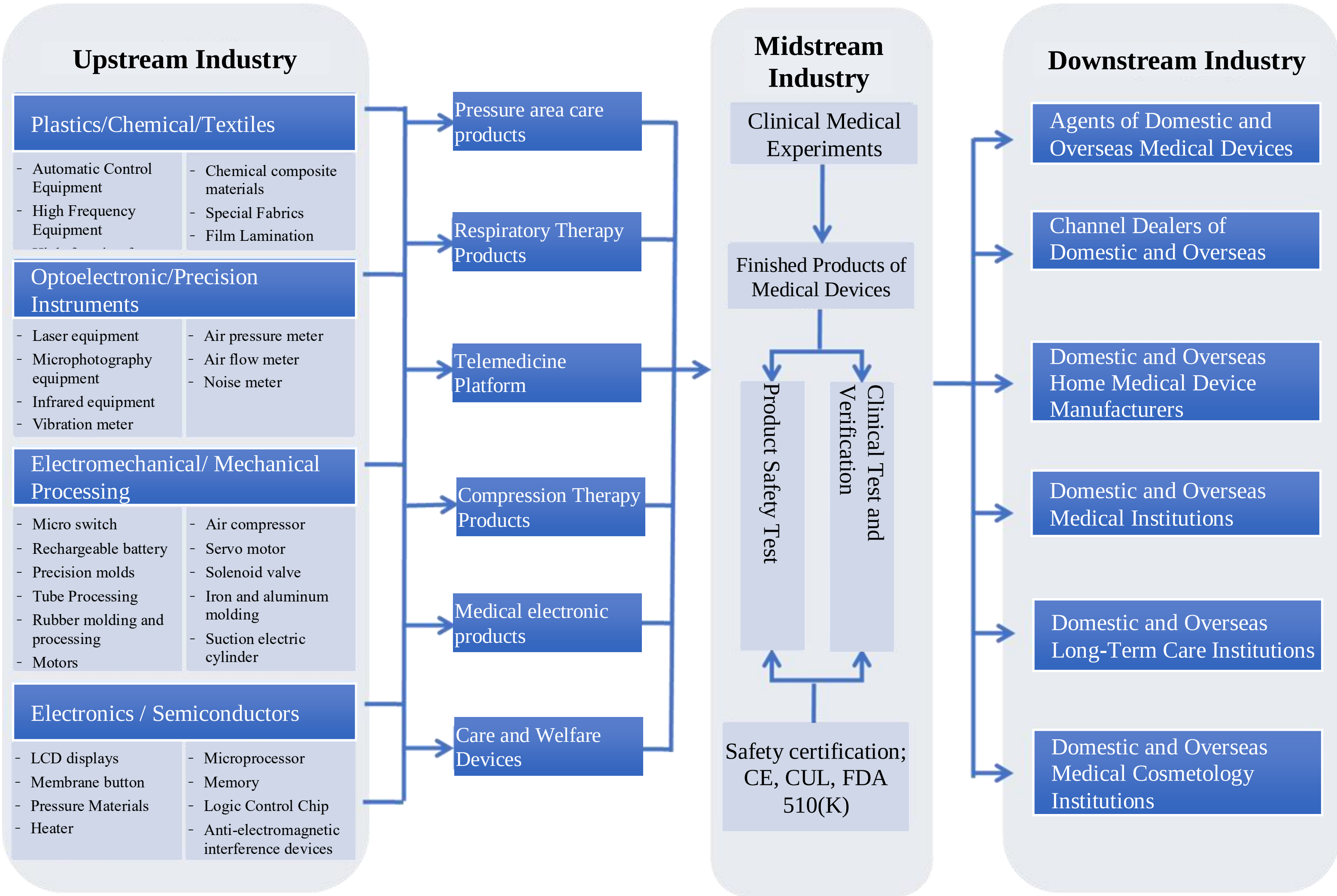
Biotechnology and pharmaceutical industries are recognized as the most promising technologies in the 21st century. According to the research report of Fortune Business Insights, the global medical device market size is expected to reach US$ 718.9 billion in 2029, with a compound growth rate of 5.4% from 2022 to 2029.

According to the market data of Straits Research, the annual output of IoT medical applications will reach US$ 486.3 billion by 2031, with a compound annual growth rate of 19.27%.

The medical device products have a broad range, a wide variety of product technologies, a long R&D period, the need for product validation and clinical test, and high barriers to entry. In terms of market, the medical device industry is greatly influenced by government policies, especially those related to medical insurance payment which will directly affect market demand; the safety certification and medical insurance payment systems vary slightly from country to country, making market entry difficult. However, after the products are introduced into the market, due to the protection of patents and certifications and longer product life cycles, they will generate higher profits than other industries. Since establishment, the Company has been upholding the business philosophy of honesty, professionalism and innovation and the belief of "respecting the value of life", and committed to helping all patients and their relatives to have a healthier and carefree life through the implementation of digital welfare by IoT technology.

In general, the Company is a complete solution provider of digital medical services and durable medical device products, and plays the role of medical integration services, that is, uniting the related domestic and overseas manufacturers to provide complete products and services to stakeholders in the international medical industry. In addition, the Company has invested in clinical research and product development for the main products, Pressure Area Care and Respiratory Therapy, and have cultivated our own long-term manufacturers and production capacity to continue to develop new products leading the market, maintain good quality and establish good reputation in the market.

2. Association among the up-, mid- and down streams



3. Product development trend and competition:

At present, the Company's main product lines include Pressure Area Care (PAC), Respiratory Therapy (RT) Products, and Compression Therapy. The product development trends and competitions are as follows:

(1) Pressure Area Care Products:

A. Support Surface (SS) is mainly divided into three markets: Specialty Medical Bed, Alternative Pressure Air Mattress, and Pressure Relief Overlay Mattress. Specialty Medical Bed has a high level of technology but is expensive, so it is mainly provided to medical institutions to care for special patients in the form of leasing. As the medical insurance budgets of various countries continue to decrease, Alternative Pressure Air Mattress and Pressure Relief Overlay Mattress become the main options with medical benefits under limited budgets. Of which, the Pressure Relief Overlay Mattress has better clinical efficacy, and the acceptance level has increased significantly, driving the rapid growth of this market. In recent years, the Company has been mainly focusing on the development of Alternative Pressure Air Mattress.

B. Development trend: According to the market research of RESEARCH AND MARKET, the wound care market is expected to reach US$ 29.5 billion in 2030, with a compound annual growth rate of 4.15%. In addition, according to TRANSPARENCY MARKET RESEARCH, the global output of pressure wound care is expected to reach US$ 10 billion in 2031. Researches show that the use of Alternative Pressure Air Mattress at the early stage of pressure ulcers can significantly reduce the cost of treatment, and these Support Surface are mainly used in medical institutions and long-term care centers; as the awareness of pressure ulcers prevention in home care has increased, there is also a certain demand for Pressure Relief Overlay Mattress. The product development trends include:

- Support Surface, a kind of air mattress integrated with functions of alternative, turning and segmented pressure control to enhance the added value of the product.
- Breathable air mattress equipped with high-flow turbo type air pump, which makes the contact surface between patient's skin and Support Surface drier and more comfortable.
- In response to the demand for replacing Specialty Medical Bed,

the height of the Support Surface is gradually increased due to the increasing demand for pressure reduction and load efficiency.

- The application of digital control panel makes the human-machine interface more humanized.
- The products are easy to clean and neaten and are durable, so that the leaser can easily run the leasing business.
- As people pay more attention to infection control, the mattress system must have antibacterial feature.

C. Competition: The alternative pressure air mattress has higher technical level and requires more investment of R&D resources and clinical forces, so professional manufacturers have more competitive advantages, the market concentration is relatively high, and most of the manufacturers belong to developed countries; in particular, there are fewer manufacturers of breathable and turning air mattresses. The Company is one of the manufacturers that can provide the most complete product lines in the emerging countries. In recent years, the Company has continued to research and develop new products and clinical evidence, and has successively completed the development of digital products for high-flow, breathable turning Support Surface that meet the high-risk and Stage IV pressure ulcers requirements, demonstrating the strength of an international professional manufacturer.

D. Recently, we have successfully launched Optima Prone air mattress to meet the demand of global epidemic, which meets the care needs of more advanced and special ARDS respiratory acute care wards. The product has successfully entered the clinical treatment field of high-level ICU and has been recognized by the Gold Prize of Taiwan Excellence Award.

E. Recently, we have taken the lead in introducing IoT Optima Auto Link advanced support surface in the world, which meets the leasing demand for high-end equipment in European hospitals, and can accurately track the patient’s pressure ulcers prevention course and record equipment cleaning and disinfection through IoT transmission.

(2) Respiratory Therapy Products:

A. Development trend: most people increases their awareness of sleep respiratory problems, and more and more countries are beginning to pay attention to the impact of sleep apnea on chronic diseases, which drive the increase in demand for relevant products. The development of products shows the following trends:

- The product is small and easy to carry, and the noise is low when the machine is running.
- Easy installation and intuitive operation interface for general users to operate.
- Intelligent anti-condensation and humidification adjustment functions, which enhance the wearing comfort and better suit for the physiological needs.
- The application of AC/DC motors enhances the compliance of breathing air flow.
- Digital medical sleep management platform is launched in developed countries such as Japan and Europe.
- Track and manage patient sleep data, provide remote monitoring function for medical institutions, and integrate overseas local health insurance into home care system.
- Interactive tools platform that assists medical staff in improving management efficiency through intelligent data analysis and tracking reminders, and provides patients with simultaneous sleep health care and treatment training through the smart device APP.
- Through the remote data transmission function of built-in 4G Sim card, provide medical staff and patients with global cross-regional treatment data tracking and uploading regardless of location or time constraints.
- Multiple interface devices (MASK) designed to meet the ergonomics and comfort requirements.

B. Competition: The sleep respiratory products can only be used based on the doctor’s prescription or related sleep diagnosis, so there are very strict requirements for product function and quality and related certifications. At present, the major players are manufacturers from advanced countries, and the market concentration is high. According to the market research report of Research and Markets, the global ventilator market size will reach US$ 32.7 billion in 2028. The Company’s CPAP and Mask products have obtained the marketing approval of the U.S. FDA, and the quality and characteristics of the products have been confirmed and verified to a certain extent; after settling the patent lawsuit in 2014, the Company has been focusing on channel development and marketing layout in order to increase the Company's revenue and profit.

(3) Compression Therapy: Deep vein thrombosis (DVT) device

C. Development trend: There are about 10 million cases of venous thrombosis worldwide every year, and more than 60% of the venous thrombosis cases occur during or after hospitalization; the use of "deep vein thrombosis (DVT) device" is widely recommended to prevent thrombosis after surgery for critical diseases, especially in ICU and Department of Orthopedics. According to report of Markets and Markets, the annual output value of global compression therapy market is expected to reach US$ 4.9 billion in 2027, large target patient population and the rising incidences of sports injuries and accidents are the main factors driving growth in this market. Product development trends include:

- Physically compress the user's foot/calf/thigh plus calf with air pressure to enhance blood circulation to prevent venous thrombosis.
- Special foot cover design can bring moisture and heat out of the foot cover along with the air flow, thus increasing the comfort of the user.
- It can detect the return of blood from the veins and push more blood in the same time to achieve better preventive effect.

D. Competition: In the entire large wound treatment market, in addition to pressure area care, there is also compression therapy for prevention of deep vein thrombosis and pulmonary embolism (VTE-related). The main structure of this type of products is similar to the existing core technology "fluid control" of Wellell, and the marketing channels are similar. Combined with the increase in chronic diseases and obesity, the market demand is increasing.

(III) Technology & know-how and research & development in summary:

1. Research & development expenditure in the latest year and up to the publication date of the annual report:

Unit: NT$ thousand

Year / Amount	2022	2023	Estimated investment in 2024
R&D expenditure (A)	154,283	165,762	194,543
R&D expenditure / Net operating revenue %	5.79%	6.26%	–

2. Successfully developed technology or products in the latest year and up to the publication date of the annual report:

   The Company has achieved specific results after years of research and development. In addition to continuing to enhance R&D capabilities to maintain the existing product lines at a favorable competitive position among Taiwanese manufacturers and global equivalent manufacturers, the Company is also continuing to expand new products. At present, the development of each product line is as follows:

   (1) For Pressure Area Care products, we continue to invest in the technical improvement and functional specification upgrading of medical pressure-relieving air mattresses for different risk levels and stage I-IV pressure ulcers, take into account both the medical and home care markets, and establish a complete product line to effectively reduce the burden on medical personnel and provide patients with the best preventive care and treatment effects. We have launched a new product of blower type with automatic pressure return control by high-level microcomputer, and provided Microclimate Management air mattress with ultra-uniform low-pressure high-flow venting to meet the needs of pressure equalization and alternative. For the high-flow breathable air mattress digital products for high-risk and Stage IV pressure ulcers, we adopt zonal pressure control, single-tube independent air release for heel and one touch set up (start the best treatment with one key) to reduce the working time and physical effort of medical personnel. With the completion of the development of such products, the Company will realize more comprehensive product layout of Support Surface, provide a complete product line of Support Surface with complete functions and stable quality, which can meet the various needs in the market, build highly competitive advantage and increase the sales profit of products. Provide the patients

(users) with the definite decompression effect and use experience.

(2) In terms of Respiratory Therapy Products, the Company has mastered key technologies in the development of NPAP systems, blowers, and masks, and have developed elegant, lightweight, quiet, effective, and competitively priced CPAP and Auto CPAP respirators and other related peripheral products (heating humidifiers and nasal masks).

At present, the Company has broken through the technical bottleneck and completed the CSA, Flow Limitation, and improved the Auto CPAP series products with exhalation and pressure relieving functions. The hospital clinical validation proves that the above function designs provide users with higher comfort, improved compliance and therapeutic effect, which are more helpful to the sales of the products. The new CPAP respirators integrated with digital network function has an elegant appearance and extremely quiet feature, as well as innovative design that combines comfort, efficacy and aesthetics of life, which are different from the old CPAP respirators with cold and bulky impression. The intelligent network APP/Web function is added to provide users with real-time interactive sleep quality parameters, which greatly enhances the comfort during treatment process and user adhesion.

In addition to continuously developing key components and carrying out product improvement research, the Company also pays attention to patent layout and development. After the successful resolution of the patent lawsuit in 2014, the Company has been focusing on developing marketing channels to meet the needs of consumers at all levels for best cost performance ratio. This product line has become one of the Company’s most promising niche products with high annual profit, which will positively contribute to the Company’s performance and profit.

(3) The deep vein thrombosis (DVT) device, combined with core components, precise firmware control, and biocompatible and ergonomic foot cover design, can effectively increase patient comfort. The compliance monitoring design allows the medical staff to directly obtain the user’s access time and treatment time from the product, so as to confirm whether the user follows the doctor’s advice for the prevention of venous thrombosis in the most intuitive way.

(IV) Long- and short-term business development programs

1. Short-term business development programs

(1) We will expand our market share in North America and Europe with our high value-added SS products, and invest a lot of resources to actively build the Asia Pacific market to become the No. 1 brand in Asia.

(2) We will actively seek strategic marketing partners for CPAP/Auto CPAP products and expand respiratory mask product lineup to meet the treatment needs of different races, and further develop the market and expand the operation scale of our products.

(3) We will actively build the Wellell brand and promote it to Greater China Region, Spain, Portugal, the Middle East, Central and South America, and Eastern Europe to meet the needs of our customers for full product line, fast delivery and one-stop purchase.

2. Long-term business development programs

Based on high value-added SS products, we will create medical products and services required for the complete patient recovery course. Based on the experience accumulated by our overseas subsidiaries, we will actively develop a series of products related to patient recovery care required by medical institutions through independent design and development and external cooperation, such as floor and suspended patient handling machines, medical beds, intermittent pneumatic compression systems and protectors, and static pressure-relieving cushions.

Promote our own brand, expand our global brand marketing through the subsidiaries in Spain, UK, France and the United States, and promote Wellell as an international medical brand. In addition to overseas promotions, we will further develop the marketing strategy and product penetration of "Wellell" brand. In response to the aging society and the post-epidemic era, the lack of first-line medical care forces and the public's attention to health will drive us to invest in providing digital welfare solutions and make the "Wellell" brand a leading international medical brand.

In addition, according to the international division of labor strategy, the Company will take Mainland China as the production base for low-end products that require cost competitiveness to expand the product quantity; and take Taiwan as the R&D and production base for middle- and high-end SS products in the PAC category and CPAP products in the RT category to improve the product quality.

II. Markets, production and marketing in summary

(I) Market analyses

1. Ratio of domestic and export sales

Unit: NT$ thousand

Year / Region of distribution	2022		2023	
	Amount	Ratio	Amount	Ratio
Export	2,532,868	95.09%	2,518,092	95.13%
Domestic sales	130,855	4.91%	129,030	4.87%
Total	2,663,723	100.00%	2,647,122	100.00%

2. Proportion of Main Sales Regions

Unit: NT$ thousand

Year / Region of distribution	2022		2023	
	Amount	Ratio	Amount	Ratio
Europe	1,613,929	60.59%	1,711,579	64.66%
Americas	397,603	14.93%	236,099	8.92%
Asia	652,191	24.48%	699,444	26.42%
Total	2,663,723	100.00%	2,647,122	100.00%

3. The future market supply and demand and growth potential:

(1) In terms of Pressure Area Care (PAC) and Compression Therapy, the governments' attention to preventive medicine and cost control of medical resources, coupled with the rapid growth of the elderly population and increased awareness of the quality of life care and clinical post-operative care for patients, have led to a steady growth trend for Support Surface and anti-venous thrombosis treatment equipment.

(2) As modern people pay more attention to sleep breath, sleep medical services are growing gradually in the market. According to Straits Research, the global market size of CPAP respirators will reach 5.25 billion in 2030, with a compound annual growth rate of 7.4% from 2022 to 2030.

(3) The Company's Electronic Medical Devices (EMDs), including transcutaneous electrical nerve stimulators (TENS) and electronic muscle

stimulators (EMS), are in the category of electrotherapy devices and are in a relatively mature market. Due to the aging of the population, the elderly population is prone to joint pain and other chronic problems, manufacturers are engaged in developing more user-friendly digital electrotherapy products. In addition, the increase in the female sports population has resulted in many chronic and acute sports injuries; the patients' acceptance of TENS has increased.

(4) The Company's welfare devices include walking aids, crutches, commode chairs, medical bed handrails, bathroom safety series, wheelchairs, etc. These products are the most basic service products of medical device sellers and were the main products of our company in the early stage after establishment. Therefore, the market is mature in technology, economy of scale is the most important factor for competition, and price competition is fierce. The company has maintained good customer relationships and built solid strength to maintain orders.

4. Competitive niche

(1) Our products have passed safety certification and are sold in more than 60 countries worldwide.

Medical and health care devices are closely related to human health, safety and efficacy, so all countries require that such products must be certified by medical regulations and safety standards before marketing. Our products have passed 510(K) of the U.S. FDA and CE MDD93/42 EEC of EU, and other certifications of medical regulations of advanced countries, and obtained ISO 13485:2016 of Rheinland TUV and SGS MDSAP Quality Assurance System Certification; in terms of product safety regulations, we have obtained EMC and electrical safety (UL, TUV) and many other safety certifications; therefore, our products are accepted by buyers from all over the world and sold in more than 60 countries.

(2) High-quality R&D team continuously improves technology

The Company has been dedicated to R&D for many years. In addition to owning 158 product patents, the Company is also engaged in enhancing the core technology capabilities, continuously expanding its existing products to provide unique products for its main customers, and developing higher level and high value-added products; the respiratory therapy product R&D team has developed the sleep disorder respiratory therapy product and successfully launched the product, which makes a positive contribution to the Company. The team is now challenging the higher-level CPAP respirator blower technology and artificial intelligence algorithm technology, and will continue to enhance the depth and breadth of technology and products.

(3) Build global marketing channels with a complete range of home medical care products

After years of product management, the Company has built complete product lines, including Welfare Equipment to assist the disabled and elderly in their homes, Electronic Medical Devices for pain treatment and muscle rehabilitation, Support Surface for the prevention and treatment of pressure ulcers, and products for the treatment of apnea. We have continued to receive orders from major customers in advanced markets in Europe, the United States, and Japan. The Company further takes brand service the core of our future development, and is committed to domestic and overseas market and channel development, strengthening the marketing ability of our own brand “Wellell”, and extending the successful experience in establishing more than 600 domestic customers in Taiwan to the markets of Mainland China, Southeast Asia, Middle East, Eastern Europe, Central and South America, and strives to become the first-choice regional brand of home care products.

(4) Strong and highly competitive management team

The Company has complete marketing, R&D, manufacturing and operation management teams, and has established subsidiaries in Spain, UK, France, Germany, Mainland China, India, and the United States, as well as a sales office in Egypt, to keep abreast of market information and customer information, and provide immediate service to meet customer needs; we have established a manufacturing center for low-cost products in Kunshan, Mainland China, to meet customer demand for quantity and price; we have strengthened our global division of labor system in marketing, R&D, and manufacturing, and are able to respond quickly to the challenges of changing global division of labor and continue to create good results.

5. Advantages and disadvantages of development and countermeasures

(1) Advantages

A. Aging population structure and mature concept of preventive medicine

With the aging of the world’s population structure, the governments’ attention to health care benefits system, the increase in personal economic standards, and the change in the health care concept have led to the continuous expansion of the global health care market, which enters the growth period.

B. Policy incentives to enhance international competitiveness

The government is actively planning for the testing and certification of healthcare devices, the Good Manufacturing Practice (GMP) system and the medical device technology development program. The advent of the global aging society and the rise of the concept of preventive medicine and home care bring business opportunities to medical and health care devices and home health care products.

C. Possessing international marketing capability and building intensive marketing network

The Company is engaged in developing international markets, has successfully launched our own brand “Wellell” in Europe, North America, Japan, and Asia, and is actively occupying the markets of Middle East, Central and South America, and Eastern Europe. At present, our products have been exported to more than 60 countries.

D. Mastering key technologies and attaching importance to independent R&D capabilities

The mastery of key technologies is the key to maintaining the competitive niche of the industry. In order to maintain a stable source of technology and continue to be active on the world stage, the Company not only actively recruits R&D teams to develop innovative product functions, but also cooperates with the technology programs promoted by the Ministry of Economic Affairs to acquire key technologies.

E. Obtaining international safety certifications to raise the competition threshold

Our products have obtained international safety certifications related to medical devices, such as electrical safety standards (IEC60601 series), biocompatibility (ISO10993 series, ISO18562 series), and fire and flame resistance standards for mattresses (EN597-1, EN597-2), which not only provide business opportunities to enter advanced countries such as Europe, the United States, and Japan, but also raise the competition threshold for entry into the industry imperceptibly.

F. We use overseas subsidiaries and sales offices to grasp marketing channels and collect market-related information. The company mainly engages in foreign sales, so how to maintain a good relationship with foreign customers is an important issue. Our management team not only visits customers from time to time, but also establishes overseas subsidiaries to serve customers nearby and actively collects market trends and product technology information to clearly grasp market demands and maintain long-term relationships with customers.

(2) Disadvantages

A. Compared with advanced countries, the domestic regulations are still not perfect, resulting in insufficient protection for legal operators' operation. The EU MDD is changed to MDR, which raises the difficulty and threshold of certification.

B. For many low-tech products, such as wheelchairs and crutches, Taiwanese manufacturers have lost their competitive advantage, the manufacturers in Mainland China have diversified products and low-cost production advantage.

C. The competition thresholds for main products (SS and RT) are decreasing gradually, and more competitors are entering the market, disrupting the market price.

(3) Countermeasures

A. The government is actively planning for the testing and certification for health care devices and GMP system, which can improve the industry quality and help to enhance the international image and acceptance by the international market.

B. In order to implement the low cost strategy, we have been producing low value-added products in Kunshan, Mainland China through global division of labor in order to effectively reduce production costs and enhance competitiveness.

C. The Company continuously invests in R&D and establishes our own technologies to improve product quality and develop products with high functionality and high added value to maintain competitive advantage.

D. We have set up overseas subsidiaries and sales offices to collect the market information in Europe and the United States to grasp the market trends and make a success in international market.

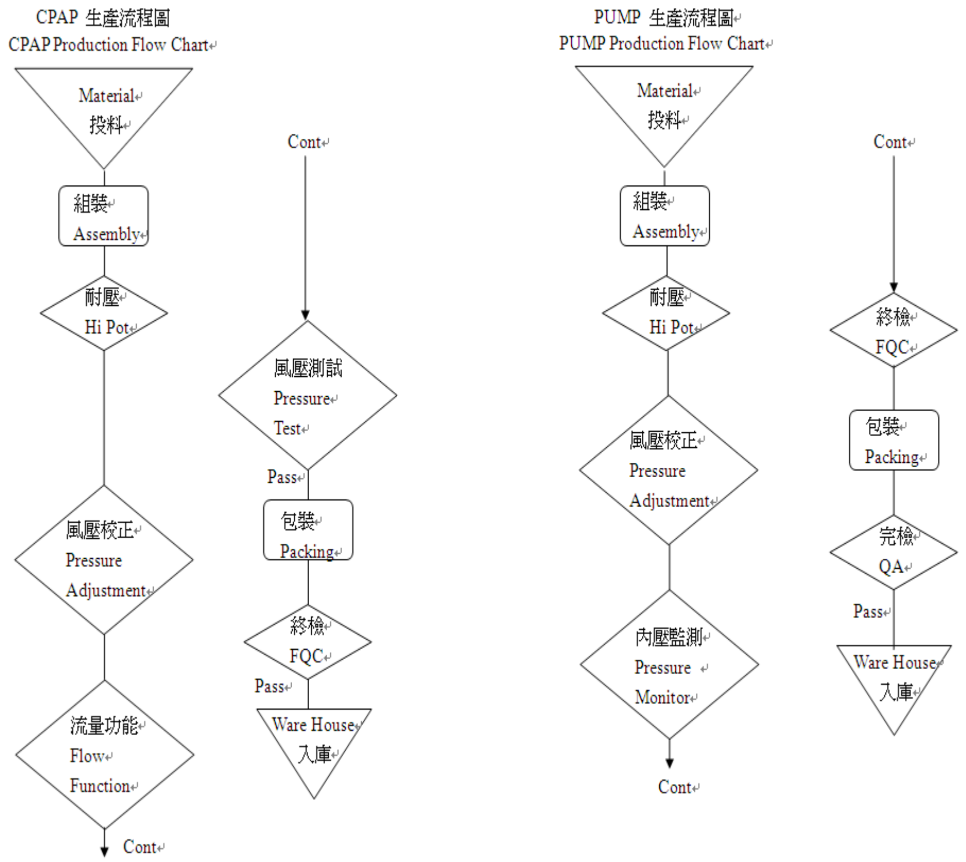
E. Through industry-university cooperation and participation in Science and Technology Major Projects, we have acquired key technologies and MDR certified technologies, developed innovative product functions, and enhanced the added value of our products in order to keep our industry foundation in Taiwan.

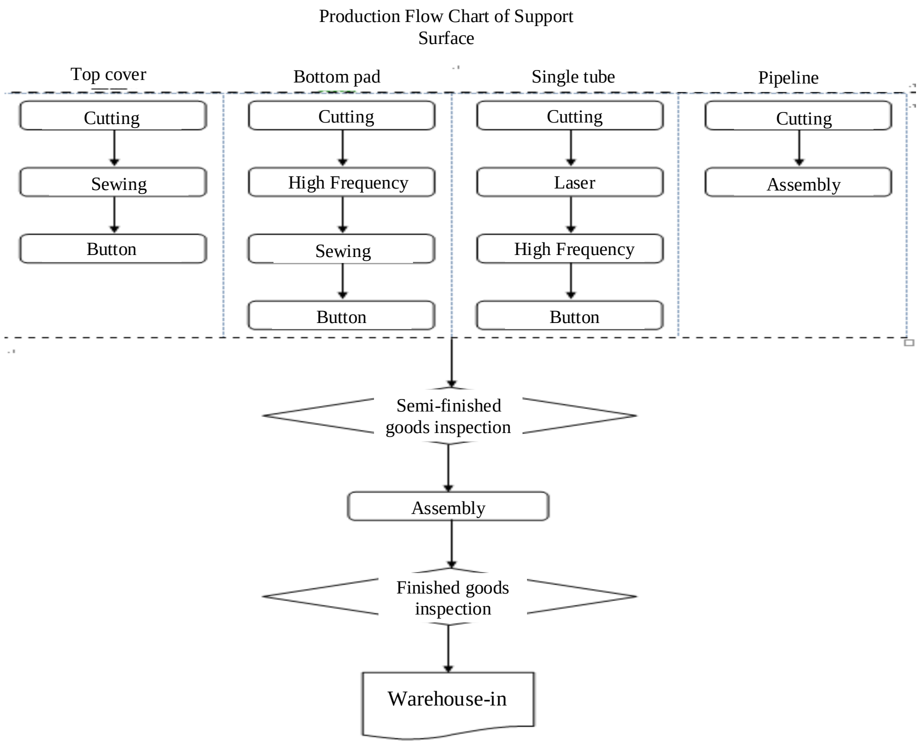
(II) Manufacturing process and key purposes of our principal products

1. Key purposes of our principal products

Key Products	Main applications or functions
Pressure area care products	Support Surface (SS) for prevention and treatment of pressure ulcers.
Respiratory therapy products	Nebulizer and CPAP respirator for the treatment of obstructive apnea.
Welfare equipment	Equipment to help the elderly walk and to assist in rehabilitation and safe support, such as geriatric carts, crutches, bathroom safety handrails, medical bed railings, etc.
Medical electronic products	Low-frequency nerve pain treatment devices for the elimination and treatment of chronic nerve pain and muscle pain, and other care products for easy monitoring at home.

2. Production process of key products





(III) Supply status of major raw materials

1. Pressure Area Care Products: The main raw materials are composite leather, electronic parts, plastic components, and coil induction, which are partially obtained domestically and partially supplied by overseas suppliers. These products are manufactured by our Tucheng and Kunshan factories.
2. Medical Electronic Products: The main raw materials are electronic parts and plastic components, which are partially obtained domestically and partially supplied by Chinese suppliers.
3. Welfare Equipment: The main raw materials are steel tubes, aluminum alloy tubes and plastic parts, which are mainly supplied by suppliers in China and Taiwan.
4. Respiratory Therapy Products: The main raw materials are electronic parts, plastic components, motors, DC high speed blowers, which are mainly supplied by suppliers in China and Taiwan, and partially manufactured by our Tucheng and Kunshan factories.

(IV) List of major suppliers and clients:

1. The names of suppliers with purchases accounting for at least 10% of the total in any of the last two years, and reason for increase/decrease:

Unit: NT$ thousand

2022				2023				As of Q1 2024			
Name	Amount	As a percentage of net sales for the year [%]	Relationship to the issuer	Name	Amount	As a percentage of net sales for the year [%]	Relationship to the issuer	Name	Amount	As a percentage of total net sales for 2024 up to Q1 2024 (%)	Relationship to the issuer
Others	1,596,935	100.00	-	Others	1,508,805	100.00	-	Others	366,219	100.00	-
Net sales	1,596,935	100.00	-	Net sales	1,508,805	100.00	-	Net sales	366,219	100.00	-

The proportion of self-production is gradually increasing, and our suppliers are decentralized, so there are no suppliers that account for more than 10% of total purchases.

2. The names of clients with sales accounting for at least 10% of the total in any of the last two years, and reason for increase/decrease:

2022				2023				As of Q1 2024			
Name	Amount	As a percentage of net sales for the year [%]	Relationship to the issuer	Name	Amount	As a percentage of net sales for the year [%]	Relationship to the issuer	Name	Amount	As a percentage of total net sales for 2024 up to Q1 2024 (%)	Relationship to the issuer
Others	2,663,723	100.00	-	Others	2,647,122	100.00	-	Others	646,680	100.00	-
Net sales	2,663,723	100.00	-	Net sales	2,647,122	100.00	-	Net sales	646,680	100.00	-

Note: there is no client accounting for 10 percent or more of the Company’s total sales amount.

(V) Production value in the last two years

Unit: Pieces; NT$ thousand

Year / Production value / Key Products	2022			2023		
	Capacity	Output	Output value	Capacity	Output	Output value
Medical Device	1,383,022	665,388	1,180,016	1,350,749	506,772	918,729
Lease	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	1,383,022	665,388	1,180,016	1,350,749	506,772	918,729

(VI) Sales in the last two years:

Unit: Pieces; NT$ thousand

Year / Sales volume and value / Key Products	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Medical Device	81,305	130,855	2,490,548	2,532,868	69,297	129,030	1,698,094	2,518,092
Lease	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–
Total	81,305	130,855	2,490,548	2,532,868	69,297	129,030	1,698,094	2,518,092

III. Number of employees, average years of service, average age, and education distribution proportion in the last two years and up to the publication date of the annual report

Year		2022	2023	For the current year as of May 20, 2024
Number of employees	Domestic employees	339	317	319
	Foreign employees	325	306	307
	Total	664	623	626
Average age		41.36 years old	41.36 years old	41.4
Average years of service		8.31 years	8.31 years	8.05
Academic qualification	Doctoral Degree	0.36 %	0.77%	0.8%
	Master’s Degree	21.18 %	23.08%	22.4%
	Bachelor’s Degree	53.65%	50.77%	50.8%
	Senior High School	14.23%	15.38%	15.2%
	Below Senior High School	10.58 %	10%	10.8%

IV. Environmental spending

Any losses (including compensation and environmental protection audit results in violation of environmental laws and regulations; the date of penalty, penalty document number, applicable law violated, content of the law, and content of penalty shall be disclosed) incurred due to environmental pollution during the latest year and up to the publication date of this annual report, the currently estimated amount and future potential amount, and future countermeasures. If such amounts cannot be reasonably estimated, the fact that they cannot be estimated shall be explained: None.

V. Employee relation:

(I) List the Company's employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

1. Employee benefits:

In addition to providing basic protection, the Company established an employee welfare committee on March 12, 1999 to be responsible for planning and implementing various employee welfare issues. In addition, the Company emphasizes harmonious labor-management relations, establishes a two-way communication channel, and provides various employee welfare measures, including group insurance, birthday parties, employee recreation centers, and club activities. In the future, the Company will continue to make appropriate adjustments in response to amendments to laws and regulations, social changes, and the Company's operating conditions. The relevant welfare system is as follows:

(1) Flexible management

- Enjoy advance special leave for taking office.
- Flexible commuting to meet the needs of family care or personal training.
- One day of paid natural disaster leave per year.

(2) Employee care

- Free employee group insurance.
- Congratulation/consolation money for wedding, funeral, childbirth, and first-time home purchase.
- Cash gifts for birthday, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and kick-off bonus after Spring Festival.
- Quarterly fixed-amount welfare coupons.
- In-plant medical health consultation and massage by visual impaired people.
- Regular free health examination.
- Lunch subsidies and free overtime dinners in the staff canteen.
- Exclusive and free parking spaces for cars and motorcycles.
- Discounted prices for buying the Company's products.
- Barrier-free facilities and excellent breastfeeding rooms certified by

New Taipei City.

(3) Work-life balance

- Free use of the indoor employee recreation center.
- (Fitness, rhythm class, billiards, table tennis, badminton court, basketball court)
- Establish diversified clubs.
- Yaxuan Art and Culture Corridor.
- Establish the employee welfare committee to promote employee welfare activities.
- Appointed stores, hotels and baby care centers.
- A company-wide birthday party is held quarterly.
- Irregular employee travel activities.
- Irregular sports activities.
- Year-end party activities.

(4) Self-actualization and development

- Employee education and training (pre-employment education and training, on-the-job education and training).
- Growth training program.
- Annual selection and reward of employees with excellent performance.
- Various magazines and books in the library for lending.

(5) Sharing of realized profit

- Year-end bonus.
- Incentive system based on job attribute.

2. Employee continuing education and training system:

(1) The Company has a complete training framework and training system to cultivate the talents required for current and future business development in line with the Company’s medium- and long-term business strategies and annual goals, with the aim of improving employee productivity and operational performance.

(2) In addition to encouraging employees to improve their own abilities, we will also work with them on their career plans and grow with the Company to create an atmosphere of lifelong learning within the Company.

(3) The training courses include pre-employment education and OJT training

for new employees, management ability development training, and professional training. We have also established a digital learning system and trained internal instructors as important channels for experience exchange.

3. Retirement system and its implementation: The Company has established the employee retirement regulations and the Employee Retirement Reserve Fund Supervisory Committee, and will contribute monthly to the retirement reserve fund based on the total amount of paid salaries and deposit to the Bank of Taiwan to generate interests; for those who choose the new labor retirement system, 6% will be allocated to the employees' personal pension accounts according to the level of insurance, and for those who voluntarily contribute to their pensions, an additional payment will be deducted from the employees' monthly salary according to their voluntary contribution rates and deposited to the personal pension account of the Bureau of Labor Insurance. For the pension of subsidiaries in overseas regions, pension, medical insurance and other social security contributions are paid monthly in accordance with the local government's regulations.

   In accordance with the Labor Pension Act, the Company applies the following regulations:

   (1) Voluntary retirement:

   A worker may retire voluntarily under one of the following circumstances: (For those who choose to apply the Labor Pension Act, the relevant provisions in the Act shall apply)

   A. Those who have worked for at least fifteen years and have reached the age of fifty-five.

   B. Those who have worked for more than twenty-five years.

   C. Those who have worked for at least ten years and have reached the age of sixty.

   (2) Compulsory retirement:

   The Company shall not compulsorily retire an employee unless one of the following circumstances occurs to that employee:

   A. The employee has reached the age of sixty-five.

   B. The employee is mentally or physically incapacitated for work.

   For workers occupied in dangerous work or work requiring high physical strength, the Company may request approval from the central competent authority to adjust the age specified in the previous first paragraph.

However, the age shall not be less than fifty-five.

(3) Pension granting standard:

A. The pension granting standards for employees with years of service before and after the application of the Labor Standards Act and those who choose to continue to be subject to the pension provisions of the Labor Standards Act in accordance with the Labor Pension Act or to retain their years of service before the application of the Labor Pension Act are calculated in accordance with Article 84-2 and Article 55 of the Labor Standards Act.

B. If an employee is with the years of service in the preceding paragraph and is subject to compulsory retirement under Subparagraph 2, Paragraph 1, Article 35, and is mentally or physically disabled as a result of the performance of his or her duties, an additional 20% shall be paid in accordance with Subparagraph 2, Paragraph 1, Article 55 of the Labor Standards Act.

C. For employees subject to the pension provisions of the Labor Pension Act, the Company shall contribute 6% of their monthly wages to their individual pension accounts.

4. Labor-management agreements: The Company attaches importance to employee welfare and harmonious labor-management relations. There are no labor disputes or losses under the environment of labor-management integration and benefit sharing.

5. Measures to protect employees' rights and interests: In order to prevent sexual harassment in the Company, we have established "Measures for Preventing and Controlling Sexual Harassment, Complaints and Investigation Procedures" in accordance with the provisions of the Act of Gender Equality in Employment to protect gender equality and human dignity at work. We have also established complaint channels for employees, so that employees can report to the Human Resources Division either verbally or in writing, and we will immediately take appropriate action depending on the situation to protect the rights and interests of employees.

(II) List all losses (including labor inspection results in violation of the Labor Standards Act; the date of penalty, penalty document number, applicable law violated, content of the law, and content of penalty shall be disclosed) incurred due to labor disputes in the latest year and up to the publication date of the annual report, and disclose the currently estimated amount and future potential amount, and future countermeasures. If such amounts cannot be reasonably estimated, the fact that they cannot be estimated shall be explained: None.

VI. Cyber security management

In order to strengthen cyber security management and ensure the confidentiality, integrity and availability of information assets, the Company has formulated this policy to implement cyber security management operations.

(I) Cyber security risk management framework

1. The Company's cyber security organization takes the Information Technology Department as its main authority and responsibility unit. It uses the PDCA (Plan-Do-Check-Act) principle to carry out operation planning, execution, inspection and review in accordance with its current management regulations.
2. The organization of cyber security risk cross-departments is shown below:

Department	Rights and responsibilities
Human Resource Division	Coordinate the Company's internal and external corporate risk control and management (labor, natural disaster protection...)
Legal intellectual property	Business Secrets and Sensitive Data Protection Act and Personal Data Protection Regulations
Information Technology Department	Formulate cyber security management measures and implement the operation
Auditing Office	Audit the implementation of management measures and report to the Board of Directors
Software Design Department	Processing of cloud service information management events provided by external customers

(II) Cyber security policy and specific management plans

1. The Company's cyber security policy has the following relevant aspects:

Aspect	Description
Cyber system policy principles	System permission management, system access management, backup management
Operation execution principles	Software/device security management, network usage management, etc.
Employee training principles	Implement cyber security education and training practical courses for new employees and establish E-Learning cyber security courses to enhance the cyber security knowledge and professional skills of internal personnel.
Cyber security incident handling procedure	Major events should be reported in accordance with the 5W1H principle after the information manager confirms the scope of impact and major situations.

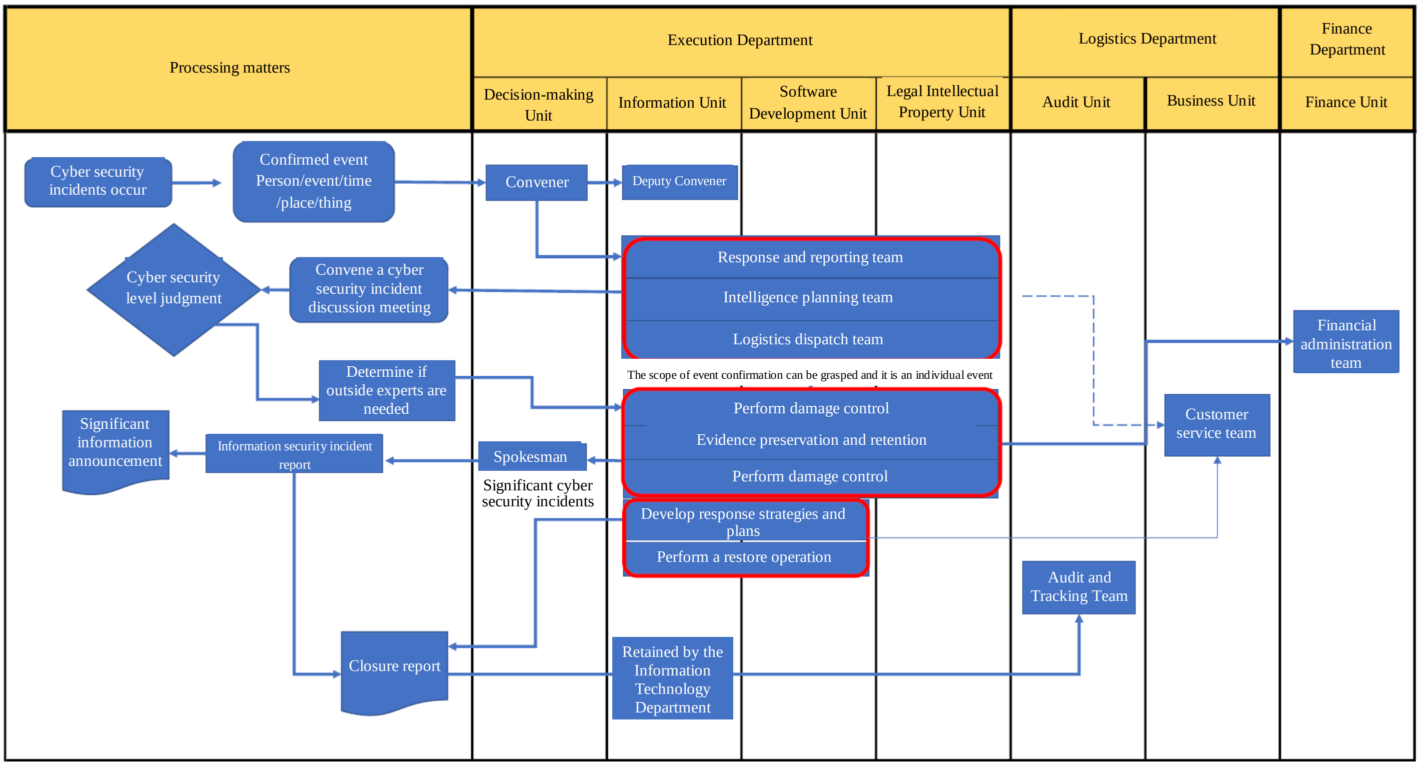
2. Specific management plans of the Company

Aspect	Description of specific management plans
Cyber system policy principles	■ Regular account and permission inventory ■ The authorization, review and control measures for the access rights of the employees ■ Data backup and recovery measures
Operation execution principles	■ Physical and environmental security ■ Software and hardware usage inventory ■ Anti-virus and operating system update ■ System and network status monitoring ■ Regular inventory and review of business secrets and sensitive information ■ Regular inventory and review of personal data ■ Cyber security promotion ■ Sensitive information and privacy management promotion
Employee training principles	■ Mandatory online training courses for new employees ■ Hold face-to-face education and training ■ Sensitive information and privacy management education and training
Cyber security incident handling procedure	■ Incident handling report ■ Announce significant cyber security information

In view of the fact that cyber security insurance is an emerging insurance category, and considering the effectiveness of its insurance coverage, claims forensics and forensic mechanism and other qualification issues, the Company has not purchased cyber security insurance after evaluation. However, due to the challenges faced by cyber security, for cyber security issues such as APT advanced persistent attacks, DDOS blocking attacks, Ransomware viruses, social engineering and BEC email fraud attacks, the following strategies have been adopted.

1. Conduct cyber security testing every year (Cyber Security Health Diagnosis)
2. Continue to pay attention to the changing trends of the cyber security environment, and promote and announce protection mechanisms and plans internally.
3. Through the current anti-virus system, email protection system and cyber security network equipment for protection and recording, we hope to prevent in advance and detect and reduce the impact on the business at once.

Cyber security reporting procedures:



Invest resources in cyber security management in 2023 - Promotion and implementation results of corporate information security measures

(1) Policy operation:

Contents of operation	Unit
Adapt existing methods	6 copies
Set up dedicated supervisors and dedicated staff	3 personnel

(2) Training/promotion work:

Training

Contents of operation	Unit
Social engineering drill (group-wide)	409 personnel
Cyber security promotion, education and training	1 time

Social engineering drill results:

Information Security Education and Training Test	Total number of people in the pre-test	Total number of people in the post-test	Pre-test clicking participants	Post-test clicking participants	Pre-test click rate	Post-test click rate	Overall reduction ratio
Browse mail	818	409	137	0	16.75%	0.00%	27.87%
Open email	818	409	64	2	7.82%	0.49%	
Click link	818	409	33	1	4.03%	0.24%	
Total click rate					28.6%	0.73%	

Promotion

Contents of operation	Unit
Billboard	2 time

(3) Cyber security incidents and violations

Contents of operation	Unit
Email Compromise -WFR	1 case

(4) Cyber security testing - Cyber security health diagnosis

Contents of operation	Unit
Discussion meeting on cyber security incident report and response management standards	Over 5 times
Perform ERP disaster recovery drills	1 time
Weakness detection and implementation of countermeasures	1 time

(III) List any losses suffered by the company in the latest year and up to the publication date of annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Wellell Inc. has not suffered any cyber security incident up to the publication date of the annual report. Wellell Inc. will do our utmost to maintain cyber security operations through continuous monitoring and continuous improvement.

VII. Important contract

List the supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts sufficient to affect shareholders' equity that are still in effect up to the publication date of the annual report or expired in the latest year:

Nature of contract	Participants	Contract start and end dates	Major contents	Restrictions
Shares Sale and Purchase Agreement	Buyer: Apex Medical Respiratory Ltd. Seller: SLK Holding GmbH, Oliver Otte, Martin Herberg	September 16, 2019	Pricing method and related matters of the acquisition of the other 50% equity of SLK	None

Chapter VI Financial Status

I. Condensed balance sheet and consolidated income statement for the past five years

(I) Condensed balance sheet and statement of comprehensive income- IFRS

Consolidated Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial Information for the past five years (Note 1)					Financial data for 2023 up to March 31, 2023
		2023	2022	2021	2020	2019	
Current assets		1,722,061	1,677,316	1,588,014	1,405,183	1,485,379	1,746,527
Financial assets at fair value through other comprehensive income - Non-current		21,120	19,165	15,866	19,117	12,343	21,223
Financial assets measured at amortized cost - non-current		15,000	-	-	-	-	15,000
Investments accounted for using equity method		2,877	-	-	-	211,096	2,470
Property, plant and equipment		713,321	736,063	740,916	785,171	657,969	709,619
Right-of-use assets		52,104	67,438	64,200	80,877	101,807	50,024
Intangible assets		648,833	650,513	668,069	701,672	432,380	658,848
Other assets		49,528	56,799	63,352	54,389	119,432	52,667
Total assets		3,224,844	3,207,294	3,140,417	3,046,409	3,020,406	3,256,378
Current liabilities	Before distribution	698,864	771,077	873,877	709,855	753,513	774,512
	After distribution (Note 2)	779,593	856,852	929,378	765,356	798,923	-
Non-current liabilities		185,111	208,659	202,250	230,271	236,914	202,161
Total liabilities	Before distribution	883,975	979,736	1,076,127	940,126	990,427	911,756
	After distribution (Note 2)	964,704	1,065,511	1,131,628	995,627	1,035,837	-
Share capital		1,009,116	1,009,116	1,009,116	1,009,116	1,009,116	1,009,116
Capital surplus		345,635	345,635	345,635	345,635	345,635	345,635
Retained earnings	Before distribution	1,133,292	1,066,652	956,985	908,479	849,805	1,092,576
	After distribution (Note 2)	1,052,563	980,877	901,484	852,978	804,395	-
Other equity		(152,063)	(200,139)	(252,634)	(161,517)	(178,568)	(116,607)
Equity attributable to owners of parent		2,335,980	2,221,264	2,059,102	2,101,713	2,025,988	2,330,720
Non-controlling interest		4,889	6,294	5,188	4,570	3,991	4,465
Total equity	Before distribution	2,340,869	2,227,558	2,064,290	2,106,283	2,029,979	2,335,185
	After distribution (Note 2)	2,260,140	2,141,783	2,008,789	2,050,782	1,984,569	-

Note 1: The financial data for the past five years have been audited and certified by CPAs.

Note 2: The proposal for the 2023 earnings distribution shall be filled in according to the resolution of the Board of Directors.

Consolidated condensed statement of comprehensive income

Unit: NT$ thousand (except for earnings per share in NT$)

Item \ Year	Financial Information for the past five years (Note 1)					Financial data for 2023 up to March 31, 2023
	2023	2022	2021	2020	2019	
Operating revenues	2,647,122	2,663,723	2,374,055	2,004,025	2,036,232	646,680
Gross profit	1,138,317	1,066,788	986,952	847,631	853,817	280,461
Operating income	194,219	184,940	104,323	98,936	128,763	48,715
Non-operating income and expenses	15,634	15,597	33,758	25,908	(337)	3,335
Net income before tax	209,853	200,537	138,081	124,844	128,426	52,050
Current net income	153,012	162,109	103,511	105,377	88,804	39,684
Other comprehensive income (loss) for the period (net after tax)	46,074	56,472	(90,003)	16,337	(15,188)	35,361
Total comprehensive income for the period	199,086	218,581	13,508	121,714	73,616	75,045
Net profit attributable to owners of the parent	152,172	161,404	102,247	104,588	87,921	40,013
Net profit attributable to non-controlling interests	840	705	1,264	789	883	(329)
Total comprehensive income attributable to owners of the parent	200,491	217,475	12,890	121,135	72,552	75,469
Total comprehensive income attributable to non-controlling interests	(1,405)	1,106	618	579	1,064	(424)
Earnings per share	1.51	1.60	1.01	1.04	0.87	0.40

Note 1: The financial data for the past five years have been audited and certified by CPAs.

Parent Company Only Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial Information for the past five years (Note 1)				
		2023	2022	2021	2020	2019
Current assets		517,322	639,367	657,673	532,190	773,626
Financial assets at fair value through other comprehensive income - Non-current		21,120	19,165	15,866	19,117	12,343
Investments accounted for using equity method		1,786,367	1,673,571	1,971,687	1,521,753	1,359,821
Property, plant and equipment		384,556	391,124	393,604	391,710	394,222
Right-of-use assets		432	2,642	3,673	3,422	482
Intangible assets		5,746	2,869	4,181	3,122	3,678
Other assets		29,754	35,158	33,708	34,578	33,851
Total assets		2,745,297	2,763,896	3,080,392	2,505,892	2,578,023
Current liabilities	Before distribution	408,380	540,848	1,014,046	394,096	544,447
	After distribution	489,109	626,623	1,069,547	449,597	589,857

Item / Year		Financial Information for the past five years (Note 1)				
		2023	2022	2021	2020	2019
	(Note 2)					
Non-current liabilities		937	1,784	7,244	10,083	7,588
Total liabilities	Before distribution	409,317	542,632	1,021,290	404,179	552,035
	After distribution (Note 2)	490,046	628,407	1,076,791	459,680	597,445
Share capital		1,009,116	1,009,116	1,009,116	1,009,116	1,009,116
Capital surplus		345,635	345,635	345,635	345,635	345,635
Retained earnings	Before distribution	1,133,292	1,066,652	956,985	908,479	849,805
	After distribution (Note 2)	1,052,563	980,877	901,484	852,978	804,395
Other equity		(152,063)	(200,139)	(252,634)	(161,517)	(178,568)
Total equity	Before distribution	2,335,980	2,221,264	2,059,102	2,101,713	2,025,988
	After distribution (Note 2)	2,255,251	2,135,489	2,003,601	2,046,212	1,980,578

Note 1: The financial data for the past five years have been audited and certified by CPAs.

Note 2: The proposal for the 2023 earnings distribution shall be filled in according to the resolution of the Board of Directors.

Parent company only condensed statement of comprehensive income

Unit: NT$ thousand (except for earnings per share in NT$)

Item / Year	Financial Information for the past five years (Note 1)				
	2023	2022	2021	2020	2019
Operating revenues	1,091,568	1,262,946	1,176,513	1,122,691	1,235,742
Gross profit	384,896	401,825	338,371	384,287	434,704
Operating income	45,427	74,437	16,641	23,547	91,553
Non-operating income and expenses	127,432	101,826	89,669	87,707	14,095
Net income before tax	172,859	176,263	106,310	111,254	105,648
Current net income	152,172	161,404	102,247	104,588	87,921
Other comprehensive income (loss) for the period (net after tax)	48,319	56,071	(89,357)	16,547	(15,369)
Total comprehensive income for the period	200,491	217,475	12,890	121,135	72,552
Earnings per share	1.51	1.60	1.01	1.04	0.87

Note 1: The financial data for the past five years have been audited and certified by CPAs.

(II) Names of CPA and their audit opinions for the past five years

Year	Name of CPA	Opinion
2019	Kou, Hui-Zhi; Guo, Xin-Yi	Unqualified opinion
2020	Kou, Hui-Zhi; Guo, Xin-Yi	Unqualified opinion
2021	Guo, Xin-Yi; Chen, Bei-Qi	Unqualified opinion
2022	Guo, Xin-Yi; Chen, Bei-Qi	Unqualified opinion
2023	Guo, Xin-Yi; Chen, Bei-Qi	Unqualified opinion

II. Financial analysis for the past five years

Consolidated Financial Analysis - IFRS

Analysis item / Year		Financial Analysis for the past five years (Note 1)					For the current year as of March 31, 2023
		2023	2022	2021	2020	2019	
Financial structure (%)	Debt to assets ratio	27.41	30.55	34.27	30.86	32.79	28.29
	Ratio of long-term capital to property, plant and equipment	354.12	330.98	305.91	297.59	344.53	349.75
Solvency (%)	Current ratio	246.41%	217.53	181.72	197.95	197.13	225.50
	Quick ratio	182.85%	141.19	114.01	134.90	147.21	164.99
	Interest coverage ratio	15.80	20.69	19.00	14.45	8.14	15.27
Operating ability	Turnover rate of accounts receivable (times)	5.23	5.96	6.79	6.29	5.81	4.84
	Number of days in average cashing.	70	61	54	58	63	75
	Inventory turnover (times)	2.64	2.58	2.63	2.75	2.91	2.81
	Rate of payable turnover (times)	8.52	8.39	8.50	10.03	8.15	7.83
	Average number of days in sales.	138	142	139	133	125	130
	Property, plant and equipment turnover (times)	3.65	3.61	3.11	2.78	3.09	3.64
	Total assets turnover (times)	0.82	0.84	0.77	0.66	0.67	0.80
Profitability	Return on assets (%)	5.08	5.34	3.50	3.69	3.34	5.30
	Return on equity (%)	6.66	7.52	4.90	5.06	4.34	6.85
	Percentage of net profit before tax to the paid-in capital (%)	20.80	19.87	13.68	12.37	12.73	20.63
	Profit ratio (%)	5.75	6.06	4.31	5.22	4.32	6.19
	Earnings per share (NT$)	1.51	1.60	1.01	1.04	0.87	0.40
Cash flow	Cash flow ratio (%)	65.20	10.65	2.17	39.35	23.04	-12.73
	Cash flow adequacy ratio (%)	147.19%	81.81	91.41	142.01	127.94	106.95
	Cash reinvestment ratio (%)	12.56	0.95	-1.40	8.87	4.17	-6.14
Leverage	Operating leverage	9.88	9.50	15.17	14.17	10.86	8.65
	Financial leverage	1.08	1.06	1.08	1.10	1.16	1.08

The reasons for the movements in various financial ratios in the last two years (if the movement does not reach 20%, an analysis is not required)

1. The quick ratio increased and the cash and cash equivalents increased and short-term borrowings decreased compared to the same period last year.
2. The decrease in interest coverage ratio was mainly due to the increase in interest expense.
3. The increase in cash flow ratio was mainly due to the increase in net cash inflow from operating activities compared with the previous period.
4. The increase in cash flow adequacy ratio was mainly due to an increase in net cash inflows from operating activities in the past five years.

5. The increase in the cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities compared with the previous period.

Parent Company Only Financial Analysis - IFRS

Analysis item \ Year		Financial Analysis for the past five years (Note 1)				
		2023	2022	2021	2020	2019
Financial structure (%)	Debt to assets ratio	14.91	19.63	33.15	16.13	21.41
	Ratio of long-term capital to property, plant and equipment	607.69	568.33	524.98	539.12	515.85
Solvency (%)	Current ratio	126.68	118.22	64.86	135.04	142.09
	Quick ratio	111.98	90.43	46.28	111.49	121.75
	Interest coverage ratio	19.15	31.98	42.16	27.75	8.9
Operating ability	Turnover rate of accounts	2.94	3.69	4.14	4.27	4.00
	Number of days in average	124	99	88	85	91
	Inventory turnover (times)	5.73	4.78	5.79	7.29	7.01
	Rate of payable turnover (times)	9.30	8.33	9.61	12.99	9.14
	Average number of days in sales.	64	76	63	50	52
	Property, plant and equipment turnover (times)	2.81	3.22	3.00	2.86	3.13
	Total assets turnover (times)	0.40	0.43	0.42	0.44	0.48
Profitability	Return on assets (%)	5.80	5.68	3.73	4.25	3.65
	Return on equity (%)	6.66	7.52	4.90	5.06	4.34
	Percentage of net profit before tax to the paid-in capital (%)	17.13	17.47	10.53	11.02	10.47
	Profit ratio (%)	13.94	12.78	8.69	9.32	7.11
	Earnings per share (NT$)	1.51	1.60	1.01	1.04	0.87
Cash flow	Cash flow ratio (%)	41.05%	22.41	-3.91	30.78	14.04
	Cash flow adequacy ratio (%)	87.85%	73.25	59.51	121.76	105.13
	Cash reinvestment ratio (%)	3.39%	2.87	-4.44	3.47	0.50
Leverage	Operating leverage	14.87	9.08	41.34	31.28	8.65
	Financial leverage	1.27	1.08	1.18	1.21	1.17

The reasons for the movements in various financial ratios in the last two years (if the movement does not reach 20%, an analysis is not required)

1. The decrease in the debt to assets ratio was mainly due to the decrease in short-term borrowings.
2. The increase in quick ratio was mainly due to the decrease in short-term borrowings.
3. The decrease in interest coverage ratio was mainly due to the increase in interest expense.
4. The decrease in the turnover rate of accounts receivable is mainly due to the decrease in operating revenues in the current period compared with the same period last year; the air mattress bids from the Italian hospital channel in the second half of 2023 caused an increase in accounts receivable compared with the same period last year.
5. The increase in cash flow ratio was mainly due to an increase in net cash inflow from operating activities and

Note 1: The financial data for the past five years have been audited and certified by CPAs.

Note 2: The calculation formulas in the above table are as follows:

1. Financial structure
   (1) The ratio of total liabilities to total assets = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equities + Non-current liabilities) / Property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expense) / current liabilities.
   (3) Interest coverage ratio = Net profit before interest and tax / Interest expenses for the current period.
3. Operating ability
   (1) Turnover rate of the account receivable (including account receivable and notes receivable incurred as a result of business operation) = The balance of the net sales amount / Account receivable averaged in various term (including account receivable and notes receivable incurred as a result of business operation).
   (2) Number of days in averaged cashing = 365 / Turnover rate of account receivable.
   (3) Inventory turnover rate = Sales cost / Averaged inventory amount.
   (4) Turnover rate of the payables (Including accounts payable and the notes payable incurred by business operation) = Sales cost / Balance of the payables averaged in various term (Including accounts payable and the notes payable incurred by business operation).
   (5) Number of days on averaged sales = 365 / Inventory turnover rate.
   (6) Property, plant and equipment turnover = Net amount of sales / Averaged net amount for the real estate, plants and equipment.
   (7) Total assets turnover = Net amount of sales / Total of average assets.
4. Profitability
   (1) Return on assets = (After tax net profit + Interest expenses x (1- tax rate)) / Average asset balance.
   (2) Return on shareholders' equity = After tax net profit / Total average equity.
   (3) Profit ratio = After tax net profit / Net amount of sales.
   (4) Earnings per share = (Profits or loss attributable to owners of the parent company - Preferred stock dividend) / Weighted average stock shares issued.
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio= Net cash flow from operating activities within five years / (Capital expenditure + Inventory increase + Cash dividend) within five years.
   (3) Cash re-investment ratio= (Net cash flow from operating activity - Cash dividend) / gross property, Plant, and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage:
   (1) Operation leverage = (Net amount of operating revenues - Variable operating costs and expenses) / Operating income
   (2) Financial leverage = Operating income / (Operating income - Interest expenses).

III. The Audit Committee’s Audit Report as shown through the financial statements in the latest year

Auditing Committee’s Audit Report

This is to approve

The Board of Directors prepared the Company’s business report, financial statements, and profit distribution proposal for the year 2023. The financial statements have been audited by KPMG Taiwan and an audit report has been issued. The aforementioned business report, financial statements, and profit distribution proposal have been audited by our Audit Committee, and no discrepancies have been found. Therefore, an audit report is provided as above for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
2024 Annual Shareholders’ Meeting of the Company

Wellell Inc.

Convener of the Audit Committee:

March 13, 2024

IV. The financial statements for the latest year: Please refer to Pages 163 to 229.

V. The CPA certified individual financial report for the latest year: Please refer to Pages 230 to 301.

VI. If the company or its affiliates have experienced financial difficulties in the latest year and up to the publication date of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Chapter VII Financial Status and Performance Review Analysis and Risks

I. Financial status

Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,722,061	1,677,316	44,745	3
Financial assets at fair value through other comprehensive income - Non-current	21,120	19,165	1,955	10
Property, plant and equipment	713,321	736,063	(22,742)	(3)
Right-of-use assets	52,104	67,438	(15,334)	(23)
Intangible assets and other assets	716,238	707,312	8,926	1
Total assets	3,224,844	3,207,294	17,550	1
Current liabilities	698,864	771,077	(72,213)	(9)
Non-current liabilities	185,111	208,659	(23,548)	(11)
Total liabilities	883,975	979,736	(95,761)	(10)
Share capital	1,009,116	1,009,116	-	-
Capital surplus	345,635	345,635	-	-
Retained earnings	1,133,292	1,066,652	66,640	6
Other equity	(152,063)	(200,139)	48,076	24
Equity attributable to the parent company	2,335,980	2,221,264	114,716	5
Non-controlling interest	4,889	6,294	(1,405)	(22)
Total equity	2,340,869	2,227,558	113,311	5

Main reasons for major changes in the Company's assets, liabilities and equity during the last two years (changes of more than 20% in the previous and subsequent periods), their effects and future plans:

(I) Explanation of the change in increase (decrease) ratio:

1. The decrease in right-of-use assets was mainly due to the decrease in annual amortization.
2. The increase in other equity was mainly due to the increase in the difference of conversion and exchange in the financial statements of foreign operating institutions.
3. The decrease in non-controlling interests was due to the repatriation of the subsidiary's earnings.

(II) Impacts of major changes in financial position during the last two years: There is no significant impact on the Company's financial position.

(III) Future response plan: N/A.

Parent Company Only Financial Statements

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	517,322	639,367	(122,045)	(19)
Financial assets at fair value through other comprehensive income - Non-current	21,120	19,165	1,955	10
Investments accounted for using equity method	1,786,367	1,673,388	112,979	7
Property, plant and equipment	384,556	391,124	(6,568)	(2)
Right-of-use assets	432	2,642	(2,210)	(84)
Intangible assets and other assets	35,500	38,210	(2,710)	(7)
Total assets	2,745,297	2,763,896	(18,599)	(1)
Current liabilities	408,380	540,848	(132,468)	(24)
Non-current liabilities	937	1,784	(847)	(47)
Total liabilities	409,317	542,632	(133,315)	(25)
Share capital	1,009,116	1,009,116	-	-
Capital surplus	345,635	345,635	-	-
Retained earnings	1,133,292	1,066,652	66,640	6
Other equity	(152,063)	(200,139)	48,076	24
Total equity	2,335,980	2,221,264	114,716	5

Main reasons for major changes in the Company's assets, liabilities and equity during the last two years (changes of more than 20% in the previous and subsequent periods), their effects and future plans:

(I) Explanation of the change in increase (decrease) ratio:

1. The decrease in right-of-use assets was due to the decrease in annual amortization.
2. The decrease in current liabilities was mainly due to the decrease in short-term borrowings.
3. The decrease in non-current liabilities was mainly due to the decrease in net defined benefit liabilities - non-current and lease liabilities – non-current.
4. The decrease in total liabilities was mainly due to the decrease in short-term borrowings.
5. The increase in other equity was mainly due to the increase in the difference of conversion and exchange in the financial statements of foreign operating institutions.

(II) Impacts of major changes in financial position during the last two years: There is no significant impact on the Company's financial position.

(III) Future response plan: N/A.

II. Financial performance

Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease)	Change percentage (%)
Operating revenues	2,647,122	2,663,723	(16,601)	(1)
Operating costs	(1,508,805)	(1,596,935)	(88,130)	(6)
Gross profit	1,138,317	1,066,788	71,529	7
Operating expenses	(944,098)	(881,848)	62,250	7
Operating income	194,219	184,940	9,279	5
Non-operating income and expenses	15,634	15,597	37	0
Net income before tax	209,853	200,537	9,316	5
Income tax expenses	(56,841)	(38,428)	18,413	48
Net Profit	153,012	162,109	(9,097)	(6)
Other comprehensive income (loss)	46,074	56,472	(10,398)	(18)
Total comprehensive income for the year	199,086	218,581	(19,495)	(9)
Net profit for the year - Owner of the parent	152,172	161,404	(9,232)	(6)
Comprehensive income for the year - Owner of the parent	200,491	217,475	(16,984)	(8)

(I) Analysis description of changes in increase (decrease) ratio during the last two years: (Change by more than 20% in the previous or subsequent periods)

1. The increase in income tax expenses was mainly due to the 10% additional tax on undistributed earnings in the current period, which was not the case in the same period last year. Coupled with the good operating performance of major European markets, resulting in an increase in income tax expenses compared with the previous period.

(II) For information on the expected sales volume and its basis, as well as the potential impact on the company’s future financial operations, and the corresponding plans:

One of our key goals for 2023 is to increase consolidated revenue and strengthen regional product marketing capabilities. The Company will continue to digitalize our contents, services, and marketing to create a new brand image through digital marketing and digital communication, expand our brand influence, thus creating a good business cycle and strengthening our brand competitiveness.

Parent Company Only Financial Statements

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease)	Change percentage (%)
Operating revenues	1,091,568	1,262,946	(171,378)	(14)
Operating costs	(715,663)	(848,644)	(132,981)	(16)
Gross profit	375,905	414,302	(38,397)	(9)
(Unrealized) Realized profits among affiliated companies	8,991	(12,477)	21,468	172
Net gross profit	384,896	401,825	(16,929)	(4)
Operating expenses	(339,469)	(327,388)	12,081	4
Operating income	45,427	74,437	(29,010)	(39)
Non-operating income and expenses	127,432	101,826	25,606	25
Net income before tax	172,859	176,263	(3,404)	(2)
Income tax expenses	(20,687)	(14,859)	5,828	39
Current net income	152,172	161,404	(9,232)	(6)
Other comprehensive income (loss)	48,319	56,071	(7,752)	(14)
Total comprehensive income for the period	200,491	217,475	(16,984)	(8)

(I) Analysis description of changes in increase (decrease) ratio during the last two years: (Change by more than 20% in the previous or subsequent periods)

1. The decrease in operating profit was due to the original domestic sales business of Wellell having been transferred to the subsidiary company established this year (Wellell Taiwan Corp.). In addition, operating expenses also increased compared with the same period last year, resulting in a decrease in operating income for this period compared with the same period last year.
2. The increase in (unrealized) realized profits among affiliated companies was mainly due to the higher realized profits among affiliated companies for the period.
3. The increase in non-operating income and expenses was mainly due to the increase in foreign currency exchange benefits, subsidies and service income.
4. The increase in income tax expenses was due to the 10% additional tax on undistributed earnings for the current period, which was not the case in the same period last year.

(II) For information on the expected sales volume and its basis, as well as the potential impact on the company’s future financial operations, and the corresponding plans:

One of our key goals for 2023 is to increase consolidated revenue and strengthen regional product marketing capabilities. The Company will continue to digitalize our contents, services, and marketing to create a new brand image through digital marketing and digital communication, expand our brand influence, thus creating a good business cycle and strengthening our brand competitiveness.

III. Cash flow

(I) Analysis of changes in cash flow for the latest year

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease) ratio %
Cash flow ratio	65.20	10.65	512%
Cash flow adequacy ratio	147.19	81.81	80%
Cash reinvestment ratio	14.64	0.95	1441%

Description of changes in increase (decrease) ratio: (Change by more than 20% in the previous or subsequent periods)

1. The increase in the cash flow ratio was mainly due to the increase in net cash inflow from operating activities.
2. The increase in cash flow adequacy ratio was mainly due to an increase in net cash inflows from operating activities and a decrease in inventory in the latest year.
3. The increase in the cash reinvestment ratio was mainly due to the increase in net cash outflow from operating activities compared with the previous period.

(II) Improvement plan for insufficient liquidity:

In the event of insufficient liquidity, we will respond to the working capital needs by bank credit lines and other ways.

(III) Analyses on the cash liquidity in one year ahead:

Unit: NT$ thousand

Opening cash balance	Expected year-round net cash flow from operating activities	Expected cash outflow for the whole year	Expected cash surplus (deficit)	Countermeasure for cash deficits	
				Investment plans	Financing plans
648,379	225,000	(173,592)	699,787	-	-

1. Analyses on the cash liquidity in one year ahead:
   (1) The net cash inflow from operating activities was NT$225,000 thousand, which was mainly generated from operating profit.
   (2) An annual cash outflow of NT$173,592 thousand is expected to be generated mainly due to equity investments, capital expenditures, cash dividends payment and operating activities.
   (3) In the future, depending on the operating conditions, the cash shortage will be met through bank loans.

IV. The impact of the significant capital expenditure in the latest year upon the financial performance:

There was no significant capital expenditure in 2023.

V. The outward investment policies in the latest year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead:

(I) The outward investment policies in the latest year.

The overall outward investment policy in recent years is still focused on establishing channels in key regions and strengthening product competitiveness, with the goal of expanding overseas private brand markets and new products. We will continue to prudently evaluate the outward investment plans to increase the investment benefits.

(II) The key reasons leading to the profit or loss, the corrective plans.

The Company's reinvestment profit for the whole year of 2023 was NT$66,424 thousand. Because some overseas customers still faced high inventory pressure, and the lack of urgent orders due to the pandemic has led to a decline in shipments from some customers, the reinvestment profit decreased compared to 2022. However, the profits of Spanish and German subsidiaries in Europe still increased compared with 2022, and the overall profits were stable. In the future, the subsidiaries will continue to gradually increase profits by adjusting channel layout and product strategies.

(III) The investment plan in one year ahead.

The Company will continue to evaluate investment opportunities in overseas channels and medical device manufacturers in order to strengthen the product and channel layout of the brand business.

VI. Analysis and Evaluation of Risk Matters (Corporate Governance Evaluation)

(I) The Company's capital planning is based on the prudent and conservative principles, and the capital allocation is based on safety management principle. Currently, the Company has no long-term loans, but only short-term loans from banks to meet operational needs. We also pay close attention to the changes in interest rate, evaluate the long-term and short-term cost of capital, choose the most favorable way to use capital, and adjust the loan amount in a timely manner to reduce the impact of interest rate changes on the Company.

In terms of exchange rate, the Company's sales are mainly export, so the changes in exchange rate has an impact on the Company's revenue and profit. Future countermeasures are as follows:

1. In addition to strengthening the control of foreign currency accounts receivable, the Company will evaluate the appropriate foreign currency positions

according to the foreign exchange reports of banks and the international economic situations.

2. Research and judge the future exchange rate conditions to adjust the currency mix of product quotations appropriately.
3. Adopt a prudent strategy for foreign exchange risk management and make plans for hedging to reduce the impact of exchange rate fluctuations.

Inflation had no significant impact on the Company’s profit and loss in the latest year. Pay close attention to the instability of the global supply chain and air and sea freight, as well as the impact of COVID-19, and formulate measures and plans to address them.

(II) Policies for engaging in high-risk, high-leverage investments, loan of funds to others, endorsement and guarantee, and derivatives: The Company is committed to the development of own industry and has not engaged in high-risk, highly leveraged investments. Up to the publication date of the annual report, the counterparties for loan of funds and endorsement and guarantee are all the Company’s subsidiaries, and the rest of the derivative transactions are for hedging purposes. In the future, the Company will strictly comply with the regulations of the competent authorities and the Company’s relevant operating procedures, and strengthen the Company's risk control management system.

(III) Future R&D plans and estimated R&D expenditures: Please refer to Chapter V. I. Content of business under Business Performance of this annual report.

(IV) The possible impacts by government policies and laws at home and abroad upon the Company’s financial conditions and the Company’s countermeasures:

The Company’s daily operations are conducted in accordance with relevant domestic and foreign laws and regulations. The Company keeps an eye on the development trend of domestic and foreign policies and changes in laws and regulations, collects relevant information for the management’s reference in making decisions, and takes appropriate measures to respond to important domestic and foreign policies and legal changes in consultation with the management, which will not have a significant impact on the Company’s finance and business.

(V) The impacts generated by change in science and technology (including cyber security risk) and change in industries upon the Company’s financial conditions and the Company’s countermeasures:

The information technology security risks and management measures are described as follows:

Wellell Inc. has established comprehensive network, information system and computer-related cyber security measures, but as cyber security threats are changing constantly, we cannot guarantee that we can completely prevent or avoid external network threats or attacks or the information system downtime or data theft caused therefrom.

However, through the aforementioned cyber security policy, PDCA management cycle and continuous monitoring, Wellell Inc. will try our best to ensure that our key corporate information systems, including manufacturing, accounting and operations, are functioning properly and the data are intact, and continuously monitor and eliminate potential or emerged external threats.

In addition, through the PDCA management cycle, Wellell Inc. will continuously review and update the cyber security regulations and procedures to ensure their adequacy and effectiveness.

However, even though Wellell tries our best to monitor and eliminate the threats with the aforementioned management cycle and cyber security protection technologies, we are unable to completely eliminate malicious cyber attacks or malware installed in our intranet, which may cause possible data theft or information system crash. Wellell uses network firewalls, anti-virus software and other related cyber security tools to monitor and eliminate the threats if necessary, and minimize the threat as far as possible.

In terms of personnel, Wellell requires its employees and suppliers to prepare and sign confidentiality agreements and use the above cyber security tools to ensure the integrity of data and prevent leakage as far as possible.

However, even if Wellell uses the cyber security tools, carries out education, training and announcements, implements the cyber security regulations and makes verification, and regulates the related parties by confidentiality agreements, as malicious attack techniques and tools are changing constantly, the risks and effects caused by malicious network attacks, data theft or malicious personnel leakage cannot be completely eliminated or prevented.

Wellell is committed to ensuring the security and sustainability of its information services, although it is unable to guarantee complete prevention of all information threats, Wellell will pay close attention to technological developments, understand developments of cyber security threats and comply with legal requirements in order to adjust and deploy necessary cyber security management measures.

(VI) The impacts created by a change in corporate image upon the management over crisis, and the Company’s countermeasures:

The Company launched its new brand name “Wellell” in 2022 to promote its products worldwide. We will take this rebranding as an opportunity to strengthen our brand strategy and reposition our products. Since its establishment, we have been focusing on our own business, taking integrity and sustainable development as our business objectives, complying with relevant laws and regulations, and producing high-quality products to gain the recognition of consumers. The Company has not experienced any operational crisis due to the change in corporate image so far. However, the occurrence of corporate crisis may cause considerable damage to the Company. Therefore, the Company will continue to implement various corporate governance requirements to reduce the impact of risks on the Company.

(VII) The benefits anticipated from the merger/acquisition (M&A) efforts, the potential risks and the Company’s countermeasures: None.

(VIII) The risks anticipated from the expansion of the plant buildings, and the Company’s countermeasures: None.

(IX) The risks anticipated from the centralized input or output undertakings and the Company’s countermeasures: None.

(X) The impacts and risks anticipated from the significant changes or transfers of shares by directors, supervisors, or major shareholders who hold more than 10% in shareholding and the Company’s countermeasures: None.

(XI) The impacts and risks anticipated from the change in the managerial powers and the Company’s countermeasures: None.

(XII) In the case of a court case or a non-contentious case, specify the Company or the Company’s directors, supervisors, President, de facto responsible person, or shareholders, each holding more than 10% of all company shares, with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders’ equity or stock price, the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report shall be disclosed: None.

(XIII) Other critical risks and response measures: None.

VII. Other important disclosures: None.

Chapter VIII Special Disclosure

I. Information on affiliated enterprises: please refer to Pages 302-312.

II. Where the company has carried out a private placement of securities in the latest year and up to the publication date of the annual report:

The Company conducted a cash capital increase in private placement of ordinary shares in 2018 (delivered in 2018), totaling 17,526,000 shares. The reissue was approved by the Taiwan Stock Exchange Corporation, with Letter No. 1121803365, and the issuance application came into effect on July 19, 2023. It was listed for trading on July 25, 2023.

III. Holding or disposal of the company's shares by its subsidiaries in the latest year and up to the publication date of the annual report: None.

IV. Other supplementary information: None.

V. Occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the latest year and up to the publication date of the annual report that significantly impacted shareholders' equity or security prices: None.

Independent Auditors’ Report

To Wellell Inc.,

Audit opinion

We have audited the consolidated balance sheet of Wellell Inc. and its subsidiaries (The Group) prepared on December 31, 2023 and December 31, 2022, and the consolidated comprehensive income statement, consolidated statement of change in shareholders’ equity, the consolidated statement of cash flow, and the notes to the consolidated financial statements (including a summary of significant accounting policies) covering the periods of 2023 and 2022 until December 31 of the respective fiscal year.

In our opinion, the financial statements as referred in the first paragraph are prepared, in all material respects, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers“ and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations(SIC) as endorsed by the Financial Supervisory Commission (FSC), and present fairly the consolidated financial position of the Group as of December 31, 2023 and 2022, and the results of the consolidated financial performance and consolidated cash flows for the year ending December 31, 2023 and 2022

Basis of Audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibility under these standards will be further explained in a paragraph that details the auditor's responsibility of the consolidated financial statements in the Independent auditors' report. The audit team of our firm subject to the auditor's independence ethics and independence rules has complied with the Code of Professional Ethics, and maintains independence from the Group to perform other duties as specified in the Code. We believe that sufficient and appropriate audit evidence has been obtained as a basis to express the opinion of the audit.

Key audit matters

Key audit matters refer to the most important matters, per our judgment, when auditing the 2023 consolidated financial reports of the Group. These matters have been responded to in the course of our auditing the consolidated financial reports as a whole and when the audit opinion is formed. We do not express separate opinions for each individual matter. Per our judgment, the key audit matters that should be communication in the audit report are as follows:

I. Revenue recognition

Please refer to Note 4 (14) of the consolidated financial reports for the accounting policy of revenue recognition. Please refer to Note 6 (15) Revenue from Contracts with Customers for disclosure of relevant information of revenue recognition.

Description of the key audit matters:

The Group's revenues include R/D, production and sales of wound care, respiratory therapy, welfare equipment, and other electronic medical device. As some revenues are from customized products/services and might be subject to various terms of contracts, the testing of revenue recognition becomes one of the most important items to be assessed when auditing the Group's consolidated financial reports.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include analyzing the revenue of the top ten customers that are related parties with significant transaction amounts and the top ten new customers, reviewing material new contracts and understanding the contractual terms to assess whether there are any material anomalies; assessing the reasonableness of the accounting treatment of revenue recognition (including sales discounts and returns). We also evaluated the effectiveness of the design and implementation of the Group's internal control system for revenue, reviewed the Group's delivery terms to customers, and tested the sales samples for the period before and after the year end to assess the correctness of the revenue recognition period.

II. Valuation of inventory

For the accounting policy of inventory valuation, please refer to Note 4 (8) of the consolidated financial reports for details. For accounting estimates and assumptions of inventories. Please refer to Note 5 (1) Valuation of inventories: information on inventories of the consolidated financial reports for details. For description of inventories, please refer to the Note 6 (5) Inventories of the consolidated financial reports for details.

Description of the key audit matters:

Inventory value of the Group is measured at lower cost or net realizable value on the financial reporting date. Since the Group's products are designed specifically to meet the needs of customers and have high add-on value, the probability of inventory loss is very low. However, as some products are customized, if quality is not up to customer's standards they won't be sold as scheduled, and would result in a higher risk for sluggish inventory movement. As loss from sluggish inventory movement is assessed according to inventory category and number of days the inventory being sluggish, the percentage used for provision is at management's discretion. Therefore, valuation of inventory is an item highly regarded when the Group's consolidated financial reports are audited.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include examining whether the provision for loss on inventory valuation and obsolescence had been made in accordance with the provisions of the relevant accounting standards. We also evaluated whether inventories had been correctly attributed to the correct ageing period and analyzed the changes in inventory ageing from period to period to assess the reasonableness of the policy on the provision of inventory obsolescence and whether it was in accordance with the Company's established accounting policies and evaluated the provision of allowance for inventory obsolescence by comparing the information with the actual loss on disposal, and assessed the appropriateness of management's disclosure of the allowance for inventory.

III. Valuation of impairment of goodwill

For the accounting policy of impairment of goodwill, please refer to Note 4 (13) for the impairment of non-financial assets of the consolidated financial reports. For uncertainty regarding accounting estimates and assumptions of goodwill please refer to Note 5 (2) Estimation on Impairment of Goodwill the of the consolidated financial reports. For disclosure of relevant information about goodwill please refer to Note 6 (8) intangible assets of the consolidated financial reports.

Description of the key audit matters:

Wellell Inc. reinvested in Sturdy Industrial Co., Ltd., Apex Medical Limited UK, SLK Vertriebs GmbH Germany and SLK Medical GmbH Germany to expand its distribution base and product line to increase goodwill. Due to the high uncertainty of the recoverable amount of goodwill valuation using future discounted cash flows, we paid special attention to whether the assumption, valuation, and determination of the discount value of future cash flow are appropriate. Therefore, whether the goodwill is impaired is highly concerned when the Group's consolidated financial reports are audited.

Response to Audit procedures:

The main auditing procedures of the above key audit matters include assessment of the future cash flow forecast and the discount rate used in the impairment model, the forecast of future cash flow against historical performance, and the comparison of discount rate with external data to test the impairment of goodwill.

Other Matters

Wellell Inc. also prepared individual financial reports for 2023 and 2022, and we expressed unqualified opinions for these two years for reference.

Responsibilities assumed by the management and governing units on the consolidated financial reports

Responsibility of the management is to prepare the fairly presented consolidated financial reports in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as IFRSs, IASs, IFRICs, and announcements endorsed by FSC, maintain necessary internal controls in relation to prepare the consolidated financial reports, and ensure that the consolidated financial reports do not contain significant false statements that are attributable to fraud or error.

In preparing the consolidated financial reports, the responsibility of the management is to evaluate the Group's capability as whether it can continue operating as a successful business, the disclosure of relevant matters, the adoption of accounting basis to continue operating, unless the management intends to liquidate the Group or cease to operate, or no other option available except for liquidating or ceasing to operate.

The governing unit of the Group (including the Audit Committee) is responsible for supervising the financial reporting process.

The responsibility of the auditor when auditing the consolidated financial reports

The purpose for auditing the consolidated financial reports is to obtain reasonable assurance as to whether the consolidated financial reports as a whole are free from material misstatement due to fraud or error. Reasonable assurance refers to high assurance. However, an audit performed in accordance with auditing standards is not a guarantee to detect material misstatement of the consolidated financial reports. Misstatements may result from fraud or error. If the misstated amount, be respective or aggregated, can be reasonably expected to influence the user of the consolidated financial reports to make economic decisions, it is considered material.

As part of an audit in accordance with the auditing standards generally accepted, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also conducted the following tasks:

1. Identified and evaluated the risks the consolidated financial reports might be materially misstated due to fraud or errors; responded to the identified risks with strategies that were appropriately designed and implemented; obtained sufficient and proper evidence as basis to provide audit opinions. As frauds may involve conspiracy, forgery, deliberate omission, misstatement, or beyond the internal control, the risk of not being able to detect misstatement due to fraud is higher than that caused by the error.
2. Obtained necessary understanding of internal control relevant to the audit so to design appropriate audit procedures commensurate with what is needed at the time of audit. However, please note the purpose is not to express opinion as to whether the internal control of the Group is effective.
3. To assess appropriateness of the accounting policies adopted by the management, as well as whether the accounting estimates and related disclosures are reasonable.
4. Made a conclusion based on audit evidence obtained, determined whether the accounting basis used by the management to carry out business is appropriate, and if there was any event, circumstance, or significant uncertainty, would affect the Group to continue its business. If in our option, there is existing significant uncertainty in such an event or circumstance, we have the responsibility to remind users of the consolidated financial reports to look after relevant disclosures, or revise the audit opinion when disclosure becomes inappropriate. Our conclusion is based on the audit evidence obtained at the date of the auditor's independent report. However future events or circumstances may cause the Group

not to have the capability to operate.

5. Evaluated whether the overall statement, structure and content of the consolidated financial reports (including relevant notes), as well as the consolidated financial reports fairly present relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence from financial information of individual entities of the Group to express opinions on the consolidated financial reports. We are responsible for the guidance, supervision and implementation of the Group's audit, as well as the forming of audit opinions.

The matters we communicated with the governing unit include the scope and time frame of the audit, as well as the major findings in the audit (including the significant lack of internal controls identified during the audit procedures).

We have also provided a declaration to the governing unit that our audit team has complied with the independence rules as required by the Code of Professional Ethics for Certified Public Accountant. We have also communicated with the governing unit all matters that might be considered to influence the auditor's independence as well as all other matters (Including relevant protective measures).

We have decided the key audit matters for the Group's 2023 consolidated financial reports for matters communicated with the governing unit. We will make known such matters in the audit report unless the laws and regulations do not allow public disclosure of any particular matter or, in rare cases, we decide not to communicate a particular matter in the audit report, as we can reasonably expect the negative impact from such communication will outweigh the benefit to increase the public interest.

KPMG. Taipei, Taiwan, R.O.C.

Certified Public Accountants:

Certified and Approved No. of the Securities Competent Authority:	Jin-Guan-Cheng-Shen-Zi No. 1040003949 Jin-Guan-Cheng-Liu-Zi No. 0960069825

March 13, 2024

Notes to Readers The accompanying consolidated financial statements are intended only to present the statement of consolidated financial position, financial performance and cash flows in accordance with the 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. The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Wellell Inc. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents(Note 6 (1) and (18))	$ 648,379	20	445,280	15
1137	Financial Asset at Amortized Cost – Current (Note 6 (2) (18) and 8)	110,927	3	105,162	3
1150	Notes Receivable, net (Note 6 (3) (15) (18))	18,663	-	16,065	-
1170	Accounts Receivable, net (Note 6 (3) (15) (18))	471,869	15	491,942	15
1200	Other Receivable (Note 6 (4))	27,230	1	29,118	1
130X	Inventories (Note 6 (5))	420,289	13	552,506	17
1410	Prepayments	23,905	1	36,098	1
1470	Other Current Assets	799	-	1,145	-
	Total Current Assets	1,722,061	53	1,677,316	52
	Non-current Assets:				
1535	Financial Asset at Amortized Cost – Non-Current (Note 6 (2) (18) and 8)	15,000	-	-	-
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (18))	21,120	1	19,165	1
1550	Investment accounted under the equity method (Note 6(6)	2,877	-	-	-
1600	Property, Plant and Equipment (Note 6 (7) and 8)	713,321	23	736,063	23
1755	Right-of-use Assets	52,104	2	67,438	2
1780	Intangible Assets (Note 6 (8))	648,833	20	650,513	21
1840	Deferred Income Tax Assets (Note 6 (12))	34,479	1	40,169	1
1920	Refundable deposits	14,280	-	15,862	-
1990	Other non-current Assets	769	-	768	-
	Total Non-current Assets	1,502,783	47	1,529,978	48
	Total Assets	$ 3,224,844	100	3,207,294	100

	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current Liabilities:				
2100	Short term Borrowings (Note 6 (9) and (18))	$ 195,761	6	295,357	9
2150	Notes Payable	37	-	566	-
2170	Accounts Payable	178,938	6	174,493	5
2200	Other Payables (including related parties) (Note 6 (18) and 7)	223,674	7	210,431	7
2230	Current Income Tax Liability	43,664	1	33,539	1
2280	Lease Liabilities – Current (Note 6 (18))	15,615	-	16,154	1
2300	Other Current Liabilities (including related parties) (Note 7)	29,202	1	30,276	1
2322	Long-term Borrowings, current portion (Note 6 (10) (18))	11,973	-	10,261	-
	Total Current Liabilities	698,864	21	771,077	24
	Non-current Liabilities:				
2540	Long term Borrowings (Note 6 (10) and (18))	112,979	4	121,265	4
2570	Deferred Income tax Liabilities (Note 6 (12))	7,919	-	9,993	-
2580	Lease Liabilities – Non-Current (Note 6 (18))	28,187	1	42,399	2
2640	Net defined benefit liability – Non Current (Note 6 (11))	738	-	1,043	-
2670	Other Non-current Liabilities	35,288	1	33,959	1
	Total Non-Current Liabilities	185,111	6	208,659	7
	Total Liabilities	883,975	27	979,736	31
	Equity attributable to owners of the parent company (Note 6 (13)):				
3100	Capital	1,009,116	31	1,009,116	31
3200	Capital Reserve	345,635	11	345,635	11
	Retained Earnings:				
3310	Statutory reserves	311,210	10	294,712	9
3320	Special reserves	252,634	8	252,634	8
3350	Undistributed earnings	569,448	18	519,306	16
	Subtotal of Retained Earnings	1,133,292	36	1,066,652	33
3400	Other Equities	(152,063)	(5)	(200,139)	(6)
	Subtotal of equity attributable to owners of the parent company	2,335,980	73	2,221,264	69
36XX	Non-controlling interests	4,889	-	6,294	-
	Total Equity	2,340,869	73	2,227,558	69
	Total liabilities and Equity	$ 3,224,844	100	3,207,294	100

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board: Li, Yung Chuan **Manager: Li, Yung Chuan** **Accounting Director: Wang, Wei Chuan**

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Wellell Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

		2023		2022	
		Amount	%	Amount	%
4000	**Sales Revenue (Note 6 (15))**	$ 2,647,122	100	2,663,723	100
5000	**Operating Costs (Note 6 (5) (7) (8) (11) and (16))**	1,508,805	57	1,596,935	60
	Gross Margin	1,138,317	43	1,066,788	40
6000	**Operating Expenses (Note 6 (3) (7) (8) (11) (16) and 7):**				
6100	Selling Expenses	379,127	15	379,485	14
6200	General and Administrative Expenses	399,368	15	346,897	13
6300	Research & Development Expenses	165,762	6	154,283	6
6450	Expected Credit Impairment Losses (Reversal)	(159)	-	1,183	-
	Total Operating Expenses	944,098	36	881,848	33
6900	**Net Operating Profit**	194,219	7	184,940	7
	Non-operating income and expenditures (Note 6 (6), (8), (17) and 7):				
7100	Interest Income	6,212	-	2,939	-
7130	Other Income	219	-	317	-
7020	Other Profits and Losses	23,710	1	22,524	1
7050	Financial Costs	(14,184)	-	(10,183)	-
7060	Share of profit or loss of affiliated companies under the equity method	(323)	-	-	-
	Total non-operating income and expenses	15,634	1	15,597	1
	Profit before Tax	209,853	8	200,537	8
7950	**Less: Income Tax Expenses (Note 6 (12))**	56,841	2	38,428	2
	Net Income Current Period	153,012	6	162,109	6
8300	**Other comprehensive income:**				
8310	**Items not to be reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	304	-	4,470	-
8316	Unrealized Evaluation Profit and Loss on Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income	1,955	-	3,299	-
8349	Less: Income tax related to items not reclassified	61	-	894	-
	Total items not to be reclassified into profit or loss	2,198	-	6,875	-
8360	**Items that may be subsequently reclassified into profit or loss:**				
8361	Financial statements translation differences of foreign operations	43,876	2	49,597	2
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-
	Total Items that may be subsequently reclassified into profit or loss	43,876	2	49,597	2
8300	**Other comprehensive Income Current Period**	46,074	2	56,472	2
	Total Comprehensive Income Current Period	$ 199,086	8	218,581	8
	Net Income attributed to:				
	Owner of the parent company	$ 152,172	6	161,404	6
8620	Non-controlling interests	840	-	705	-
		$ 153,012	6	162,109	6
	Comprehensive Income attributed to:				
	Owner of the parent company	$ 200,491	8	217,475	8
	Non-controlling interests	(1,405)	-	1,106	-
		$ 199,086	8	218,581	8
9750	**Basic EPS (Unit: NT$) (Note 6 (14))**	$	1.51		1.60
9850	**Diluted EPS (Unit: NT$) (Note 6 (14))**	$	1.50		1.59

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board: Li, Yung Chuan | **Manager:** Li, Yung Chuan | **Accounting Director:** Wang, Wei Chuan

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Wellell Inc. and Subsidiaries

Consolidated Statement of Change in Equity

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	Equity attributable to owners of the parent company											
			Retained earnings				Total other equities					
	Capital	Capital reserve	Statutory reserves	Special reserves	Undistributed earnings	Total	Financial statements translation differences of foreign operations	Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2022	$ 1,009,116	345,635	284,311	178,568	494,106	956,985	(258,393)	5,759	(252,634)	2,059,102	5,188	2,064,290
Effect of retrospective application and retrospective restatement	-	-	-	-	188	188	-	-	-	188	-	188
Beginning Balance of Restatement	1,009,116	345,635	284,311	178,568	494,294	957,173	(258,393)	5,759	(252,634)	2,059,290	5,188	2,064,478
Net Income Current Period	-	-	-	-	161,404	161,404	-	-	-	161,404	705	162,109
Other comprehensive Income Current Period	-	-	-	-	3,576	3,576	49,196	3,299	52,495	56,071	401	56,472
Total Comprehensive Income Current Period	-	-	-	-	164,980	164,980	49,196	3,299	52,495	217,475	1,106	218,581
Earnings appropriation and distribution:												
Provision of statutory reserves	-	-	10,401	-	(10,401)	-	-	-	-	-	-	-
Provision of special reserves	-	-	-	74,066	(74,066)	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(55,501)	(55,501)	-	-	-	(55,501)	-	(55,501)
Balance as of December 31, 2022	1,009,116	345,635	294,712	252,634	519,306	1,066,652	(209,197)	9,058	(200,139)	2,221,264	6,294	2,227,558
Net Income Current Period	-	-	-	-	152,172	152,172	-	-	-	152,172	840	153,012
Other comprehensive Income Current Period	-	-	-	-	243	243	46,121	1,955	48,076	48,319	(2,245)	46,074
Total Comprehensive Income Current Period	-	-	-	-	152,415	152,415	46,121	1,955	48,076	200,491	(1,405)	199,086
Earnings appropriation and distribution:												
Provision of statutory reserves	-	-	16,498	-	(16,498)	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(85,775)	(85,775)	-	-	-	(85,775)	-	(85,775)
Balance as of December 31, 2023	**$ 1,009,116**	**345,635**	**311,210**	**252,634**	**569,448**	**1,133,292**	**(163,076)**	**11,013**	**(152,063)**	**2,335,980**	**4,889**	**2,340,869**

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board: Li, Yung Chuan **Manager: Li, Yung Chuan** **Accounting Director: Wang, Wei Chuan**

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Wellell Inc. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	2023	2022
Cash flow from operating activities:		
Profit before Tax current period	$ 209,853	200,537
Adjustment items:		
Income and expenses item		
Depreciation	73,028	75,379
Amortization	20,735	17,932
Expected Credit Impairment Losses (Reversal)	(159)	1,183
Interest Expense	14,184	10,183
Interest Income	(6,212)	(2,939)
Dividend Income	-	(161)
Share of profit or loss of affiliated companies under the equity method	323	-
Profit or loss from disposal and obsolesce of property, plants and equipment	452	121
Property, plants and equipment reclassified as expenses	688	2,772
Impairment loss recognised in profit or loss, intangible assets other than goodwill	12,418	-
Gain on lease modification	(2)	-
Total Incomes and Expenses	115,455	104,470
Changes of assets and liabilities relating to operating activities:		
(Increase) Decrease of Notes Receivable	(2,598)	3,929
Decrease (Increase) of Accounts Receivable	20,024	(137,566)
Decrease (Increase) of Other Receivables	2,481	(9,766)
Decrease of Inventories	132,217	2,388
Decrease (Increase) of prepayments	9,920	(888)
Decrease of Other current Assets	346	921
Increase of Other Non-current Assets	(1)	-
Total Net changes of assets relating to operating activities	162,389	(140,982)
(Decrease)Increase of Notes Payable	(529)	532
Increase (Decrease) of Accounts Payable	4,445	(31,130)
Increase (Decrease) of Other Payables (including related parties)	13,114	(5,141)
Decrease of Other Current Liabilities (including related parties)	(1,074)	(23,098)
Decrease (increase) of Net defined benefit liabilities	(62)	152
Increase of other non-current Liabilities	1,330	1,710
Total Net changes of liabilities relating to operating activities	17,224	(56,975)
Total Net changes of assets and liabilities relating to operating activities	179,613	(197,957)
Total adjustments	295,068	(93,487)

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board: **Li, Yung Chuan** | **Manager:** **Li, Yung Chuan** | **Accounting Director:** **Wang, Wei Chuan**

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Wellell Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

		2023	2022
Cash inflow from operating	$	504,921	107,050
Interest received		6,218	2,902
Interest paid		(14,055)	(9,829)
Dividends received		-	161
Income Taxes Paid		(41,426)	(18,139)
Net Cash inflow from operating activities		455,658	82,145
Cash flow from investing activities:			
Acquisition of Financial assets at amortized cost		(20,765)	-
Disposal of Financial assets at amortized cost		-	15,425
Investment accounted for under the equity method		(3,198)	-
Investment in real estate properties, plants and equipment		(28,826)	(44,987)
Disposal of property, plants and equipment		1,597	577
Decrease (Increase) of Refundable Deposits		1,582	(911)
Investment in intangible assets		(3,285)	(3,005)
Cash outflow from investing activities		(52,895)	(32,901)
Cash flow from financing activities:			
Application for short-term borrowings		664,591	1,261,269
Repayment of short-term borrowings		(754,793)	(1,327,140)
Repayment of long-term borrowings		(6,574)	(6,968)
Repayment of principal portion of the lease		(17,830)	(17,493)
Cash dividends paid		(85,775)	(55,501)
Net Cash outflow from financing activities		(200,381)	(145,833)
Net effect of changes in foreign currency exchange rates on cash and cash equivalent		717	48,642
Increase (Decrease) of cash and cash equivalents – current period		203,099	(47,947)
Cash and cash equivalents at beginning of year		445,280	493,227
Cash and cash equivalents at the end of year	**$**	**648,379**	**445,280**

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board:	Manager:	Accounting Director:
Li, Yung Chuan	**Li, Yung Chuan**	**Wang, Wei Chuan**

Wellell Inc. and Subsidiaries
Notes to the Consolidated financial statements
Year 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

I. Company History

Wellell Inc. (referred as "the Company" hereafter) was authorized to set up by the Ministry of Economic Affairs in March, 1990, and merged with Ya-Tai Industrial Limited on August 31, 1998. the Company was approved to be listed in TPEx in August, 2001 and traded in January, 2002 by the Securities and Futures Commission, Ministry of Finance (name changed to the Securities and Futures Bureau of the Financial Supervisory Commission, abbreviated as Securities and Futures Bureau). the Company was approved by the Securities and Futures Bureau to be listed on TWSE in October, 2004. the Company and its subsidiaries (referred as "the consolidated company" hereafter) are primarily engaged in the business of manufacturing and sale of medical supplies, import, and export as well as agency services.

II. Financial Statements Authorization Date and Authorization Process

The consolidated financial reports were approved for release by the Board of Directors on March 13, 2024.

III. Application of new standards, amendments, and interpretations

(I) The impact from adopting new standards and Interpretations as approved by FSC for release and amendment

The consolidated company has adopted following new amendments to IFRSs since January 1, 2023, with the potential impact described below:

1. Amendment to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

This amendment restricts the scope of recognition exemption. An entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences but recognizes equal deferred income tax assets and deferred income tax liabilities. This change in accounting policy makes the deferred income tax assets, deferred income tax liabilities, and retained earnings as of January 1, 2022, increase by NT$7,338 thousand, NT$7,150 thousand, and NT$188 thousand, respectively, and those as of December 31, 2022, increase by NT$9,886 thousand, NT$9,703 thousand, and NT$183 thousand, respectively. It also leads to an increase of NT$5 thousand in income tax expenses for January 1 to December 31, 2022. There is not any material effect on the basic earnings per share, diluted earnings per share, and the statement of cash flows

2. Other

Following new amendments to the standards have also been effective since January 1, 2023, but have no material effect on the consolidated financial statements:

・Amendments to IAS 1 on “Disclosure of Accounting Policies”

・Amendments to IAS 8 on “Definition of accounting estimates”

The application of the newly revised amendments to the IFRSs into effect by the consolidated company with an effective date starting from May 23, 2023 did not significantly influence the consolidated financial statement.

Amendments to IAS 12 - International Tax Reform—- Pillar Two Model Rules

(II) Impact on not adopting the IFRSs endorsed by the FSC

The company in evaluating the newly revised amendment to the IFRSs into effect with an effective date starting from January 1, 2024, will not significantly influence the consolidated financial statement.

・Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current"

・The amendments to IAS 1 “Classification of Liabilities with Covenants”

・Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

・The amendments to IFRS 16 “Lease Liabilities for Leasebacks”

(III) Standards and interpretations newly issued and amended but not yet endorsed by the FSC

The consolidated company expected that the following new publish and amendment to the standards would not cause significant influence to the consolidated financial statement.

・Amendments to IFRS 10 and IAS 28 on “Sale or Contribution of assets between an Investor and its Associate or Joint Venture”

・Amendments to IFRS 17 “Insurance Contracts” and IFRS 17

・The amendments to IFRS 17, "Comparative information for initial application of IFRS 17 and IFRS 9

・Amendment to IAS No. 21 "Lack of Exchangeability"

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred as the “Preparation Guidelines”) as well as IFRSs, IASs, IFRICs, SIC and announcements endorsed by FSC (referred as the “IFRSs Endorsed by FSC”).

(II) Basis of Preparation

1. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive profit or loss; and

(3) Net defined benefit liability is recognized by the fair value of the pension fund assets net of the present value of the defined benefit obligation and the upper limit effects measurement referred by Note 4 (15).

2. Functional Currency and Representing Currency

The functional currency of each entity of the consolidated company is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Basis of Consolidation

1. Basis for preparation of consolidated financial statements

A reporting entity includes the Company and the entities controlled by the Company (*i.e.* subsidiaries) in the consolidated financial statements. When the Company is exposed to the variability of returns from involvement with an investee, or is entitled to the variability of returns and has power to influence the returns through the investees, the Company controls the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company transactions, balance and any unrealized incomes and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements. Losses from the subsidiary should be attributed to the owners’ equities and the non-controlling interests, even this would cause the non-controlling interests to have a deficit balance.

The financial statements of the subsidiaries have been adjusted in line with the accounting policy of the consolidated company.

Changes in the consolidated company’s ownership interests in subsidiaries that do not result in the company losing control over the subsidiaries are accounted for as equity transactions. Differences between adjustment of the non-controlling interests and fair value of payment or receipts by the non-controlling interests are recognized under equity and attributed to the owner of the Company.

2. Subsidiaries included in the consolidated financial statements.

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31	Description
The Company	Apex Global Investment Ltd.	Investment on businesses engaging in manufacturing	100%	100%	
〃	Wellell America Corp.	Sales of medical supplies	100%	100%	(Note 1)
〃	Apex Medical S.L.	Sales of medical supplies	100%	100%	
〃	Sturdy Industrial Co., Ltd	Manufacturing and Sales of medical supplies	100%	100%	
〃	Apex Medical Global Cooperatie UA	Investment on businesses engaging in manufacturing	- %	- %	(Note 2)
〃	Wellell India Private Limited	Sales of medical supplies	99.82%	99.82%	(Note 1, 3)
〃	Wellell (Thailand) Ltd.	Sales of medical supplies	49%	49%	(Note 1)
〃	Apex Medical Respiratory Ltd.	Investment on businesses engaging in manufacturing	100%	100%	
〃	Wellell Germany GmbH	Investments in various production businesses and leasing business	100%	100%	(Note 1)
〃	APEX MEDICAL CORP.	Sales of medical supplies	100%	100%	
〃	Wellell Taiwan Corp.	Sales of medical supplies	100%	- %	(Note 4)
Apex Global Investment Ltd.	ComfortPro Investment Corp.	Investment on businesses engaging in manufacturing	100%	100%	
〃	Max Delight Holding Limited.	Investment on businesses engaging in manufacturing	100%	100%	
〃	Wellell India Private Limited	Sales of medical supplies	0.18%	0.18%	(Note 1, 3)
ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	Manufacturing and Sales of medical supplies	100%	100%	
Max Delight Holdings Limited	Wellell (Kunshan) Co., Ltd	Sales of medical supplies	100%	100%	
Apex Medical Respiratory Ltd.	Wellell UK Limited	Sales of medical supplies	100%	100%	(Note 1)
〃	SLK Vertriebs GmbH	Sales and leasing of medical supplies	100%	100%	
〃	SLK Medical GmbH	Sales and leasing of medical supplies	100%	100%	
〃	Wellell France S.A.S.	Sales of medical supplies	100%	100%	(Note 1)
Wellell UK Limited	Westmeria Healthcare Ltd.	Sales and leasing of medical supplies	100%	100%	

Note 1: Apex Medical USA Corp., Apex Medical Corp. India Private Ltd., Apex Medical (Thailand) Co., Ltd., Apex Medical Ltd., Apex Medical France and Apex Medical Investment GmbH to follow the Group's branding strategies changed their names to Wellell America Corp., Wellell India Private Limited, Wellell (Thailand) Ltd., Wellell UK Limited, Wellell France S.A.S. and Wellell Germany GmbH in 2022.

Note 2: The liquidation process was completed on September 5, 2022.

Note 3: The Company directly and indirectly holds 100% equity interests in Wellell India Private Limited.

Note 4: The Company invested in the establishment of Wellell Taiwan Corp. on March 17, 2023, and the relevant statutory establishment and registration procedures have been completed.

3. Subsidiaries not included in the consolidated financial statements: None.

(IV) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. The foreign currency monetary item at the end of each subsequent reporting period (hereinafter referred to the "reporting date") are translated into the functional currency using the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies held at fair value through profit or loss are translated into the functional currency using the exchange rates prevailing at the time of the fair value measurement date. Non-monetary items denominated in foreign currencies measured with historical costs are translated using the exchange rates prevailing at the time of the transaction date.

Foreign currency exchange differences resulting from currency translation are usually recognized under profit or loss; however, they are recognized under other comprehensive income in the following circumstances:

(1) Equity instruments designated measured at fair value through other comprehensive income;

(2) Financial liabilities designated as hedges of a net investment in a foreign operation within the range of hedge effectiveness; or

(3) Qualified cash flows hedged within the range of hedge effectiveness.

2. Foreign Operation

The assets and liabilities of foreign operation, including goodwill from acquisition and fair value adjustment, are translated to NTD using the exchange rates on the reporting date, revenues and expenses are translated into NTD using average exchange rate and all resulting exchange differences are recognized in other comprehensive income.

When the disposal of foreign operating units leads to the loss of control, joint control, or significant influence, all cumulative exchange differences in relation to that foreign operating unit are reclassified in profit and loss. When the foreign operating unit partially disposed of or sold is a subsidiary, cumulative exchange differences are proportionately transferred to the non-controlling interest in this foreign operating unit. When the foreign operating unit partially disposed of or sold is an associates or joint venture, cumulative exchange differences are proportionately transferred to the profit and loss.

For the monetary receivable or payable items with foreign operating units, if there is no settlement plan and they will not be paid in the foreseeable future, the exchange gain from foreign exchange will be deemed as part of the net investment to that foreign operation and recognized under other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within its normal operating cycle;
2. Assets held mainly for sales;
3. Assets that are expected to be realized within twelve months from the reporting date; or
4. These assets are cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities held mainly for sales;
3. Liabilities that are expected to be paid off within twelve months from the reporting date; or
4. For liabilities their re-payment date cannot be extended unconditionally to more than twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(VI) Cash and Cash Equivalents

Cash include cash on hand and demand deposits. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits meeting the definition as mentioned above or used mainly for meeting short-term cash commitment and not for investment or other purposes are reported as cash equivalents.

(VII) Financial Instruments

Accounts receivable are recognized once it is generated. All other financial assets and financial liabilities were originally recognized when the consolidated company becomes one party to the terms of the financial instrument contract. Financial assets (except for accounts receivable containing a significant financing component) or financial liabilities not measured at fair value through other comprehensive income were originally measured at fair value plus the transaction costs directly attributable to their acquisition or issue. Accounts receivable not containing a significant financing component were originally measured at the transaction price.

1. Financial assets

If purchase or sale of financial assets conforms to transaction practices, the consolidated company consistently adopts the trading-date accounting treatment for all purchases and sales of financial assets classified in a similar way.

Financial asset types at initial recognition include: financial assets measured at amortized cost, investments in equity instruments measured at fair value through other comprehensive income, and financial assets measured at fair value through income.

The consolidated company reclassifies the impacted financial assets from the first day of the next report period only when the financial assets management model changes.

(1) Financial assets measured with amortized cost

Financial assets are measured at amortized cost when they meet the criteria below and are not designated to be measured at fair value through profit and loss:

・Hold the financial asset under the business model of collecting contract cash-flow for purpose.

・The cash-flow generated from the financial asset contract terms on a specific date is all for principal and outstanding principal generated interest payment.

Such assets are subsequently measured at amortized cost with the initial recognition amount plus or less the cumulative amortization calculated using the effective interest method and any loss allowance being adjusted. Interest revenue, foreign exchange gain and loss, and impairment loss are recognized as profit and loss. The gain or loss are recognized as profit and loss when derecognizing.

(2) Financial Assets Measured at Fair Value Through Other Comprehensive Income

The consolidated company can make irrevocable commitments at the original recognition point and present the subsequent fair value change of the not held-for-sale equity instrument to other comprehensive income. The previous mentioned options are made on each instrument base.

Equity instrument investments are subsequently measured at fair value. Dividend revenue (unless it clearly represents a recovery of part of the investment costs) is recognized under profit or loss. Other net gains or losses are recognized as other comprehensive income and not reclassified to profit or loss.

The dividend income from equity investment is recognized at the date when the consolidated company is entitled to receive (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets, which are not measured at amortized cost mentioned above or measured at fair value through other comprehensive income, are measured at fair value through income, including the derivatives.

Such assets are measured at fair value, and their net gains or losses (including any dividend revenue and interest revenue) are recognized as profit or loss.

(4) Impairment of financial assets

The consolidated company recognizes the loss allowance for financial assets measured at amortized cost (including cash and cash equivalent, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets, etc.), and expected credit loss on contract assets.

The loss allowance for financial assets below are measured based on 12 months of expected credit loss and the rest are measured based on lifetime expected credit loss:

·Determine the debt securities credit risk is low on the reporting date; and

·The credit risks (such as the risk of a default occurring over the expected life of the financial instrument) of other debt securities and bank deposits do not obviously increase after initial recognition.

The loss allowance for accounts receivable is measured on the lifetime expected credit loss amount.

To determine if the credit risk is obviously increased after recognition, the consolidated company considers information that is reasonable and can be corroborated (not overly high cost or that can be obtained after investment) including qualitative and quantitative information, in terms of history of the consolidated company, credit evaluation, and perspective information analysis.

If the contract receivables are due over 60 days, the consolidated company assumes the financial asset credit risk is obviously increased.

If the contract receivables are due over 365 days or the borrower is incapable of executing its credit obligation for paying the full amount to the consolidated company, the consolidated company deems the financial asset is in default.

Lifetime expected credit losses is the expected credit losses arising from all the potential defaults on financial instruments during the expected lifetime of financial instruments.

The 12-month expected credit losses is the
expected credit losses of financial instruments resulting from possible default events within 12 months after the reporting date (or the shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for expected credit loss measurement is the longest contract period the consolidated company exposed to the credit risks.

The expected credit loss is the percentage weighted estimate of financial instrument expected lifetime credit loss. The credit loss is measured at the cash collection shortage, e.g. the difference between the collectible cash-flow per contract and the expected collectible cash-flow of the consolidated company. The expected credit loss is discounted at the financial asset effective interest rate.

The consolidated company evaluated the financial assets and the credit impairment based on the amortized cost on every reporting date. If one or multiple unfavorable matters occurred to the financial asset future cash flow estimate, the financial asset credit is impaired. The evidence that the financial asset is credit impaired includes observable information for the matters below:

·Significant financial difficulty to the borrower or issuer;

·Breach of contract, such as arrearage or overdue over 365 days;

·Because of economic or contract reasons related to the borrower's financial difficulty, the consolidated company makes a concession to the borrower which is not considered originally;

·The borrower will probably file for bankruptcy or other finance restructure; or

·The active market of the financial asset vanishes because of financial difficulty.

The loss allowance for financial assets measured at amortized cost is deducted from the carrying amount of assets.

When the consolidated company is unable to predict the financial asset collection reasonably as a whole or partially, the total carrying amount of the financial asset is directly deducted. For corporate customers, the consolidated company individually analyzed when to write off and the amount to be written off on the basis of whether a reasonable expectation of recovery exists. The consolidated company expected that a significant reversal in the amount written off will not occur; however, the financial assets that are written off may be still subject to enforcement activity to conform to the consolidated company's procedure for the recovery of the overdue amount.

(5) Derecognition of financial assets

The consolidated company derecognizes a financial asset only when the contractual rights to receive the cash flows from the asset expire, or the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to other enterprises, or substantially all the risks and rewards of ownership are neither transferred nor retained and the control of the financial asset is not retained.

In the consolidated company's signed transaction, if all or substantially all the risks and rewards of ownership of the financial asset are retained, such transaction will continue to be recognized on the Balance Sheet.

2. Financial Liabilities and Equity Instruments

(1) Financial liability

Financial liabilities are classified and measured at amortized cost or measured at fair value through profit or loss. If the financial liabilities are held for trading, derivatives, or designated at initial recognition, they are classified into the fair value through profit or loss category. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net profit or loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss is recognized in profit or loss when other financial liabilities are derecognized.

(2) Derecognition of financial liabilities

The consolidated company derecognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or expired. When a modification is made to the terms of a financial liability and the cash flows of the liability after modification are substantially differently, the financial liabilities should be derecognized and a new financial liability is recognized at fair value based on the terms after modification.

When derecognizing financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid and payable (including any non-cash transfers or liabilities undertaken) is recognized in profit and loss.

(3) Offsetting financial assets with financial liabilities

Financial assets and liabilities are offset and expressed in net amount in the balance sheet when the consolidated company has a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(VIII) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include the acquiring, production, processing or other costs to make inventories arrive at the place and condition they can be used, and are calculated using weight average method. Costs of finished products and work-in-process inventories include manufacturing expenses allocated with an appropriate ratio based on normal production capacity.

Net realizable value represents the balance with estimated costs required to complete the production and get the products ready subtracted from the estimated selling price.

(IX) Investment in affiliated companies

Affiliates companies refer to those that have significant impact on the financial and operating policies of the consolidated company, but do not have controlling or joint controlling power.

The consolidated company should adopt the equity method to account for investments in the affiliated companies. Under the equity method, investment is recognized by cost when initially acquired, and the investment costs contain the transaction costs. The carrying amount of the affiliated company invested includes goodwill identified at time of investment, less the accumulated impairment loss, if there is any.

The consolidated financial reports include profit and loss and other comprehensive income recognized by the consolidated company in proportion to equity interest it has in the affiliated company invested, from the date the consolidated company obtains significant impact in the affiliate company until the date it loses such impact. The amounts adjusted should be in line with the accounting policy of the consolidated company. For changes of equity interests in affiliated companies that do not relate to profit and loss or other comprehensive income and affect proportion of shares held by the consolidated company, the consolidated company shall recognize these changes in equity interests as capital reserve in proportion to shares it holds in the affiliated company.

The unrealized gains and losses arising from the transactions between the consolidated company and the affiliated company are only recognized in the company's financial statements within the scope of a non-related party investor's interests in the affiliated company.

When the loss proportionally recognized by the consolidated company equals to or exceeds the equity interest of the consolidated company in the affiliated company, the consolidated company shall cease to recognize the loss. Additional loss and relevant liability will be recognized only to the extent of the consolidated company's legal obligation, presumed obligation, or payments on behalf of the company being invested.

(X) Real estate properties, plants and equipment

1. Recognition and measurement

An item of real estate property, plant and equipment is carried at its cost (including capitalized borrowing costs) less any accumulated depreciation and any accumulated impairment losses.

When the material components of real estate property, plant and equipment have different useful lives, it should be treated as a separate item (material component) of real estate property, plant and equipment.

The gains or losses on disposal of real estate property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company.

3. Depreciation

The depreciation expense equals the cost of the asset less the residual value, and through the straight line method, it is recognized in profit or loss over the expected useful life of each component.

Land is noiated.

The estimated usefated useful lives of current period and the comparative period:

(1) Buildings and constructions	5~50 years
(2) Machinery Equipment	3~10 years
(3) Other Equipment	2~10 years

The consolidated company reviews the depreciation method, useful lives, and residual values, and makes proper adjustments as necessary at each annual reporting date.

(XI) Leases

The consolidated company assesses whether the arrangement is or includes a lease arrangement upon the inception of the contract. If a contract transfer conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is or includes a lease.

1. Lessee

The consolidated company initially recognizes a right-of-use asset and a lease liability at the commencement day of the lease. The right-of-use asset is initially measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, the initial direct costs incurred, and an estimate of costs to be incurred by dismantling and removing the underlying asset and restoring the location where the asset resides or the underlying asset less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier. In addition, the consolidated company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss identified, and if the lease liability is remeasured, the right-of-use asset is adjusted accordingly.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement day of the lease. If the implied interest rate of the lease is easily determined, the lease payments are discounted to present value using that interest rate. If such interest rate is not easily determined, they are discounted to present value using the incremental borrowing rate. In general, the consolidated company adopts its incremental borrowing rate as the discount rate.

The lease payments included in the lease liabilities are:

(1) fixed payments, including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, and are initially measured at the index or rate at the commencement date of the lease;

(3) the amount expected to be payable under a residual value guarantee; and

(4) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease.

The lease liabilities are subsequently measured at amortized cost using effective interest method, and are remeasured in the following situations:

(1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

(2) there is a change in the amounts expected to be payable under a residual value guarantee;

(3) there is a change in the assessment of an option to purchase the underlying asset;

(4) there is a change in the estimate of the options to extend or terminate result in the estimate of the lease term is modified; or

(5) there is a modification in the object, scope, or other terms of a lease.

When the lease liabilities are remeasured because of the above change in an index or a rate used to determine those payments, in the amounts expected to be payable under a residual value guarantee, or in the estimate of the options to extend or terminate, the carrying amount of the right-of-use assets should be adjusted relatively, and if the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement is recognized in profit or loss.

For modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, and the difference from the remeasurement amount of the lease liabilities is recognized in profit or loss.

The consolidated company expressed the right-of-use assets and lease liabilities which do not meet the definition of the investment property as a single-line item in the balance sheet.

For short-term leases and low-value asset leases such as car rentals, and office machine rentals, the consolidated company chose not to recognize the right-of-use assets and lease liabilities. It recognized the relevant lease payments as an expense over the lease term on a straight-line basis.

2. Lessor

When acting as a lessor in a transaction, the consolidated company classifies the lease contract based on whether substantially all the risks and rewards incidental to ownership of the underlying asset have been transferred under the lease contract. If that is the case, the lease contract is classified as a finance lease, otherwise it is classified as an operating lease. In the assessment, the consolidated company considers relevant specific indicators such as whether the lease term is for the major part of the remaining economic life of the underlying asset.

(XII) Intangible Assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets with useful lives acquired by the consolidated company are carried at cost less accumulated amortization and impairment losses.

2. Subsequent Expenditure

Subsequent expenditures can only be capitalized when generating probable future economic benefits. All other expenditures are recognized in profit or loss when incurred, including the goodwill developed internally as well as the brand name.

3. Amortization

Except for goodwill, amortization is calculated by deducting the estimated residual value from the cost of the asset's cost. The intangible asset is recognized as profit or loss within its estimated service life using the straight-line method since the intangible asset reaches the recognized state of use.

The estimated useful lives of current period and the comparative period:

(1) Trademarks	15 years
(2) Computer Software	3~5 years
(3) Customer Relationship	3~10 years
(4) Brand Asset Value	10 years

The consolidated company reviews the residual values, useful lives, and amortization method to intangible assets and makes proper adjustments as necessary at each reporting date.

(XIII) Impairment of non-financial assets

The consolidated company assesses at each reporting date whether there are any signs indicating that impairment losses may have occurred in the carrying amount of non-financial assets (except for inventories and deferred tax assets). If any such indication exists, the recoverable amount of the asset is assessed. Goodwill is subject to a regular impairment test each year.

For impairment test purposes, a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets represents the smallest identifiable group of assets. The goodwill obtained in a business combination is allocated to each cash-generation unit or group of cash generating unit and expected to benefit from the merger effect.

The recoverable amount is the fair value of the individual asset or cash-generating unit minus the cost of disposal and its value in use depends on which is higher. When measuring the value in use, the estimated future cash flows are converted to the present value at the discount rate before tax and should reflect the current market measure to the time value of money and the specific risks of the assets or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower the book value, and impairment loss shall be recognized.

The impairment loss is recognized in the profit or loss immediately and shall first to reduce the carrying amount of any goodwill amortized to the cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit.

The loss of goodwill impairment will not be reversed. Except for the goodwill, non-financial assets measured at cost investments other than the impairment loss recognized in prior periods may no longer exist or decrease when the carrying amount (deducting the depreciation or amortization) of the asset shall reverse rotation amount.

(XIV) Revenue Recognition

Revenue from Contracts with Customers

Revenue is measured at the expected proceeds collection right from goods or services transferred. The consolidated company recognizes revenue when goods or services transferred to customers to meet the contract obligations.

The consolidated company manufactures medical supplies and sells to the markets. The consolidated company recognizes revenue when control rights of goods are transferred. When control rights of goods have been delivered to customers it means the customers own all rights to decide product sales channels and prices and there are no un-executed obligation impacts on customers' willingness to accept the products. Delivered means the products have been shipped to specific locations and the obsolete and loss risks are transferred to customers and customers have accepted products per sales contracts, the acceptance term has expired, or the consolidated company has deemed all acceptance has been met with objective evidence.

The consolidated company recognizes accounts receivable when goods are delivered because it owns unconditional rights to collect the proceeds at that point.

(XV) Employee benefit

1. Defined contribution plans

For defined contribution retirement benefit plans, payments to the benefit plan are recognized in profit and loss when the employees have rendered service entitling them to the benefits.

2. Defined benefit plan

All other retirement plans besides the defined contribution plans are defined benefit plans. Net obligation of the consolidated company under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive for their services in current period or prior periods. And less the fair value of any plan assets. The rate used to discount is determined by using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability of the consolidated company on the reporting date.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result is in the consolidated company's favor, the assets recognition only includes the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Any minimum funding requirements are considered for present value calculations of economic benefits. If the benefit can be realized during the plan implementation period or at the time when the liabilities of the plan are settled, it is beneficial to the consolidated company.

Remeasurements of the net defined benefit liabilities include (1) Actuarial gains and losses; (2) returns on plan assets (no interests included); and (3) Any change in the effect of the asset ceiling, but excluding interests. The remeasurements of defined benefit liabilities are recognized under other comprehensive income.

The consolidated company shall recognize the remeasurement of the defined benefit plan under other comprehensive income and accumulate the retained earnings. The consolidated company decided that net interest expense (revenue) on the net defined benefit liabilities (assets) is calculated by the net defined benefit liabilities (assets) and the discount rate determined at the start of the reporting period. Net interest expense on the net defined benefit plan and other expenses are recognized in profit or loss.

When the plan is modified or reduced, the benefit changes related to the past service costs or reduced benefits or losses are immediately recognized in profit or loss. When the consolidated company repays the debts, the gains or losses due to settlements of defined benefit plan are recognized.

3. Short term employee benefits

Short term employee benefits obligation is measured at an undiscounted basis and recognized as expenses as related services provided.

(XVI) Income Taxes

The income tax for the period comprises current and deferred tax. Current and deferred income taxes shall be recognized as profit or loss except for the items related to corporate merger or recognized directly under the equity and other comprehensive income.

Current income tax includes expected tax payable or tax refundable calculated based on the taxable income and the adjustments to tax payable or income tax refund receivable from prior years. The amount thereof refers to the best estimate of the amount expected to be paid or received measured by the statutory tax rates or tax rate that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognized for the temporary differences arising between the book value for the purpose of reporting assets and liabilities as well as the tax bases of these assets and liabilities on the reporting date. However, the temporary difference resulting from the following conditions are not recognized as deferred income tax:

1. From an asset or liability originally recognized in a transaction other than a business combination and at the time of the transaction it would not affect either accounting or taxable profit (loss).
2. The consolidated company is able to control the timing of the reversal of the temporary difference arising from investments in subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rate at the reversal of the temporary difference using the statutory tax rate or substantive legislative rate as a basis.

Deferred income tax assets and liabilities of the consolidated company are offset only when all the following conditions are met:

1. When the entity has the legally enforceable right to offset current tax assets against current tax liabilities, and
2. Deferred income tax assets and deferred income tax liabilities are levied by the same taxation authority are of;
   (1) The same taxpaying entity; or
   (2) Different entities, however each entity intends to settle, for the expected recovery of all significant deferred income tax assets and the expected settlement of the deferred income tax liabilities in every future period, at a net basis the current tax liabilities or assets or realize the assets and settle the liabilities simultaneously.

To the extent they may be used to offset future taxable income, the unused tax losses and credits carried to subsequent periods as well the deductible temporary differences are recognized as deferred income tax assets. And they should be reassessed at each reporting date, reduced within the extent of the relevant income tax benefits more likely than not to be realizable, or reversal the reduced amount within the extent of them very likely turning into sufficient taxable income.

(XVII) Earnings per share

The consolidated company lists the basic and diluted EPS attributed to the common stock equity holder of the company. The basic EPS of the consolidated company is calculated by dividing the profit and loss attributed to the common stock equity holder of the company by the weight average outstanding common shares of the current period. The diluted EPS is calculated by dividing the profit and loss attributed to the common stock equity holder of the Company by the weight average outstanding common shares adjusted with potential effects on diluting these common shares. The potential dilution of common stock of the consolidated company includes convertible corporate bonds and compensation to employees.

(XVIII) Segment information

Operating segment is the component of the consolidated company engaging in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components). The segment's operating results are reviewed regularly by the chief operating decision maker of the consolidated company pertaining to allocation of resources to certain segments and assess their performance. Each operating segment has its own financial information.

V. Significant accounting judgments, estimations, assumptions and sources of estimation uncertainty

The preparation of the consolidated financial statements shall be in conformity with the preparation guidelines and IFRSs endorsed by FSC and management is required to make judgments, estimates and assumptions that will affect the application of the accounting policies and the amount reported on assets, liabilities, revenues and expenses. Actual results may differ from the estimates.

The management continues to review and estimate the underlying assumption, changes of accounting estimate are recognized in the year the change occurs or in the future period that will be impacted by the change.

The following assumptions and estimates are subject to significant risks of material adjustments to the carrying amounts of assets and liabilities in the next financial year and have reflected the impact of the Covid-19 outbreak. The relevant details are as follows:

(I) Valuation of inventory

As inventory is measured at the lower of cost or net realizable value, on the reporting date the consolidated company assesses the loss of inventory due to normal wear and tear, obsolesce or of no market value, and has the corresponding costs of inventory offset with the net realized value. Inventory valuation is based primarily on an estimate of the need of a product in a specific period in the future. There might be significant changes due to changes of products.

(II) Valuation of impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount in relevant cash-generating units.

VI. Details of significant accounting items

(I) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash on hand	$	1,276	1,316
Checks and demand deposits		621,145	415,499
Time Deposit		25,958	26,441
Cash in transit		-	2,024
Cash and cash equivalents listed on the Consolidated Statements of Cash Flows	$	648,379	445,280

For disclosure of interest risk and sensitivity analysis of the financial assets and liabilities of the consolidated company please refer to note 6 (18).

As of December 31, 2023 and 2022, the cash and cash equivalent of the Company were not provided as loan guarantee or litigation collateral to a financial institute or court.

(II) Financial assets measured with amortized cost

		2023.12.31	2022.12.31
Current			
Domestic investment			
Time deposit with original maturity date for more than 3 months	$	65,500	50,500
Pledged time deposit certificate		-	15,000
Foreign investment			
Time deposit with original maturity date for more than 3 months		45,427	39,662
Total	$	110,927	105,162
Non-current			
Domestic investment			
Pledged time deposit certificate	$	15,000	-

The consolidated company assessed the holding of these assets to maturity to collect contract cash-flow and the cash-flow from the financial asset is all for principal payment and outstanding principal generated interest. Thus they were reported as financial assets measured at amortized cost.

As of December 31, 2023 and 2022, the financial assets at amortised cost of the consolidated company had been provided to financial institutions as collateral for guarantees, please refer to Note 8.

(III) Notes Receivable and Accounts Receivable

		2023.12.31	2022.12.31
Notes Receivable	$	18,663	16,065
Accounts Receivable		478,707	499,065
Less: Loss Allowance		(6,838)	(7,123)
Accounts Receivable, net	$	490,532	508,007

The consolidated company adopted the simplified method to estimate credit loss of all notes and accounts receivable, e.g. adopting the lifetime expected credit loss measurement method. For measurement purposes, the notes and accounts receivable are classified per the common credit risk characteristic of customers' ability to pay the total amount due under contract terms and included as prospective information. The analysis for expected credit loss on notes and accounts receivable of the Company is as below:

	2023.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	**Weighted Average Expected Credit Loss Rate**	**Loss Allowance Lifetime Expected Credit Loss**
Not Overdue	$ 167,621	0.74%	1,245
Overdue Less Than 60 Days	3,388	8.32%	282
Over 61-90 Days	22	22.73%	5
Over 91-180 Days	588	36.22%	213
Over 181-365 Days	19	47.37%	9
Total	$ 171,638		1,754

	2022.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	**Weighted Average Expected Credit Loss Rate**	**Loss Allowance Lifetime Expected Credit Loss**
Not Overdue	$ 133,528	1.00%	1,340
Overdue Less Than 60 Days	6,537	11.44%	748
Over 61-90 Days	49	42.86%	21
Over 91-180 Days	21	61.90%	13
Over 181-365 Days	26	100%	26
Total	$ 140,161		2,148

The consolidated company analysis for expected credit loss on notes and accounts receivable other than the Company is as below:

	2023.12.31		
Credit Rating Grade	**Carrying Amount of Notes Receivable and Accounts Receivable**	**Weighted Average Expected Credit Loss Rate**	**Loss Allowance Lifetime Expected Credit Loss**
Low Risk	$ 320,648	-	-
Those Who Have Financial Difficulties	5,084	100%	5,084
Total	$ 325,732		5,084

	2022.12.31		
Credit Rating Grade	**Carrying Amount of Notes Receivable and Accounts Receivable**	**Weighted Average Expected Credit Loss Rate**	**Loss Allowance Lifetime Expected Credit Loss**
Low Risk	$ 369,994	-	-
Those Who Have Financial Difficulties	4,975	100%	4,975
Total	**$ 374,969**		**4,975**

The consolidated company's aging analysis for notes and accounts receivable other than the Company is as below:

	2023.12.31	**2022.12.31**
Not Overdue	$ 303,488	336,926
Overdue Less Than 60 Days	14,929	36,399
Over 61-90 Days	2,683	481
Over 91-180 Days	1,986	439
Over 181-365 Days	2,102	523
Over 366 days	544	201
	$ 325,732	**374,969**

The consolidated company changes to the statement of loss allowance for notes and accounts receivable are as below:

	2023	**2022**
Beginning balance	$ 7,123	6,113
Recognized Impairment Loss	437	1,331
Gain on reversal of impairment loss	(596)	(148)
Amount Written off due to amount not recovered	(334)	(332)
Foreign exchange translation gain and loss	208	159
Ending balance	**$ 6,838**	**7,123**

As of December 31, 2023 and 2022, no notes receivable and accounts receivable of the consolidated company pledged as collateral.

(IV) Other Receivable and Overdue Receivable

	2023.12.31	**2022.12.31**
Other Receivable	$ 27,230	29,118
Overdue Receivable	-	16,563
Less: Loss Allowance	-	(16,563)
	$ 27,230	**29,118**

The consolidated company changes to the statement of loss allowance for other receivable and overdue receivable are as below:

	2023	2022
Beginning balance	$ 16,563	16,563
Amount Written off due to amount not recovered	(16,563)	-
Ending balance	$ -	16,563

Please refer to Note 6 (18) for information on other credit risks

(V) Inventories

	2023.12.31	2022.12.31
Finished goods	$ 6,774	23,851
Work in Process	57,435	98,364
Raw Materials	62,471	114,924
Products	293,609	315,367
	$ 420,289	552,506

Details of the inventory related expenses loss under operating costs recognized in 2023 and 2022 are as follows:

	2023	2022
Costs of sales	$ 1,458,031	1,552,543
Loss on inventory scrap	8,265	7,695
Inventory adjustment credits	(298)	(1,266)
Loss on Inventory Valuation and Obsolescence	18,426	17,259
Income from scrap and wastes	(182)	(292)
Cost of lease	24,563	20,996
Total Operating Costs	$ 1,508,805	1,596,935

As of December 31, 2023 and 2022, no inventory of the consolidated company pledged as collateral.

(VI) Investment accounted for using the equity method

The investments of the consolidated companies accounted for using the equity method at the reporting date are as follows:

	2023.12.31	2022.12.31
Wellell Japan	$ 2,877	-

Affiliated companies

The consolidated company acquired 49% equity of Wellell Japan on July 3, 2023 for JPY 14,700 thousand. Losses on investments in affiliated companies accounted for using equity method recognized in 2023 was NT$323 thousand.

(VII) Property, plants and equipment

Schedule of changes in the real estate property, plant and equipment of the consolidated company, as follows:

		Land	Buildings and constructions	Machinery Equipment	Other equipment	Total
Cost:						
Balance as of January 1, 2023	$	279,492	660,898	77,166	187,420	1,204,976
Addition		-	5,965	3,861	19,000	28,826
Disposal		-	(2,552)	(2,103)	(13,797)	(18,452)
Reclassification		-	3,372	2,601	(9,151)	(3,178)
Impact on changes of exchange rate		948	2,844	384	3,072	7,248
Balance as of December 31, 2023	**$**	**280,440**	**670,527**	**81,909**	**186,544**	**1,219,420**
Balance as of January 1, 2022	$	278,438	647,525	68,765	177,917	1,172,645
Addition		-	7,632	8,018	29,337	44,987
Disposal		-	(6,506)	(1,925)	(19,037)	(27,468)
Reclassification		-	(464)	1,155	(4,273)	(3,582)
Impact on changes of exchange rate		1,054	12,711	1,153	3,476	18,394
Balance as of December 31, 2022	**$**	**279,492**	**660,898**	**77,166**	**187,420**	**1,204,976**

		Land	Buildings and constructions	Machinery Equipment	Other equipment	Total
Accumulated Depreciation:						
Balance as of January 1, 2023	$	-	294,288	44,887	129,738	468,913
Depreciation		-	30,453	6,113	18,263	54,829
Disposal		-	(2,552)	(1,379)	(12,472)	(16,403)
Reclassification		-	-	(5)	(151)	(156)
Impact on changes of exchange rate		-	(3,082)	24	1,974	(1,084)
Balance as of December 31, 2023	**$**	**-**	**319,107**	**49,640**	**137,352**	**506,099**
Balance as of January 1, 2022	$	-	268,327	40,207	123,195	431,729

	Land	Buildings and constructions	Machinery Equipment	Other equipment	Total
Depreciation	-	29,726	5,979	22,344	58,049
Disposal	-	(6,506)	(1,925)	(18,339)	(26,770)
Reclassification	-	(810)	(5)	5	(810)
Impact on changes of exchange rate	-	3,551	631	2,533	6,715
Balance as of December 31, 2022	$ -	**294,288**	**44,887**	**129,738**	**468,913**
Carrying amount:					
December 31, 2023	$ **280,440**	**351,420**	**32,269**	**49,192**	**713,321**
December 31, 2022	$ **279,492**	**366,610**	**32,279**	**57,682**	**736,063**

1. The 2023 amounts reclassified and transferred out to intangible assets and expenses amounted to NTD 2,334 thousand and NTD 688 thousand, respectively; the 2022 amounts reclassified and transferred out of expenses amounted to NTD 2,772 thousand.
2. For details of financing guarantees as of December 31, 2023 and 2022, please refer to Note 8.

(VIII) Intangible Assets

Schedule of changes in intangible assets of the consolidated company, as follows:

	Goodwill	Computer Software	Other intangible assets	Total
Cost:				
Balance as of January 1, 2023	$ 503,395	25,308	301,528	830,231
Obtained individually	-	2,496	789	3,285
Disposal	-	(6,536)	-	(6,536)
Reclassified to	-	2,334	-	2,334
Impact on changes of exchange rate	18,179	380	16,531	35,090
Balance as of December 31, 2023	$ **521,574**	**23,982**	**318,848**	**864,404**
Balance as of January 1, 2022	$ 505,248	22,494	302,344	830,086
Obtained individually	-	2,299	706	3,005
Impact on changes of exchange rate	(1,853)	515	(1,522)	(2,860)
Balance as of December 31, 2022	$ **503,395**	**25,308**	**301,528**	**830,231**

	Goodwill	Computer Software	Other intangible assets	Total
Accumulated amortization and impairment loss:				
Balance as of January 1, 2023	$ -	17,905	161,813	179,718
Amortization in current period	-	3,144	17,591	20,735
Disposal	-	(6,536)	-	(6,536)
Impairment loss	8,027	-	4,391	12,418
The effect of changes of foreign exchange rates	-	231	9,005	9,236
Balance as of December 31, 2023	**$ 8,027**	**14,744**	**192,800**	**215,571**
Balance as of January 1, 2022	$ -	14,894	147,123	162,017
Amortization in current period	-	2,672	15,260	17,932
The effect of changes of foreign exchange rates	-	339	(570)	(231)
Balance as of December 31, 2022	**$ -**	**17,905**	**161,813**	**179,718**
Carrying amount:				
December 31, 2023	**$ 513,547**	**9,238**	**126,048**	**648,833**
December 31, 2022	**$ 503,395**	**7,403**	**139,715**	**650,513**

In 2023, in response to Wellell UK Limited's product line strategy for special purpose hospital beds, the consolidated company conducted impairment testing on the goodwill and other intangible assets recorded, and recognized an impairment loss of NTD 12,418 thousand on these intangible assets. Please refer to Note 6(17) for details.

(IX) Short-term notes

The detail of short-term borrowings of the consolidated company is as follows:

	2023.12.31	2022.12.31
Unsecured bank borrowings	$ 155,384	260,707
Secured bank borrowings	40,377	34,650
Total	**$ 195,761**	**295,357**
Unused credit term	**$ 928,458**	**829,877**
Interest rate range	**1.83%~6.67%**	**1.30%~5.59%**

For detail on assets used by the consolidated company as mortgage to guarantee borrowing from the bank or as the funding credit to the bank please refer to Note 8.

(X) Long-term borrowings

The detail of long-term borrowings of the consolidated company is as follows:

	2023.12.31			
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.13%	2024.1.2~2037.6.30	$ 124,952
Less: Mature Within One Year				(11,973)
Total				**$ 112,979**
Unused credit term				$ -

	2022.12.31			
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	$ 131,526
Less: Mature Within One Year				(10,261)
Total				**$ 121,265**
Unused credit term				$ -

For detail on assets used by the consolidated company as mortgage to guarantee borrowing from the bank please refer to Note 8.

(XI) Employee benefit

1. Defined benefit plan

Reconciliation of the present value of the defined benefit obligations plan and the fair value of the plan assets of the consolidated company is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 23,658	27,273
Fair value of the plan assets	(22,920)	(26,230)
Net defined benefit liability	**$ 738**	**1,043**

The consolidated company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitles a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension fund contributed in accordance with the Labor Standards Act is controlled and managed by the Bureau of Labor Funds of the Ministry of Labor (referred to as "Bureau of Labor Funds"). In accordance with the "Regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund", with respect to the utilization of funds, the minimum yield distributed at year closing shall not be lower than earnings calculated on the two-year time deposits with interest rates compatible with those of local banks.

As of the reporting date, the Bank of Taiwan labor pension reserve account balance of the consolidated company amounted to NT$22,920 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds.

(2) Movements in present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations for 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligations on January 1	$	27,273	32,820
Current service costs and interests		422	295
Remeasurement of net defined benefit liability			
- Gain due to adjustment on experiences		(348)	(124)
- Actuarial loss due to changes of financial assumption		228	(2,096)
Income (Loss) of past service cost and settlement		(1,718)	(3,622)
Payment of planned assets		(2,199)	-
Defined benefit obligations on December 31	$	23,658	27,273

(3) Movement in fair value of plan assets

The changes in fair value of the defined benefit plan assets of the consolidated company of 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets as of January 1	$	26,230	27,459
Interest Income		361	139
Remeasurement of net defined benefit liability			
- Returns on plan assets (no current interests included)		184	2,250
Payment of planned benefits		(2,199)	-
Income (Loss) of past service cost and settlement		(1,656)	(3,618)
Fair value of the plan assets as of December 31	$	22,920	26,230

(4) Expenses recognized in profit or loss

Detail of expenses of the consolidated company of 2023 and 2022 are as follows:

	2023	2022
Service costs in current period	$ 47	131
Net interests of the net defined benefit liability	14	25
Income (Loss) of past service cost and settlement	(62)	-
	$ (1)	156
General and Administrative Expenses	$ (1)	156

(5) Remeasurement of net defined benefit liability recognized as other comprehensive income

Remeasurement of the net defined benefit liability accumulated recognized as other comprehensive income by the consolidated company is as follows:

	2023	2022
Accumulated Balance, January 1	$ (568)	(5,038)
Recognized in current period	304	4,470
Accumulated Balance, December 31	$ (264)	(568)

(6) Actuarial assumptions

Significant actuarial assumptions adopted by the consolidated company to determine present value of defined benefit obligation as of the reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.375%
Future salary rate increase	2.250%	2.250%

The weighted average duration of the defined benefit plan is 6.84 years.

(7) Sensitivity analysis

As of December 31, 2023 and December 31, 2022 the impact due to change on major actuarial assumption of the defined benefit obligation is as follows:

	The impact of the defined benefit obligations	
	Amount increased	Amount decreased
December 31, 2023		
Discount rate (0.25% changed)	$ (400)	412
Increase in the future salary level (0.25% changed)	401	(391)
December 31, 2022		
Discount rate (0.25% changed)	(493)	510
Increase in the future salary level (0.25% changed)	497	(483)

The above sensitivity analysis is to analyze the impact brought by change of one single assumption, with other assumptions remaining unchanged. In reality, many assumptions are correlated. The approach adopted by the sensitivity analysis is the same as the approach to calculate net defined benefit liability as of the balance sheet.

The sensitivity analysis adopted this current period is the same as that used in the previous period.

2. Defined contribution plans

The consolidated company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the consolidated company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The consolidated company pension fund expenses under the defined contribution method are NT$13,137 thousand and NT$12,450 thousand for the year of 2023 and 2022, respectively.

Overseas subsidiary pension fund expenses of the consolidated company recognized in 2023 and 2022 in accordance with the regulations of local government were NT$15,601 thousand and NT$9,683 thousand.

(XII) Income Taxes

1. Income tax expense

Detail of the income tax expenses of the consolidated company for 2023 and 2022 are as follows:

	2023	2022
Tax expenses in current period		
Incurred in current Period	$ 54,387	34,401
Income tax in current period due to adjustments from prior periods	(1,142)	2,262
	53,245	36,663
Deferred income tax benefits		
Origination and reversal of temporary difference	3,596	1,765
Income tax expenses	$ 56,841	38,428

Detail of income tax expense recognized by the consolidated company under other comprehensive income for 2023 and 2022 are as follows:

	2023	2022
Remeasurement of defined benefit plan	$ 61	894

Reconciliation of income tax expenses and profit before tax by the consolidated company for 2023 and 2022 are as follows:

		2023	2022
Profit before Tax	$	209,853	200,537
Income tax expenses calculated with the statutory rate enforced in the country where the Company is located	$	41,971	40,107
Impact on tax rate difference of foreign jurisdiction		12,942	21,461
Tax imposed on undistributed earnings		3,140	-
Tax incentive		(6,150)	(6,425)
Other adjustments per tax laws		6,080	(15,618)
Estimated Income tax Difference		(1,142)	(1,097)
Total	$	56,841	38,428

2. Deferred income tax assets and liabilities

(1) Unrecognized Deferred Income Tax Liabilities

The related temporary difference between the Company and its invested subsidiaries as of December 31, 2023 and 2022 is not recognized as the Company controls the time to reverse the temporary difference and believes the reversal will not take place in the foreseeable future. Therefore not recognized as deferred income tax liabilities. Relevant amount is as follows:

		2023.12.31	2022.12.31
Summary of the temporary difference between the company and its subsidiaries	$	488,935	394,587
Amount yet to be recognized as deferred income tax liabilities	$	97,787	78,917

(2) Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, the consolidated company did not recognize any deferred income tax assets.

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2023 and 2022 are as follows:

Deferred income tax assets:

		Defined benefit plan	Unrealized goes margin from sales to affiliated companies	Unrealized loss for market price decline of inventory	Loss Allowance	Others	Total
January 1, 2023	$	81	18,711	4,427	2,822	14,128	40,169
(Debit) / Credit income statement		1	(3,132)	3,298	(2,822)	(3,355)	(6,010)
(Debit) / Credit other comprehensive income		(61)	-	-	-	-	(61)
Financial statements		-	-	-	-	381	381

		Defined benefit plan	Unrealized goes margin from sales to affiliated companies	Unrealized loss for market price decline of inventory	Loss Allowance	Others	Total
translation differences of foreign operations							
December 31, 2023	$	21	15,579	7,725	-	11,154	34,479
January 1, 2022	$	944	15,634	2,765	2,917	17,711	39,971
(Debit) / Credit income statement		31	3,077	1,662	(95)	(3,633)	1,042
(Debit) / Credit other comprehensive income		(894)	-	-	-	-	(894)
Financial statements translation differences of foreign operations		-	-	-	-	50	50
December 31, 2022	$	81	18,711	4,427	2,822	14,128	40,169

Deferred income tax liability:

		Loss Allowance		Others	Total
January 1, 2023	$	-		9,993	9,993
(Debit) / Credit income statement		199		(2,613)	(2,414)
Financial statements translation differences of foreign operations		-		340	340
December 31, 2023	$	199		7,720	7,919
January 1, 2022			$	7,186	7,186
(Debit) / Credit income statement				2,807	2,807
December 31, 2022			$	9,993	9,993

3. As of 2021, all tax returns by the Company, subsidiary - Sturdy Industrial and Apex Medical have been authorized by the tax collection authority.

(XIII) Capital and other equity interests

1. Issuance of common shares

As of December 31, 2023 and 2022, the authorized share capital of the Company is NT$1,500,000 thousand, and the par value of each share is NT$10 with an authorized share of 150,000 thousand. The authorized share capital mentioned above is the common stock of 100,912 thousand shares, and the subscription amount for the shares was fully received.

2. Capital Reserve

The balance of the capital reserve of the Company is as follows:

	2023.12.31	2022.12.31
Additional paid-in capital in excess of par issued	$ 335,111	335,111
Lapsed stock options	10,523	10,523
Consolidated additional paid in capital	1	1
	$ 345,635	345,635

Pursuant to the Company Act, the company may transfer realized capital reserve to capital or distributes cash dividends to shareholders in proportion to their share ownership only after the capital reserve has been used to offset a deficit. Realized capital reserve includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve to be used to increase capital shall not exceed 10% of total paid-in capital.

3. Retained Earnings

Under the Articles of Incorporation of the company, the earnings, if any, shall be distributed after close of the year as follows:

(1) Pay for income taxes.

(2) Restore cumulative losses.

(3) Set aside 10% as a legal reserve, except if the statutory reserve has reached the amount as capital of the Company then it is not bound by this statue.

(4) Have the special reserve appropriated or revered in accordance with applicable laws and regulations or competent authority.

(5) The Board of Directors should add the remainder with the accumulated undistributed earnings from previous years and submit a proposal to the shareholders’ meeting for them to agree the distribution of earnings.

If the above distribution of shareholders' bonus is made in the form of cash payment, the Board of Directors shall be authorized to make such proposal with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and report to the shareholders' meeting.

Dividend policy of the Company is as follows:

Dividend policy of the Company, set up by the Board of Directors, is to match with the development of business scale, investment plan while taking into account the capital expenditure and internal and external environmental changes of the Company. The Board of Directors initiated the earning distribution plan and submitted it to the shareholders’ meeting for their resolution to distribute the earnings. Dividends may be distributed in the form of cash or shares, provided, however, that shares dividends distributed in respect of any fiscal year shall not exceed 50 percent of earnings distributed.

(1) Statutory reserves

While a company incurs no loss, pursuant to the resolution by the shareholders' meeting, it may have the legal reserve distributed by new shares or cash, however, only with an amount exceeding 25 percent of its paid-in capital.

(2) Special reserves

When the Company first adopted IFRSs endorsed by the FSC, it chose to apply IFRS 1 “First time Adoption of International Financial Reporting Standards”, and recorded the exempts items as accumulated translation adjustment (benefits) under shareholders’ equity and have the retained earnings increased by NT$9,477 thousand. As the amount did not exceed NT$8,852 thousand the net increase of retained earnings as adopting the IFRSs endorsed by FSC on the conversion date, in accordance with the regulation of FSC Certified No. 1010012865 dated April 6, 2012 by FSC, the Company is only required to appropriate special reserve on the net increase of retained earnings due to the conversion to IFRSs endorsed by FSC, and may reverse a percentage of the original appropriated special reserve for the distribution of earnings upon utilizing, deposing or reclassifying relevant assets. As of December 31, 2023 and 2022, the special reserves are both NT$252,634 thousand.

When the Company distributed distributable retained earnings, if there is any difference between the debits recorded under other shareholders' equity of the year and balance of the special reserve mentioned in the previous paragraph, additional special reserve should be appropriated from the profit or loss of this current period and the undistributed retained earnings of prior period; if they are debits of other shareholders’ equity accumulated from prior periods, the special reserve appropriated additionally from the retained earnings of prior periods shall not be distributed. Later on when there is a reversal on debits of the other shareholders’ equity, the amount reversed may be used for distributing earnings.

(6) Earnings Distribution

The Company’s board of directors meeting on March 29, 2023, resolved the proposal of 2022 earnings distribution, and the shareholders’ meeting resolved to distribute earnings of 2021 on June 20, 2022. The dividends distributed to the owners are as follows:

	2022		2021	
	Allotment rate (dollar)	**Amount**	**Allotment rate (dollar)**	**Amount**
Cash	$ 0.85	85,775	0.55	55,501

3. Other equity (net of tax)

	Financial statements translation differences of foreign operations	Unrealized Valuation Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total
Balance as of January 1, 2023	$ (209,197)	9,058	(200,139)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	1,955	1,955
Share of translation difference of associates for using equity method	46,121	-	46,121
Balance as of December 31, 2023	**$ (163,076)**	**11,013**	**(152,063)**
Balance as of January 1, 2022	$ (258,393)	5,759	(252,634)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	3,299	3,299
Share of translation difference of associates for using equity method	49,196	-	49,196
Balance as of December 31, 2022	**$ (209,197)**	**9,058**	**(200,139)**

4. Non-controlling interests

	2023	2022
Beginning balance	$ 6,294	5,188
Shares attributed to the non-controlling interests		
Net Income Current Period	840	705
Financial statements translation differences of foreign operations	(2,245)	401
Ending balance	**$ 4,889**	**6,294**

(XIV) Earnings per share

In 2023 and 2022, relevant calculations of the basic EPS and diluted EPS of the consolidated company are as follows:

1. Basic EPS

	2023	2022
(1) Net income attributable to common stock shareholders of the Company	**$ 152,172**	**161,404**

(2) Weighted average number of common shares outstanding

		2023	2022
Weighted average number of common shares outstanding on December 31	$	100,912	100,912
Basic EPS (Dollars)	$	1.51	1.60

2. Diluted EPS

		2023	2022
Net income attributable to common stock shareholders of the Company (Basic)	$	152,172	161,404
Net income attributable to common stock shareholders of the Company (diluted)	$	152,172	161,404
Weighted average number of common shares outstanding (basic)		100,912	100,912
Impact of employee stock compensation		661	624
Weighted average number of common shares outstanding(diluted) on December 31		101,573	101,536
Diluted EPS (Dollars)	$	1.50	1.59

(XV) Revenue from Contracts with Customers

1. Details of Revenue

		2023	2022
Major Market:			
Spain	$	611,493	574,313
United States of America		165,752	319,607
Germany		559,441	448,973
Japan		164,486	142,051
Italy		161,685	116,384
Other Country		984,265	1,062,395
	$	2,647,122	2,663,723

		2023	2022
Major Product:			
Support Surface Systems	$	1,236,834	1,284,616
Respiratory Therapy Devices		588,152	648,652
Others		822,136	730,455
	$	2,647,122	2,663,723

2. Contract Balance

	2023.12.31	2022.12.31	2022.1.1
Notes Receivable	$ 18,663	16,065	19,994
Accounts Receivable	478,707	499,065	358,477
Less: Loss Allowance	(6,838)	(7,123)	(6,113)
Total	**$ 490,532**	**508,007**	**372,358**

Please Refer to Note 6 (3) for Accounts Receivable and its' Impairment.

(XIV) Remuneration to employees and the Directors

According to the Article of Incorporation of the Company as approved by the Board of Directors, if the Company has profits, it shall appropriate 5% ~ 15% as remuneration to employees and not more than 2% as remuneration to the directors. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements.

the Company estimated the remuneration to employees were NT$15,425 thousand and NT$15,634 thousand in 2023 and 2022, respectively, and the remuneration to directors were NT$3,486 thousand and NT$3,518 thousand in 2023 and 2022, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses of 2023 and 2022.

For relevant information, please log on to MOPS hosted by TWSE for inquiry. The distribution of the above remuneration to employees and directors in 2023 and 2022 adopted by a resolution of the Board of Directors has no difference from those estimated in the Company's Consolidated Financial Statements for 2023 and 2022.

(XVII) Non-operating income and expenditures

1.Interest Income

Details of interest income of the consolidated company as follows:

	2023	2022
Bank deposits interest	$ 3,431	2,507
other interest Income	2,781	432
Interest Income	**$ 6,212**	**2,939**

2. Other Income

Details of other income of the consolidated company as follows:

	2023	2022
Dividend Income	$ -	161
Rental income	11	11
Commission income	208	145
Other Income	**$ 219**	**317**

3. Other Profits and Losses

Details of other profits and losses of the consolidated company, as follows:

		2023	2022
Loss on Disposal of Property, Plant and Equipment	$	(452)	(121)
Impairment loss 210ecognized in profit or loss, intangible assets other than goodwill		(12,418)	-
Foreign exchange (loss) gain		2,573	(6,108)
Others		34,007	28,753
Net of Other Gains and Losses	**$**	**23,710**	**22,524**

4. Financial Costs

Details of financial costs of the consolidated company as follows:

		2023	2022
Lease liabilities interest amortization	$	(910)	(821)
Bank Borrowings		(13,274)	(9,362)
Financial Costs		**(14,184)**	**(10,183)**

(XVIII) Financial Instruments

1.Credit risk

Credit risk refers to the risk of financial loss suffered by the consolidated company as its counterparty breaches the contractual obligations. The credit risk of the consolidated company is mainly from operating activities (accounts receivable and notes receivable).

As the consolidated company has a broad customer base and does not concentrate its sales with a single customer and its sales territory spreads out, the concentration credit risk on accounts receivable is of little concern. The consolidated company adopts a policy to deal only with parties with outstanding reputation. It also periodically evaluates the financial performance of its customers, and if necessary, requests collateral as security to mitigate the risk of financial loss due to default payment. Please refer to Note 6 (3) for information on credit risk exposure of notes receivable and accounts receivable; Other financial assets at amortized cost (including other receivables and time deposits) are financial assets with low credit risk, therefore, the allowance for losses is measured at the expected credit loss amount for the 12-month period. Please refer to Note 4 (7) for the explanation of how to determine the creditworthiness of the Consolidated Company.

2. Liquidity risk

The table below summarizes maturity dates of the company's financial liabilities. It includes estimated interests but excludes impact of netting agreement.

	Carrying Amount	Cash flow from the agreement	Within 6 months	Within 6 ~ 12 months	1~2 years	2~5 years	Over 5 years
December 31, 2023							
Non derivative financial liabilities							
Lease liabilities	$ 43,802	(45,343)	(8,283)	(8,087)	(12,851)	(13,612)	(2,510)
Non -interest bearing liability	402,649	(402,649)	(402,649)	-	-	-	-
Instrument with floating interests	97,887	(99,523)	(99,523)	-	-	-	-
Instrument with fixed interests	222,826	(262,091)	(108,763)	(5,449)	(13,017)	(30,582)	(104,280)
	$ 767,164	**(809,606)**	**(619,218)**	**(13,536)**	**(25,868)**	**(44,194)**	**(106,790)**
December 31, 2022							
Non derivative financial liabilities							
Lease liabilities	$ 58,553	(60,789)	(8,630)	(8,397)	(16,039)	(21,553)	(6,170)
Non -interest bearing liability	385,490	(385,490)	(385,490)	-	-	-	-
Instrument with floating interests	295,357	(300,155)	(300,155)	-	-	-	-
Instrument with fixed interests	131,526	(155,091)	(6,722)	(7,035)	(15,658)	(51,032)	(74,644)
	$ 870,926	**(901,525)**	**(700,997)**	**(15,432)**	**(31,697)**	**(72,585)**	**(80,814)**

The cash flow of the consolidated company analyzed on the maturity date is not expected to be significantly earlier than expected, or the actual amount significantly different.

3. Foreign exchange risk

(1) Risk Exposure of Exchange Rate Risk

Financial assets and liabilities of the consolidated company that are exposed to significant foreign currency exchange rate risk are as follows:

	2023.12.31		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary item			
USD	$ 3,210	30.7050	98,563
Euro	4,729	33.9800	160,691
GBP	55	39.1500	2,153
RMB	608	4.3270	2,631
Financial liability			
Monetary item			
USD	720	30.7050	22,108
Euro	2,888	33.9800	98,134
GBP	352	39.1500	13,781

	2022.12.31		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary item			
USD	$ 4,018	30.7100	123,393
Euro	3,827	32.7200	125,219
GBP	316	37.0900	11,720
RMB	498	4.4080	2,195
Financial liability			
Monetary item			
USD	1,487	30.7100	45,666
Euro	5,282	32.7200	172,827
GBP	618	37.0900	22,922

(2) Sensitivity analysis

The consolidated company’s exchange rate risk is mainly from cash and cash equivalents, accounts receivable and other receivables, short-term borrowings, accounts payable and other payables denominated in foreign currency and the foreign exchange gain or loss upon translation to NTD. On December 31, 2023 and 2022, when NTD depreciated against USD, Euro, GBP and RMB by 2% and on the condition that all other factors remained the same, the net income before tax in 2023 and 2022 of the Consolidated Company would increase or decrease by NT$2,600 thousand and NT$(422) thousand, respectively. Analyses of these two periods adopted the same basis.

(3) Exchange gains and losses from the translation of monetary items

Since the Company has a wide variety of functional currencies, it adopts the aggregated exposures of the exchange gains and losses information of the monetary items. The gains (losses) on foreign currency exchange (including realized and unrealized) in 2023 and 2022 were NT$2,573 thousand and NT$(6,108) thousand, respectively.

4. Interest rate analysis

Interest risk exposure of the financial assets and liabilities of the consolidated company is explained in the Note of risk of liquidity management.

The following sensitivity analysis is determined in accordance with the interest risk exposure of the derivative and non-derivative instruments on the reporting date. For floating interest rate liabilities, the analysis is made by assuming the liability amounts on the reporting date are outstanding for the whole year. Staff of the consolidated company reported to key management personnel that the interest rates they reported are with changes of an increase 2% or a decrease of 2%, and this represents a reasonable range of change, as estimated by the management.

If the interest rate increased or decreased by 2%, on the condition that all other factors remained the same, the consolidated company’s net income before tax for 2023 and 2022 would decrease or increase by NT$1,958 thousand and NT$5,907 thousand respectively. This is because the loan borrowed by the consolidated company is with a floating interest rate.

5. Other price risks

If the price of equity securities changes on the reporting date (the analysis of two conservative periods adopts the same basis and assume the other factors remain unchanged), the impact on the comprehensive income and loss is as follows:

	2023		2022	
Security price of the reporting date	**Amount of other comprehensive income after tax**	**Income (Loss) after tax**	**Amount of other comprehensive income after tax**	**Income (Loss) after tax**
Increased by 1%	$ 211	-	192	-
Decreased by 1%	$ (211)	-	(192)	-

6. Information on fair value

(1) Category and fair value of the financial instruments

The consolidated company through the financial assets measured at fair value and Financial Assets Measured at fair value through other comprehensive income as measured at fair value on a recurring basis. All kinds of carrying value and fair value of financial assets and liabilities (Including information on the level of fair value, financial instruments not measured by fair value but with carrying value reasonably approximates to the fair value, as well as the rental liability, so no fair value information is required to be disclosed in accordance of rules) are listed as follows:

	2023.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	$ 21,120	-	-	21,120	21,120
Financial assets measured with amortized cost					
Cash and cash equivalents	648,379	-	-	-	-
Financial assets measured with amortized cost – certificate of time deposit	125,927	-	-	-	-
Notes receivable and accounts receivable	490,532	-	-	-	-
Other Receivable	27,230	-	-	-	-
Sub total	1,292,068	-	-	-	-
Total	**$ 1,313,188**	-	-	**21,120**	**21,120**
Financial liabilities measured with amortized cost					
Short-Term borrowings	$ 195,761	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	124,952	-	-	-	-
Notes payable and accounts payable	178,975	-	-	-	-
Other Payables (including related parties)	223,674	-	-	-	-

	2023.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Lease Liabilities – Non-Current	43,802	-	-	-	-
Total	$ 767,164	-	-	-	-

	2022.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	$ 19,165	-	-	19,165	19,165
Financial assets measured with amortized cost					
Cash and cash equivalents	445,280	-	-	-	-
Financial assets measured with amortized cost – certificate of time deposit	105,162	-	-	-	-
Notes receivable and accounts receivable	508,007	-	-	-	-
Other Receivable	29,118	-	-	-	-
Sub total	1,087,567	-	-	-	-
Total	$ 1,106,732	-	-	19,165	19,165
Financial liabilities measured with amortized cost					
Short-Term borrowings	$ 295,357	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	131,526	-	-	-	-
Notes payable and accounts payable	175,059	-	-	-	-
Other Payables (including related parties)	210,431	-	-	-	-
Lease Liabilities – Non-Current	58,553	-	-	-	-
Total	$ 870,926	-	-	-	-

(2) Knowhow to measure fair value of financial instruments that are not measured with fair value.

The methodology and assumptions the consolidated company uses to estimate the financial instruments not measured at fair value are as follows:

Financial liabilities measured with amortized cost

If there is a closing report or quotation to make the deal available, the price for the transaction just closed recently and the quotation price can be used as a basis to estimate the fair value. If there is no market price for reference, the valuation method shall be used for the estimate. The estimate and assumption used for valuation is the fair value estimated by present value of cash flow.

(3) Know how to evaluate the fair value for financial assets measured at fair value.

(3.1) Non-derivative financial instruments

If quoted prices in active markets are available, they are used as fair value. Market prices announced by major exchanges are bases for fair value of the equity instruments listed in the market.

For financial instruments held by the consolidated company, if quoted prices in active market are available, their fair values are listed in accordance with categories they belong to and their natures as follows:

As mutual fund beneficiary certificates are financial assets with standard terms and conditions and traded in an active market, their fair value is determined referencing the quoted price in the active market.

Except for the above-mentioned financial instruments with an active market, the fair value of the remaining financial instruments is obtained by the valuation techniques. Fair value obtained through the valuation techniques may be referenced to the current available fair value, discount cash flow method or valuation techniques of other financial instruments of similar natures and features, including value obtained through market information calculation model on the consolidated balance sheet.

(3.2) Derivative Financial Instruments

Valuated according to the valuation model widely accepted by the market users. The structured interest rate derivative financial instruments are based on appropriate pricing models or other valuation methods.

(4) Quantitative Information of Fair Value Measurement for the Significant Unobservable Inputs (the third level)

The consolidated company fair value measurement classified as the third level is financial assets measured at fair value through other comprehensive income – equity security investment.

The consolidated company's fair value is classified as the third level provided with single significant unobservable input. The equity instrument investment without an active market only is provided with multiple significant unobservable inputs. The significant unobservable inputs of equity instrument investments without an active market are independent from each other, so no interrelationship exists.

The quantitative information of the significant unobservable inputs is listed as below:

Item	Technique Valuation	Significant Unobservable Inputs	Relationship Between Significant Unobservable Input and Fair Value
Financial Assets Measured at Fair Value Through Other Comprehensive Income - Equity Instrument Investment Without an Active Market	Analogy Listed and Over-the-counter Company Law	·Discount for lack of marketability (25% as of 2023.12.31 and 2022.12.31)	• The higher the discount for lack of marketability is, the lower the fair value is.

(5) For 2023 and 2022, there is no transfer in the fair value hierarchy of the financial assets.

(XIX) Financial risk management

1. General description

The consolidated company is exposed to the following risks due to use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market Risk

The Note presents the risk exposure information of the above risks, the goal, policy, and program as how the consolidated company would measure and manage these risks. For further qualitative disclosure of this information please refer to relevant Notes on the financial statements.

2. Framework of the risk management

The financial management department of the consolidated company provides services to all business units. It organizes and coordinates to operate in the domestic and international financial market, as well as to monitor and manage the financial risks of the operation of the company by analyzing the risk exposure by the risk level and the breath of the risks. The consolidated company avoids risk exposure through derivative financial instruments, in order to mitigate the impact of the risks. The application of derivative financial instruments is confined by the policy approved by the Board of Directors. The policy is the written principles for the foreign exchange risk, interest risk, credit risk, the application of derivative and non-derivative financial instruments, as well as the investment by the remaining liquid funds. The internal auditors continue to review compliance of the policy and the limit of the risk exposure.

3. Credit risk

Credit risk refers to the risk that the customers or counterparty default on the contractual obligations and result in financial loss to the consolidated company; it is mainly from the receivables from customers and investment in securities.

(1) Accounts receivable and other Receivables

The consolidated company adopts a policy of dealing only with counterparties with an outstanding reputation, and to secure collateral, if necessary, to mitigate the risk of financial loss due to default payment. The consolidated company uses other public obtainable financial information and the historical transaction records with the major clients to perform a credit rating, and continue to monitor the credit risk exposures and the credit rating of the counterparties. The consolidated company also allocated total transactions amounts to customers with satisfied credit ratings and had its risk management committee to review and approve credit ratings of the counterparties annually to control credit risk exposure.

The consolidated company does not hold any collateral or other credit enhancing tools to avoid the credit risk of financial assets.

(2) Investment

Credit risk from bank deposits and other financial instruments is regularly monitored by the financial department of the consolidated company. Considering the counterparties to the Consolidated Company's transactions and performance of contracts are banks with good credit; and financial institutions, corporate organizations, and government agencies with a certain level of credit ratings or above, on which there is no significant doubt about the performance of contracts; there is no significant credit risk.

(3) Guarantee

As per the policy of the consolidated company, it may only provide endorsement/guarantee to companies it has business with, companies it directly or indirectly has more than 50% of the voting shares, and companies it directly or indirectly holds more than 90% of the voting shares. As of December 31, 2023 and 2022, the consolidated company does not provide any endorsement/guarantee to other third parties.

4. Liquidity risk

Liquidity risks refer to risks the consolidated company may not render cash or other financial assets to settle financial liability and fulfill relevant obligation. The approach of the consolidated company adopts to manage liquidity is to ensure the consolidated company, in regular circumstances and under pressure, would have sufficient liquidity fund to pay for liability that is due, and not to suffer from unacceptable losses or risk that its reputation would be damaged.

The consolidated company manages and maintains adequate cash and cash equivalents to fund the operation and to mitigate the impact on cash fluctuation. The management of the consolidated company monitors the usage of bank credit terms to ensure the terms of the loan contract being complied accordingly. For the unused credit line of the consolidated company as of December 31, 2023 and 2022, please refer to Note 6 (9) and 6 (10) for details.

5. Market Risk

Market risk refers to the impact on revenues or values of the financial instruments held by the consolidated company due to fluctuation of the market prices, such as the changes in foreign exchange rate, interest rate and prices in equity instruments. The goal of market risk management is to control the market risk exposure to be within the bearable limits and to optimize the rate of investment.

In order to manage the market risk, the consolidated company engages in the transaction of derivative instruments, if necessary, and thus incurred financial liability. The conductions of transactions are in compliance with the risk management policy.

(1) Foreign exchange risk

The consolidated company is exposed to exchange rate risk resulting from the sales, purchase and borrowing transactions denominated in currencies other than functional currency. Functional currencies of the Group are mainly NTD, there are also Euro, USD, GBP, and RMB. Major transactions are carried out in NTD, Euro, USD, GBP, and RMB.

For accounts receivable denominated in currencies other than functional currency held by the consolidated company, the gains and losses incurred from fluctuation of exchange rate are offset by the exchange gains and losses of short term loans denominated in foreign currency. To lower the risk of the consolidated company is exposed to due to exchange rate.

The consolidated company constantly controls fluctuation of the exchange rate and uses conservative exchange rate as basis of quotation to carefully review fluctuation of the current and future exchange rate. It also employs the foreign forward exchange contract as hedging instruments to avoid consequences brought by fluctuation of the exchange rate.

Interest from the borrowing is denominated using that of the principal. Currencies from the cash flow are the same, mainly NTD, Euro, USD, and GBP.

The consolidated company and other subsidiaries do not adopt any approach to mitigate the risks on their investment.

(2) Interest rate risk

For risk exposure on interest rate of the borrowing, the consolidated company would predict the trend of future interest rates to decide what proportion to be fixed rate to mitigate the risk.

The bank borrowings of the consolidated company are all with floating interest rates. The fluctuation of interest rates within the expected borrowing period should be within the range acceptable by the company. Therefore, no measure has been adopted yet to proactively mitigate the risk.

(XX) Capital Management

The goal of capital management by the consolidated company is to maintain the capability to continue operating a successful business, and to continue to provide rewards to the shareholders and benefits to the interested parties, and to maintain the best capital structure to lower costs of capital.

To maintain or adjust capital structure, the consolidated company can adjust dividends paid to stockholders, shares returned to shareholders for capital deduction, new stock issuance, or assets sold to liability settlement.

As with its peers, the consolidated company controls capital using debt /capital ratio as a basis. The ratio is calculated by net liability divided by total capital. Net liability is total liability less cash and cash equivalents listed on the balance sheet. Total capital is all equity components (e.g. capital, additional paid-in capital, retained earnings, and other equity) plus net liability.

		2023.12.31	2022.12.31
Total liability	$	883,975	979,736
Less: cash and cash equivalent		(648,379)	(445,280)
Net liability	**$**	**235,596**	**534,456**
Total equity	**$**	**2,340,869**	**2,227,558**
Adjusted Capital	**$**	**2,576,465**	**2,762,014**
Debt/capital ratio		**9.14%**	**19.35%**

VII. Related Party Transactions

(I) Names and relationships of related parties

The related parties who are involved in the transactions with the consolidated company during the period covered by these consolidated financial statements are as follows:

Names of related parties	Relation with the consolidated company
Studio88 Design Corp.	Its President and the Chairman of the Company are first-degree relatives
Wen Chuan Investment Development Co., Ltd	Its President is the spouse of the Chairman of the Company
Li, Chao Yi	The individual and the Chairman of the Company are first-degree relatives

(II) Significant transactions with the related parties

1. Accounts payable from related parties

The details of the consolidated company’s accounts payable from the related parties is as follows:

Items listed in the account	Category of the related parties	2023.12.31	2022.12.31
Other Payable - Related Party	Other related party - Li, Chao Yi	$ 50	30

2. Other transactions

	Operating Expenses		Other Income (Listed as Other Profits and Losses)	
	2023	2022	2023	2022
Other related parties - Studio88 Design Corp.	$ -	15,000	-	-
Other related parties	479	265	11	11
	$ 479	15,265	11	11

	Receipts in advance (Listed as Other Current Liabilities)	
	2023.12.31	2022.12.31
Other related parties	$ 11	23

(III) Transactions regarding key management

Remuneration to Key management includes:

	2023	2022
Short term employee benefits	$ 16,507	13,405
Benefits after resignation	306	284
	$ 16,813	13,689

VIII. Pledged Assets

The book value of the pledged assets of the consolidated company is as follows:

Assets	Objectives of the pledged assets	2023.12.31	2022.12.31
Time deposit certificate (financial assets measured with amortized cost)	Export bill negotiation facility	$ 15,000	15,000
Land	Bank Borrowings	280,440	279,492
Building and construction, net	Bank Borrowings	156,268	158,526
Transportation vehicles, net	Bank Borrowings	7,424	11,190
		$ 459,132	464,208

IX. Significant contingent liabilities and unrecognized contract commitments

As of December 31, 2023 and December 31, 2022, the credit card guarantee applied by the consolidated company to the bank for the use of credit cards in its operation amounted to NT$1,500 thousand.

X. Significant Disaster Loss: None.

XI. Significant events after the balance sheet date

The 2023 earnings appropriation proposal of the Company was approved by the Board of Directors on March 13, 2024 as follows:

	2023
Common stock dividends	
Cash	$ 80,729

XII. Others

Employee benefits, depreciation, depletion and amortization expenses are summarized by their functions in the table below:

By Function / By Nature	2023 Attributed to operating costs	2023 Attributed to operating expenses	2023 Total	2022 Attributed to operating costs	2022 Attributed to operating expenses	2022 Total
Employee Benefit Expenses						
Salary Expenses	159,412	467,240	626,652	135,575	418,143	553,718
Labor Insurance and Health Insurance Expenses	13,711	35,709	49,420	10,200	25,550	35,750
Pension Fund Expenses	8,532	20,205	28,737	6,796	15,493	22,289
Remuneration to Directors	-	8,275	8,275	-	9,365	9,365
Other Employee Benefit Expenses	12,760	20,167	32,927	9,391	17,396	26,787
Depreciation	35,733	37,295	73,028	41,189	34,190	75,379
Amortization	10	20,725	20,735	46	17,886	17,932

XIII. Additional Disclosure

(I) Information on significant transactions

Consolidated company as required by Regulations Governing the Preparation of Financial Reports by Securities Issuers of 2023, information of significant transaction that should be disclosed is as follows:

1. Loan to others:

Unit: New Taiwan Dollars in thousands

No.	Company making the loan	Borrower	General Ledger account	Related Party	Maximum outstanding balance during the Period	Ending balance	Actual amount drawn down	Interest rate range	Nature of Loan (Note 6)	Amount of transactions with the borrowers	Reason for short term business financing	Provision for Loss Allowance	Collateral Name	Collateral Value	Limit on Individual funding loan granted to a single party limits	Maximum limit of fund financing
1	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,005 (RMB9,000)	38,943 (RMB9,000)	38,943 (RMB9,000)	-	2	-	Operation turnover	-	No	-	127,546	255,093
1	ComfortPro Investment Corp.	Wellell France S.A.S	Other Receivable	Yes	12,149 (EUR350)	11,893 (EUR350)	11,893 (EUR350)	-	2	-	Operation turnover	-	No	-	127,546	255,093
2	Apex Medical Respiratory Ltd.	Wellell Germany GmbH	Other Receivable	Yes	29,504 (EUR850)	28,883 (EUR850)	26,165 (EUR770)	1	2	-	Operation turnover	-	No	-	371,439	742,878
2	Apex Medical Respiratory Ltd.	Wellell France S.A.S	Other Receivable	Yes	20,826 (EUR600)	20,388 (EUR600)	20,388 (EUR600)	-	2	-	Operation turnover	-	No	-	371,439	742,878
2	Apex Medical Respiratory Ltd.	Wellell America Corp.	Other Receivable	Yes	16,213 (EUR500)	15,353 (EUR500)	15,353 (EUR500)	2	2	-	Operation turnover	-	No	-	371,439	742,878
3	Apex Global Investment Ltd.	Wellell France S.A.S	Other Receivable	Yes	17,355 (EUR500)	16,990 (EUR500)	16,990 (EUR500)	-	2	-	Operation turnover	-	No	-	169,757	339,514
3	Apex Global Investment Ltd.	Wellell UK Limited	Other Receivable	Yes	20,260 (GBP500)	19,575 (GBP500)	19,575 (GBP500)	-	2	-	Operation turnover	-	No	-	169,757	339,514
4	SLK Vertriebs GmbH	Wellell Germany GmbH	Other Receivable	Yes	16,661 (EUR480)	16,310 (EUR480)	16,310 (EUR480)	1	2	-	Operation turnover	-	No	-	101,044	202,087

Note 1: ComfortPro Investment Corp. according to the "operation procedures for lending to others", the amount of lending of funds to a 100%-owned subsidiary of the Group shall not exceed 100% of the amount of the net worth of the company; also the amount of each lending of funds should not exceed 50% of the net worth of the company.

Note 2: Apex Medical Respiratory Ltd. according to the "Operation procedures for lending to others," when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 3: In the case of Apex Global Investment Limited lending the fund to a 100% owned subsidiary of the Group, in accordance with its "Operation procedures for lending to others", the total amount of such lending shall not exceed 100% of the net value of the company; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 4: SLK Vertriebs GmbH, according to the "Operation procedures for lending to others," when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 5: 1. Transaction with others. 2. short-term financing facility is necessary.

Note 6: The above transactions were eliminated when the consolidated financial reports were prepared.

2. Endorsement/guarantee provided for others:

Unit: New Taiwan Dollars in thousands

No.	Name of Company Provided Endorsement/Guarantee	Endorsed/Guaranteed Party		Endorsement/Guarantee Limit to Single Enterprise	Maximum Endorsement/Guarantee Balance of Current Period	Endorsement/Guarantee Balance at Period End	Actual amount drawn down	Endorsement/Guarantee Amount collateralized by assets	Percentage of Accumulated Endorsement/Guarantee Amount to Net Financial Statement	Maximum Endorsement/Guarantee Amount	Endorsement/Guarantee Attributable to the Parent Company Provided to the Subsidiary	Endorsement/Guarantee Attributable to the Subsidiary Provided to the Parent Company	Attributed to the Endorsement/Guarantee for the China Area
		Name of the Company	Relationship (Note 4)										
0	Wellell Inc	Wellell Germany GmbH	2	1,167,990	213,119 (EUR6,140)	208,637 (EUR6,140)	146,815 (EUR4,321)	-	8.93%	1,167,990	Y	N	N
0	Wellell Inc	Wellell America Corp.	2	1,167,990	48,638 (USD1,500)	46,058 (USD1,500)	7,062 (USD 230)	-	1.97%	1,167,990	Y	N	N

Note 1: The endorsement/guarantee for outsiders cannot exceed 50% of the net worth of the period. The endorsement/guarantee for a single enterprise cannot exceed 25% of the net worth of the period. But the endorsement/guarantee for the Company directly or indirectly hold 100% voting shares cannot exceed 50% of the net worth of the period.

Note 2: The Board of Directors approved the Company providing endorsement/guarantee to the 100% held subsidiary, Wellell Germany GmbH, within 6.14 million euros.

Note 3: The Board of Directors approved the Company providing endorsement/guarantee to the 100 % held subsidiary, Wellell America Corp., within 1.5 million US dollars.

Note 4: There are 7 types of relationships between guarantor and guarantee as below. Marking the type is sufficient:

1. Business related companies.
2. Over 50% voting shares directly or indirectly held by the Company.
3. Companies directly or indirectly have more than 50% of the voting shares.
4. Over 90% voting shares directly or indirectly held by the Company.
5. Mutual guarantee by peers or mutual builders per contract term based on contract constructions.
6. Company endorsed/guaranteed by all shareholders per share proportions for a mutual investment relationship.
7. Escrow joint guarantee between peers for pre-sold house contract under Consumer Protection Act.

3. The status of holding securities at the end of period (not including the portions by the invested subsidiaries, related parties and joint ventures):

Unit: New Taiwan Dollars in thousands / thousand shares

Company that holds the securities	Category and name of securities	Relationship with the securities issuer	General Ledger Accounts	End of Period				Maximum shares held or investment in this period	Remark
				Numbers of shares	Carrying Amount	% of shares held	Fair Value		
Wellell Inc	G Innings Medical Ltd.	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	900	15,576	18.95 %	15,576	18.95%	
Wellell Inc	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	-	5,544	5.00 %	5,544	5.00%	

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 properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital:

Unit: New Taiwan Dollars in thousands

Purchaser (seller)	Name of counterparty	Relationship	Status of transaction				Differences in transaction terms compared to third party transactions		Notes receivable and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Prices	Credit Terms	balance	Percentage of total notes receivable and accounts receivable (payable)	
Wellell Inc	Apex Medical S.L.	Parent and subsidiary	(Sales)	(151,127)	(13.84)%	Net 180 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	Longer than general customers	68,261	18.59%	No
Apex Medical S.L.	Wellell Inc.	Parent and subsidiary	Purchase	151,088	31.80%	Net 180 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	Longer than general customers	(69,492)	(60.39)%	No
Wellell Inc	Apex (Kunshan) Medical Corp.	Parent and subsidiary	Purchase	138,776	26.43%	Net 15 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	The same as those provided to the non-related parties	(15,278)	(24.66)%	No
Apex (Kunshan) Medical Corp.	Wellell Inc	Parent and subsidiary	(Sales)	(138,889)	(55.93)%	Net 15 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	The same as those provided to the non-related parties	15,278	42.88%	No

Note: Eliminated when preparing consolidated financial statements

8. Accounts receivable from related parties of at least NT$100 million or 20% of the paid-in capital: None.
9. Whether engaging in the transaction of derivative instruments: None.
10. Business relationship between the parent and subsidiaries and status of the important transactions:

Unit: New Taiwan Dollars in thousands

No.	Name of counterparty	Party transacted with	Related Party Relationship	Status of transactions: Account	Amount	Terms of transactions	% of total consolidated revenues or total assets
0	Wellell Inc.	Apex Medical S.L.	1	Sales revenues	151,127	The sales price is comparatively lower than the general customers due to larger sales volumes.	5.71%
0	Wellell Inc.	Wellell (Thailand) Ltd.	1	Sales revenues	27,536	The same as those provided to the non-related parties	1.04%
0	Wellell Inc.	APEX MEDICAL CORP.	1	Sales revenues	76,648	The same as those provided to the non-related parties	2.90%
0	Wellell Inc.	Wellell France S.A.S.	1	Sales revenues	55,906	The same as those provided to the non-related parties	2.11%
0	Wellell Inc.	Wellell UK Limited	1	Sales revenues	44,956	The same as those provided to the non-related parties	1.70%
0	Wellell Inc.	Wellell Taiwan Corp.	1	Sales revenues	58,038	The same as those provided to the non-related parties	2.19%
0	Wellell Inc.	SLK Vertriebs GmbH	1	Sales revenues	27,826	The same as those provided to the non-related parties	1.05%
1	Apex (Kunshan) Medical Corp.	Wellell Inc.	2	Sales revenues	138,889	The sales price is comparatively lower than the general customers due to larger sales volumes.	5.25%
1	Apex (Kunshan) Medical Corp.	APEX MEDICAL CORP.	3	Sales revenues	80,868	The same as those provided to the non-related parties	3.05%
1	Apex (Kunshan) Medical Corp.	Wellell (Kunshan) Co., Ltd	3	Sales revenues	28,181	The same as those provided to the non-related parties	1.06%
2	APEX MEDICAL CORP.	Wellell America Corp.	3	Sales revenues	28,820	The same as those provided to the non-related parties	1.09%
0	Wellell Inc.	Apex Medical S.L.	1	Accounts Receivable	68,261	The collection term is 180 days after the monthly cut-off day	2.12%
0	Wellell Inc.	Wellell Taiwan Corp.	1	Accounts Receivable	60,898	The same as those provided to the non-related parties	1.89%
3	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	3	Other Receivable	38,943	In accordance with the contract	1.21%

Note 1. The number is filled out as follows:
1.0 Representing Parent Company.
2. The subsidiary is numbered in the sequence of Arabic numerals starting from 1.

Note 2: The category of relationship with counterparty is marked as follows:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: For business relationships between the parent company and the subsidiary, only information of sales and accounts receivable are disclosed. The corresponding purchases and accounts payable are not addressed again.

Note 4: The above transactions were eliminated when the consolidated financial reports were eliminated.

(II) Information on investees:

The information of reinvestment business of the consolidated company for 2023 is as follows (not including investment to Mainland China):

Unit: NTD in thousand/USD in thousand

Name of investor	Name of the investee	Location	Major operating items	Initial investment amount		Shares held as at the end of period			Maximum shares held or investment in this period	Net income of investee for this period	Investment income (loss) recognized by the company for the period	Remark
				End of current period	End of last year	Shares (thousand)	Percentage	Carrying Amount				
The Company	Apex Global Investment Ltd.	British Virgin Islands, Tortola	Investment on businesses engaging in manufacturing	354,319	354,319	10,534	100%	338,054	100%	(2,285)	(2,285)	Subsidiary
〃	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(10,938)	100%	(4,237)	(4,237)	〃
〃	Apex Medical S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	310,571	100%	66,225	66,225	〃
〃	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	320,586	100%	21,009	21,091	〃
〃	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	782	99.82%	(501)	(500)	〃
〃	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	2,143	49%	1,646	807	〃
〃	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	780,354	780,354	7,780	100%	721,489	100%	(18,519)	(18,519)	〃
〃	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	69,616	100%	3,069	3,069	〃
〃	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	5,071	100%	3,156	3,156	〃
〃	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	30,000	-	3,000	100%	26,116	100%	(2,060)	(2,060)	〃
〃	Wellell Japan	Japan	Sales of medical supplies	3,208	-	-	49%	2,877	49%	(660)	(323)	
Apex Global Investment Ltd.	ComfortPro Investment Corp.	Republic of Mauritius, Port Louis	Investment on businesses engaging in manufacturing	297,731	297,731	9,100	100%	255,093	100%	(6,350)	(6,350)	Subsidiary
〃	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	42,172	100%	4,261	4,261	〃
〃	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	1	0.18%	(501)	(1)	〃
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	254,893	100%	(27,944)	(27,944)	〃
〃	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	415,512	100%	33,215	19,919	〃
〃	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	33,916	100%	475	(192)	〃
〃	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	14	100%	(19,017)	100%	(9,114)	(9,114)	〃

Note 1: The above transactions were eliminated when the consolidated financial reports were prepared.

(III) Information on investment in Mainland China:

1. Information regarding investment in Mainland China:

Unit: NTD in thousand/USD in thousand

Name of the investee in Mainland China	Major operating items	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan for the beginning of this period	Amount remitted or investment amount remitted back for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of the end of the period	Net income of investee for this period	Ownership held by the Company (direct or indirect)	Maximum shares held or investment in this period	Investment income (loss) recognized by the Company for the period (Note 2)	Book value of investments as of the end of the period	Accumulated amount of investment income remitted back to Taiwan as of the end of the period
					Remitting to	Remitting back							
Apex Medical (Shanghai) Corp.	Manufacturing and Sales of medical supplies	23,352	(I)	23,239 (USD710)	-	-	23,239 (USD710)	- (Note 1)	-% (Note 1)	% (Note 1)	- (Note 1)	- (Note 1)	-
Apex (Kunshan) Medical Corp.	Manufacturing and Sales of medical supplies	231,103	(I)	231,103 (USD7,100)	-	-	231,103 (USD7,100)	(6,749)	100.00%	100.00%	(6,088)	198,025	-
Kunshan Co Wei Plastic Product Corp.	Manufacturing and sales of plastic products	25,316	(I)	25,487 (USD842)	-	-	25,487 (USD842)	- (Note 1)	-% (Note 1)	% (Note 1)	- (Note 1)	- (Note 1)	-
Wellell (Kunshan) Co., Ltd	Sales of medical supplies	8,041	(I)	8,041 (USD250)	-	-	8,041 (USD250)	4,299	100.00%	100.00%	4,299	24,707	-

Note: Investment methods can be classified as follows:

(I): Investment by 100% owned subsidiary set up in the third area.

Note 1: Shanghai Apex was liquidated in February 2013; Kunshan Kewei was liquidated in February 2016.

Note 2: The above transactions were eliminated when the consolidated financial reports were prepared.

2. Maximum amount to invest in Mainland China:

Accumulated amount of Remittance from Taiwan to Mainland China as of the end of the period	Investment Amounts approved by Investment Commission, MOEA	Limit of the Investment Commission, MOEA to invest in Mainland China
287,870 (US$8,902 thousand)	287,870 (US$8,902 thousand)	1,401,588

3. Significant transactions with the invested companies in Mainland China:

For the significant transactions conducted with investees in Mainland China directly or indirectly for 2023 (eliminated when preparing consolidated statements). Please refer to the explanations in "relevant information of the significant transactions" in the consolidated financial statements.

(IV) Information on major shareholders

Name of major shareholders Shares	shareholding	% of shares held
CDIB Capital Growth Partners	11,526,000	11.42%
Ya Sheng Investment Development Co.	10,566,760	10.47%
Ya Shin Investment Development Co.	10,561,732	10.46%
National Development Fund, Executive Yuan	6,000,000	5.94%

Note: (1) The information of the major shareholders in this table is based on the TDCC's last business day of the end of each quarter. Counting the shareholders who exceed more than 5% of the total number of common stock and special stock of the company that has been non-physical registration (include treasury stock). The share capital indicated in the company's financial statement and the actual amount of non-physical registration delivered may be different due to the different counting basis.

(2) If the above-mentioned document was shareholders deliver to trust, the trustee should open up a trust account to show the individual trustee. When insiders who hold more than 10% of the shares report their shareholdings by the Securities and Exchange Act, their shareholdings should include shares hold under their name and shares under a trust in which they have the right to decide the use of the trust property. Please refer to the Market Observation Post System for insider shareholding reporting information.

XIV. Segment Information

(I) Information on income (loss) of the reportable segment, the measurement basis and reconciliation.

The consolidated company is mainly engaged in the manufacture, import, export as well as sales of medical supplies. The company is operating in just one industry and all sales department of the medical supplies and associated activities were used as a whole as basis for decision making and performance evaluation. As a consequence, the operating segments and reportable segments are divided by regions and the relevant information is provided as follows:

The consolidated company operating departments and adjustment are listed below:

	2023				
	Europe	**America**	**Asia**	**Adjustment and elimination**	**Total**
Revenue:					
Revenue from outside customers	$ 1,711,579	236,099	699,444	-	2,647,122
Revenues between segments	336,583	29,267	436,973	(802,823)	-
Total revenue	**$ 2,048,162**	**265,366**	**1,136,417**	**(802,823)**	**2,647,122**
Profit and loss from reportable segment	**$ 167,773**	**11,166**	**110,883**	**(79,969)**	**209,853**

	2022				
	Europe	**America**	**Asia**	**Adjustment and elimination**	**Total**
Revenue:					
Revenue from outside customers	$ 1,613,929	397,603	652,191	-	2,663,723
Revenues between segments	426,954	201,969	344,835	(973,758)	-
Total revenue	**$ 2,040,883**	**599,572**	**997,026**	**(973,758)**	**2,663,723**
Profit and loss from reportable segment	**$ 120,282**	**19,467**	**147,649**	**(86,861)**	**200,537**

As the assets/liabilities measures of the consolidated company's reportable segments were not provided for operational decision making, the measures of assets/liabilities were not disclosed.

(II) Product and Service Type Information

The consolidated company revenue from external customers is as below:

Name of Product and Service	2023	2022
Support Surface Systems	$ 1,236,834	1,284,616
Respiratory Therapy Devices	588,152	648,652
Other	822,136	730,455
Total	$ 2,647,122	2,663,723

(III) Territory Information

The consolidated company non-current asset information per territory is listed below and classified per geographic location.

Territory	2023.12.31	2022.12.31
Non-current Assets:		
Europe	$ 756,150	765,587
America	5,205	7,674
Asia	667,952	697,383
Total	$ 1,429,307	1,470,644

Non-current assets include real estate properties, plants and equipment, right-of-use assets, intangible assets, refundable deposits, long-term prepaid rent and other non-current assets, but excludes financial instruments, investments under the equity method, and deferred income tax.

(IV) Information of important customers.

No sale of the consolidated company made to one single customer constitutes more than 10% of total sales, therefore no information with respect to important customers can be provided.

Independent Auditors' Report

To Wellell Inc.,

Audit opinion

We have audited the balance sheet of Wellell Inc. prepared on December 31, 2023 and December 31, 2022, and the comprehensive income statement, statement of change in shareholders' equity, the statement of cash flow, and the notes to the parent company only financial statements (including a summary of significant accounting policies) covering the periods of 2023 and 2022 until December 31 of the respective fiscal year.

In our opinion, the parent company only financial statements as referred in the first paragraph are prepared, in all material respects, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and present fairly the financial position of the Group as of December 31, 2023 and 2022, and the results of the financial performance and cash flows for the year ending December 31, 2023 and 2022.

Basis of Audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Reports section of our report. The audit team of our firm subject to the auditor's independence ethics and independence rules has complied with the Code of Professional Ethics, and maintains independence from Wellell Inc. to perform other duties as specified in the Code. We believe that sufficient and appropriate audit evidence has been obtained as a basis to express the opinion of the audit.

Key audit matters

Key audit matters refer to the most important matters, per our judgment, when auditing the 2023 parent company only financial reports of the Wellell Inc. These matters were addressed in the context of our audit of the unconsolidated financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Per our judgment, the key audit matters that should be communication in the audit report are as follows:

I. Revenue recognition

Please refer to Note 4 (13) of the parent company only financial reports for the accounting policy of revenue recognition. Please refer to Note 6 (13) Revenue from Contracts with Customers for disclosure of relevant information of revenue recognition.

Description of the key audit matters:

WELLELL's revenues include R/D, production and sales of wound care, respiratory therapy, welfare equipment, and other electronic medical device. As some revenues are from customized products/services and might be subject to various terms of contracts, the testing of revenue recognition becomes one of the most important items to be assessed when auditing the Company's financial reports.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include analyzing the revenue of the top ten customers that are related parties with significant transaction amounts and the top ten new customers, reviewing material new contracts and understanding the contractual terms to assess whether there are any material anomalies; assessing the reasonableness of the accounting treatment of revenue recognition (including sales discounts and returns). We also evaluated the effectiveness of the design and implementation of the Company's internal control system for revenue, reviewed the Company's delivery terms to customers, and tested the sales samples for the period before and after the year end to assess the correctness of the revenue recognition period.

II. Valuation of inventory

For accounting policy of inventory valuation, please refer to Note 4 (7) of the parent company only financial reports for details. For accounting estimates and assumptions of inventories. Please refer to Note 5 (1) Valuation of inventories: information on inventories of the parent company only financial reports for details. For description of inventories, please refer to the Note 6 (4) Inventories of the parent company only financial reports for details.

Description of the key audit matters:

Inventory value of the Company is measured at lower cost or net realizable value on the financial reporting date. Since the Company's products are designed specifically to meet the needs of customers and have high add-on value, the probability of inventory loss is very low. However, as some products are customized, if quality is not up to customer's standards they won't be sold as scheduled, and would result in a higher risk for sluggish inventory movement. As loss from sluggish inventory movement is assessed according to inventory category and number of days the inventory being sluggish, the percentage used for provision is at management's discretion. Therefore, valuation of inventory is an item highly regarded when the Group's consolidated financial reports are audited.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include examining whether the provision for loss on inventory valuation and obsolescence had been made in accordance with the provisions of the relevant accounting standards. We also evaluated whether inventories had been correctly attributed to the correct ageing period and analyzed the changes in inventory ageing from period to period to assess the reasonableness of the policy on the provision of inventory obsolescence and whether it was in accordance with the Company's established accounting policies and evaluated the provision of allowance for inventory obsolescence by comparing the information with the actual loss on disposal, and assessed the appropriateness of management's disclosure of the allowance for inventory.

III. Impairment assessment for investments accounted for using the equity method

Please refer to Note 4 (12) to the parent company only financial statements for the accounting policy on impairment of investments accounted for using the equity method; Note 5 (2) to the parent company only financial statements for the assessment of impairment of investments accounted for using the equity method; and Note 6 (5) to the parent company only financial statements for the information related to investments accounted for using the equity method.

Description of the key audit matters:

Wellell Inc. invested in Sturdy Industrial Co., Ltd., Wellell UK Limited, SLK Vertriebs GmbH and SLK Medical GmbH to expand marketing presences and add product lines. In our review, we paid particular attention to the appropriateness of the assumptions, estimates and judgments used for the discounted future cash flows because the investments using the equity method were material investments of the Group and the carrying amounts of the investments were material and there was a high degree of uncertainty in estimating the recoverable amounts of the investments using the equity method. Therefore, whether the investments accounted for using the equity method were impaired was a matter of great concern to us in auditing the financial reports.

Response to Audit procedures:

The main auditing procedures of the above key audit matters include assessment of the future cash flow forecast and the discount rate used in the impairment model, the forecast of future cash flow against historical performance, and the comparison of discount rate with external data to test the impairment of investments accounted for using the equity method.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Reports

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

In preparing the parent company only financial reports, the responsibility of the management is to evaluate the Company's capability as whether it can continue operating as a successful business, the disclosure of relevant matters, the adoption of accounting basis to continue operating, unless the management intends to liquidate the Company or cease to operate, or no other option available except for liquidating or cease to operate.

WELLELL charged with governance, Including the Audit Committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the unconsolidated Financial Reports

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial reports 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 refers to high assurance. However, an audit performed in accordance with auditing standards is not a guarantee to detect material misstatement of the parent company only financial reports. Misstatements may result from fraud or error. Misstatements 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 the unconsolidated financial reports.

As part of an audit in accordance with the auditing standards generally accepted, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also conducted the following tasks:

1. Identify and assess the risk of material misstatement of the unconsolidated financial reports due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. As frauds may involve conspiracy, forgery, deliberate omission, misstatement, or beyond the internal control, the risk of not being able to detect misstatement due to fraud is higher than that caused by the error.
2. Obtained necessary understanding of internal control relevant to the audit so to design appropriate audit procedures commensurate with what is needed at the time of audit. However, please note the purpose is not to express opinion as to whether the internal control of Wellell Inc. is effective.
3. To assess appropriateness of the accounting policies adopted by the management, as well as whether the accounting estimates and related disclosures are reasonable.
4. Made a conclusion based on audit evidence obtained, determined whether the accounting basis used by the management to carry out business is appropriate, and if there was any event, circumstance, or significant uncertainty, would affect Wellell Inc. to continue its business. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial reports are required to be provided in our audit report to allow users of unconsolidated financial reports to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained at the date of the auditor's independent report. However future events or circumstances may cause Wellell Inc. not to have the capability to operate.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial reports, including relevant notes, and whether the unconsolidated financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence from financial information of investees accounted

for using the equity method to express opinions on the parent company only financial reports. We are responsible for the guidance, supervision and implementation of the Company's audit, as well as the forming of audit opinions.

The matters we communicated with the governing unit include the scope and time frame of the audit, as well as the major findings in the audit (including the significant lack of internal controls identified during the audit procedures).

We have also provided a declaration to the governing unit that our audit team has complied with the independence rules as required by the Code of Professional Ethics for Certified Public Accountant. We have also communicated with the governing unit all matters that might be considered to influence the auditor's independence as well as all other matters (Including relevant protective measures).

We have decided the key audit matters for the Company's 2023 parent company only financial reports for matters communicated with the governing unit. We will make known such matters in the audit report unless the laws and regulations do not allow public disclosure of any particular matter or, in rare cases, we decide not to communicate a particular matter in the audit report, as we can reasonably expect the negative impact from such communication will outweigh the benefit to increase the public interest.

KPMG. Taipei, Taiwan, R.O.C.

Certified Public Accountants:

Certified and Approved No. of the Securities Competent Authority:	:	Jin-Guan-Cheng-Shen-Zi No. 1040003949 Jin-Guan-Cheng-Liu-Zi No. 0960069825

March 13, 2024

Notes to Readers The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China. The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Balance sheet

December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents(Note 6 (1) and (16))	$ 64,248	3	90,278	3
1151	Notes Receivable (Note 6 (2) (13) and (16))	10,526	-	14,498	1
1170	Accounts Receivable, net (Note 6 (2) (13) (16))	159,358	6	123,515	5
1181	Account Receivable - Related Party (Note 6 (2) (13) (16) and 7)	197,387	7	233,745	8
1200	Other Receivable (Note 6 (3) and (16))	3,482	-	4,226	-
1210	Other Account Receivable - Related Party (Note 6 (3) (16) and 7)	21,832	1	22,449	1
130X	Inventories (Note 6 (4))	52,935	2	137,975	5
1410	Prepayments	7,080	-	12,305	-
1470	Other Current Assets	474	-	376	-
	Total Current Assets	517,322	19	639,367	23
	Non-current Assets:				
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (16))	21,120	1	19,165	1
1550	Investments accounted for using equity method (Note 6 (5))	1,786,367	65	1,673,571	61
1600	Property, Plant and Equipment (Note 6 (6) and 8)	384,556	14	391,124	14
1755	Right-of-use Assets	432	-	2,642	-
1780	Intangible Assets (Note 6 (7))	5,746	-	2,869	-
1840	Deferred Income Tax Assets (Note 6 (10))	25,859	1	29,080	1
1920	Refundable deposits	3,137	-	5,320	-
1990	Other non-current Assets	758	-	758	-
	Total Non-current Assets	2,227,975	81	2,124,529	77
	Total Assets	$ 2,745,297	100	2,763,896	100

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current Liabilities:				
2100	Short term Borrowings (Note 6 (8) and (16))	$ 188,699	7	288,294	11
2170	Accounts Payable (Note 6 (16))	46,592	2	80,472	3
2180	Accounts Payable - Related Party (Note 6 (16) and 7)	15,352	1	11,469	-
2200	Other Payable (Note 6 (16))	110,407	4	122,266	5
2220	Other Payable - Related Party (Note 6 (16) and 7)	5,819	-	1,955	-
2230	Current Income Tax Liability	31,028	1	24,940	1
2280	Lease Liabilities – Current (Note 6 (16))	305	-	1,792	-
2300	Other Current Liabilities (Note 7)	10,178	-	9,660	-
	Total Current Liabilities	408,380	15	540,848	20
	Non-current Liabilities:				
2570	Deferred Income tax Liabilities (Note (10))	199	-	-	-
2580	Lease Liabilities – Non-Current (Note 6 (16))	-	-	741	-
2640	Net defined benefit liability – Non Current (Note 6 (9))	738	-	1,043	-
	Total Non-Current Liabilities	937	-	1,784	-
	Total Liabilities	409,317	15	542,632	20
	Equity (Note 6 (11)):				
3100	Capital	1,009,116	37	1,009,116	36
3200	Capital Reserve	345,635	13	345,635	12
	Retained Earnings:				
3310	Statutory reserves	311,210	11	294,712	11
3320	Special reserves	252,634	9	252,634	9
3350	Undistributed earnings (Note 6 (9))	569,448	21	519,306	19
	Subtotal of Retained Earnings	1,133,292	41	1,066,652	39
3400	Other Equities	(152,063)	(6)	(200,139)	(7)
	Total Equity	2,335,980	85	2,221,264	80
	Total liabilities and Equity	$ 2,745,297	100	2,763,896	100

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board: Li, Yung Chuan **Manager: Li, Yung Chuan** **Accounting Director: Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of comprehensive income

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

		2023		2022	
		Amount	%	Amount	%
4000	**Sales Revenue (Note 6 (13) and 7)**	$ 1,091,568	100	1,262,946	100
5000	**Operating Costs (Note 6 (4) (6) (7) (9) (14) and 7)**	715,663	66	848,644	67
	Gross Margin	375,905	34	414,302	33
5910	Less: Unrealized profit or loss on sales of goods	(58,791)	(5)	(67,782)	(5)
5920	Add: Realized profit or loss on sales of goods	67,782	6	55,305	4
	Net operating gross profit	384,896	35	401,825	32
6000	**Operating Expenses (Note 6 (2) (6) (7) (9) (14) and 7):**				
6100	Selling Expenses	96,021	9	99,277	8
6200	General and Administrative Expenses	120,394	11	113,752	9
6300	Research & Development Expenses	123,448	11	114,478	9
6450	Gain on Reversal of Expected Credit Impairment	(394)	-	(119)	-
	Total Operating Expenses	339,469	31	327,388	26
6900	**Net Operating Profit**	45,427	4	74,437	6
	Non-operating income and expenditures (Note 6 (5) (15) and 7):				
7010	Interest Income	3,217	-	568	-
7130	Other Income	2,219	-	172	-
7020	Other Profits and Losses	65,095	6	24,670	2
7050	Financial Costs	(9,523)	-	(5,689)	-
7070	Share of profit or loss of subsidiaries accounted for using the equity method	66,424	6	82,105	6
	Total non-operating income and expenses	127,432	12	101,826	8
	Profit before Tax	172,859	16	176,263	14
7951	**Less: Income Tax Expenses (Note 6 (10))**	20,687	2	14,859	1
	Net Income Current Period	152,172	14	161,404	13
8300	**Other comprehensive income (Note 6 (10) and (11)):**				
8310	**Items not to be reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	304	-	4,470	-
8316	Unrealized Evaluation Profit and Loss on Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income	1,955	-	3,299	-
8349	Less: Income tax related to items not reclassified	61	-	894	-
	Total items not to be reclassified into profit or loss	2,198	-	6,875	-
8360	**Items that may be subsequently reclassified into profit or loss:**				
8361	Financial statements translation differences of foreign operations	46,121	4	49,196	4
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-
	Total Items that may be subsequently reclassified into profit or loss	46,121	4	49,196	4
8300	**Other comprehensive Income Current Period**	48,319	4	56,071	4
	Total Comprehensive Income Current Period	**$ 200,491**	**18**	**217,475**	**17**
9750	**Basic EPS (Unit: NT$) (Note 6 (12))**	**$**	**1.51**		**1.60**
9850	**Diluted EPS (Unit: NT$) (Note 6 (12))**	**$**	**1.50**		**1.59**

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board:	**Manager:**	**Accounting Director:**
Li, Yung Chuan	**Li, Yung Chuan**	**Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of changes in equity

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

			Retained Earnings				Total Other Equities			
	Capital	Capital Reserve	Statutory reserves	Special reserves	Undistributed earnings	Total	Financial statements translation differences of foreign operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Total equity
Balance as of January 1, 2022	$ 1,009,116	345,635	284,311	178,568	494,106	956,985	(258,393)	5,759	(252,634)	2,059,102
Retrospective Adjustment for New Standard Applied	-	-	-	-	188	188	-	-	-	188
Beginning Balance of Restatement	1,009,116	345,635	284,311	178,568	494,294	957,173	(258,393)	5,759	(252,634)	2,059,290
Net Income Current Period	-	-	-	-	161,404	161,404	-	-	-	161,404
Other comprehensive Income Current Period	-	-	-	-	3,576	3,576	49,196	3,299	52,495	56,071
Total Comprehensive Income Current Period	-	-	-	-	164,980	164,980	49,196	3,299	52,495	217,475
Earnings appropriation and distribution:										
Provision of statutory reserves	-	-	10,401	-	(10,401)	-	-	-	-	-
Provision of special reserves	-	-	-	74,066	(74,066)	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(55,501)	(55,501)	-	-	-	(55,501)
Balance as of December 31, 2022	1,009,116	345,635	294,712	252,634	519,306	1,066,652	(209,197)	9,058	(200,139)	2,221,264
Net Income Current Period	-	-	-	-	152,172	152,172	-	-	-	152,172
Other comprehensive Income Current Period	-	-	-	-	243	243	46,121	1,955	48,076	48,319
Total Comprehensive Income Current Period	-	-	-	-	152,415	152,415	46,121	1,955	48,076	200,491
Earnings appropriation and distribution:										
Provision of statutory reserves	-	-	16,498	-	(16,498)	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(85,775)	(85,775)	-	-	-	(85,775)
Balance as of December 31, 2023	**$ 1,009,116**	**345,635**	**311,210**	**252,634**	**569,448**	**1,133,292**	**(163,076)**	**11,013**	**(152,063)**	**2,335,980**

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board: Li, Yung Chuan **Manager: Li, Yung Chuan** **Accounting Director: Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of cash flows

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	2023	2022
Cash flow from operating activities:		
Profit before Tax current period	$ 172,859	176,263
Adjustment items:		
Income and expenses item		
Depreciation	20,705	25,276
Amortization	1,560	1,660
Gain on Reversal of Expected Credit Impairment	(394)	(119)
Interest Expense	9,523	5,689
Interest Income	(3,217)	(568)
Dividend Income	-	(161)
Share of profit of subsidiaries accounted for using the equity method	(66,424)	(82,105)
Exchange loss on disposal of investments under the equity method	-	18,854
Unrealized profit on sales of goods	58,791	67,782
Realized profit on sales of goods	(67,782)	(55,305)
Transfer out expenses of property, plant and equipment	649	-
Gain on lease modification	(2)	-
Total Incomes and Expenses	(46,591)	(18,997)
Changes of assets and liabilities relating to operating activities:		
Decrease of Notes Receivable	3,972	2,919
Increase of Accounts Receivable	(35,449)	(26,383)
Account Receivable - decrease (increase) of Related Parties	36,358	(27,602)
Decrease of Other Receivable	744	2,173
Other Receivable - decrease of Related Party	617	11,243
Decrease of Inventories	85,040	44,191
Decrease (increase) of Pre-paid Expenses (including related parties)	5,225	(6,096)
(Increase) Decrease of Other Current Assets	(98)	62
Total Net changes of assets relating to operating activities	96,409	507
Decrease of Accounts Payable	(33,880)	(231)
Account Payable - increase (decrease) of Related Party	3,883	(19,656)
(Decrease) Increase of other payables	(11,988)	5,329
Other Payable - increase (decrease) of Related Party	3,864	(9,245)
Increase (Decrease) of Other Current Liabilities	518	(6,666)
(Decrease) Increase of Net defined benefit liabilities	(62)	152
Decrease in deferred credits	(32)	(31)
Total Net changes of liabilities relating to operating activities	(37,697)	(30,348)
Total Net changes of assets and liabilities relating to operating activities	58,712	(29,841)

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board:	**Manager:**	**Accounting Director:**
Li, Yung Chuan	**Li, Yung Chuan**	**Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of Cash Flow (continued)

From January 1 to December 31, 2023 and 2022

Unit: New Taiwan Dollars in thousands

		2023	2022
Cash inflow from operating	$	184,980	127,425
Interest received		3,217	568
Dividends received		-	161
Interest paid		(9,394)	(5,335)
Income Taxes Paid		(11,179)	(1,590)
Net Cash inflow from operating activities		167,624	121,229
Cash flow from investing activities:			
Investment accounted for under the equity method		(33,208)	(56,580)
Disposal of Investment accounted for using the equity method		-	13,999
Investment in real estate properties, plants and equipment		(15,427)	(20,816)
Decrease (Increase) of Guarantee Deposits		2,183	(468)
Investment in intangible assets		(2,103)	(348)
Dividends received		41,978	34,712
Cash outflow from investing activities		(6,577)	(29,501)
Cash flow from financing activities:			
Application for short-term borrowings		664,591	1,204,362
Repayment of short-term borrowings		(754,793)	(1,264,238)
Repayment of principal portion of the lease		(1,709)	(2,242)
Cash dividends paid		(85,775)	(55,501)
Net Cash outflow from financing activities		(177,686)	(117,619)
Net effect of changes in foreign currency exchange rates on cash and cash equivalent		(9,391)	(5,120)
Decrease of cash and cash equivalents current period		(26,030)	(31,011)
Cash and cash equivalents at beginning of year		90,278	121,289
Cash and cash equivalents at the end of year	**$**	**64,248**	**90,278**

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board:	Manager:	Accounting Director:
Li, Yung Chuan	**Li, Yung Chuan**	**Wang, Wei Chuan**

Wellell Inc.
Notes to the parent company only financial statements
Year 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

I. Company History

Wellell Inc. (referred as "the Company" hereafter) was authorized to set up by the Ministry of Economic Affairs in March, 1990, and merged with Ya-Tai Industrial Limited on August 31, 1998. The Company is primarily engaged in the business of manufacturing and sale of medical supplies, import, and export as well as agency services. the Company was approved to be listed in TPEx in August, 2001 and traded in January, 2002 by the Securities and Futures Commission, Ministry of Finance (name changed to the Securities and Futures Bureau of the Financial Supervisory Commission, abbreviated as Securities and Futures Bureau). the Company was approved by the Securities and Futures Bureau to be listed on TWSE in October, 2004.

II. Financial Statements Authorization Date and Authorization Process

The parent company only financial reports were approved for release by the Board of Directors on March 13, 2024.

III. Application of new standards, amendments, and interpretations

(I) The impact from adopting new standards and Interpretations as approved by FSC for release and amendment

The Company has adopted following new amendments to IFRSs since January 1, 2023, with the potential impact described below:

1. Amendment to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

This amendment restricts the scope of recognition exemption. An entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences but recognizes equal deferred income tax assets and deferred income tax liabilities. This accounting change resulted in an increase of NTD 188 thousand on investments accounted for using equity method and retained earnings on January 1, 2022 and an increase of NTD 183 thousand on December 31, 2022 on investments using equity method and retained earnings, and increased the losses of the subsidiaries recognized under the equity method by NTD 5 thousand from January 1 to December 31, 2022. There was no significant impact to basic earnings per share, diluted earnings per share, and statement of cash flows.

2. Other

Following new amendments to the standards have also been effective since January 1, 2023, but have no material effect on the parent company only financial statements:

- Amendments to IAS 1 on “Disclosure of Accounting Policies”
- Amendments to IAS 8 on “Definition of accounting estimates”

The application of the newly revised amendments to the IFRSs into effect by the Company with an effective date starting from May 23, 2023 did not significantly influence the parent company only financial statement.

Amendments to IAS 12 - International Tax Reform–– Pillar Two Model Rules

(II) Impact on not adopting the IFRSs endorsed by the FSC

The Company has assessed that the application of the following newly amended IFRSs effective on January 1, 2024 will not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current"
- The amendments to IAS 1 “Classification of Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
- The amendments to IFRS 16 “Lease Liabilities for Leasebacks”

(III) Standards and interpretations newly issued and amended but not yet endorsed by the FSC

The Company expected that the following new publish and amendment to the standards would not cause significant influence to the parent company only financial statement.

·Amendments to IFRS 10 and IAS 28 on “Sale or Contribution of assets between an Investor and its Associate or Joint Venture”

·Amendments to IFRS 17 “Insurance Contracts” and IFRS 17

·The amendments to IFRS 17, "Comparative information for initial application of IFRS 17 and IFRS 9

·Amendment to IAS No. 21 "Lack of Exchangeability"

IV. Summary of Significant Accounting Policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(I) Statement of Compliance

These parent company only financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Basis of Preparation

1. Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive profit or loss; and

(3) Net defined benefit liability is recognized by the fair value of the pension fund assets net of the present value of the defined benefit obligation and the upper limit effects measurement referred by Note 4 (14).

2. Functional Currency and Representing Currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. The foreign currency monetary item at the end of the reporting period (hereinafter referred to the "reporting date") are translated into the functional currency using the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies held at fair value through profit or loss are translated into the functional currency using the exchange rates prevailing at the time of the fair value measurement date. Non-monetary items denominated in foreign currencies measured with historical costs are translated using the exchange rates prevailing at the time of the transaction date.

Foreign currency exchange differences resulting from currency translation are usually recognized under profit or loss; however, they are recognized under other comprehensive income in the following circumstances:

(1) Equity instruments designated measured at fair value through other comprehensive income;

(2) Financial liabilities designated as hedges of a net investment in a foreign operation within the range of hedge effectiveness; or

(3) Qualified cash flows hedged within the range of hedge effectiveness.

2. Foreign Operation

The assets and liabilities of foreign operation, including goodwill from acquisition and fair value adjustment, are translated to NTD using the exchange rates on the reporting date, revenues and expenses are translated into NTD using average exchange rate and all resulting exchange differences are recognized in other comprehensive income.

When the disposal of foreign operating units leads to the loss of control, joint control, or significant influence, all cumulative exchange differences in relation to that foreign operating unit are reclassified in profit and loss. When the foreign operating unit partially disposed of or sold is a subsidiary, cumulative exchange differences are proportionately transferred to the non-controlling interest in this foreign operating unit. When the foreign operating unit partially disposed of or sold is an associates or joint venture, cumulative exchange differences are proportionately transferred to the profit and loss.

For the monetary receivable or payable items with foreign operating units, if there is no settlement plan and they will not be paid in the foreseeable future, the exchange gain from foreign exchange will be deemed as part of the net investment to that foreign operation and recognized under other comprehensive income.

(IV) Classification of Current and Non-current Assets and Liabilities

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within its normal operating cycle;
2. Assets held mainly for sales;
3. Assets that are expected to be realized within twelve months from the reporting date; or
4. These assets are cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities held mainly for sales;
3. Liabilities that are expected to be paid off within twelve months from the reporting date; or
4. For liabilities their re-payment date cannot be extended unconditionally to more than twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and cash equivalent

Cash include cash on hand and demand deposits. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits meeting the definition as mentioned above or used mainly for meeting short-term cash commitment and not for investment or other purposes are reported as cash equivalents.

(VI) Financial Instruments

Accounts receivable are recognized once it is generated. All other financial assets and financial liabilities were originally recognized when the Company becomes one party to the terms of the financial instrument contract. Financial assets (except for accounts receivable containing a significant financing component) or financial liabilities not measured at fair value through other comprehensive income were originally measured at fair value plus the transaction costs directly attributable to their acquisition or issue. Accounts receivable not containing a significant financing component were originally measured at the transaction price.

1. Financial assets

If purchase or sale of financial assets conforms to transaction practices, the Company consistently adopts the trading-date accounting treatment for all purchases and sales of financial assets classified in a similar way.

Financial asset types at initial recognition include: financial assets measured at amortized cost, investments in equity instruments measured at fair value through other comprehensive income, and financial assets measured at fair value through income. The Company reclassifies the impacted financial assets from the first day of the next report period only when the financial assets management model changes.

(1) Financial assets measured with amortized cost

Financial assets are measured at amortized cost when they meet the criteria below and are not designated to be measured at fair value through profit and loss:

- Hold the financial asset under the business model of collecting contract cash-flow for purpose.
- The cash-flow generated from the financial asset contract terms on a specific date is all for principal and outstanding principal generated interest payment.

Such assets are subsequently measured at amortized cost with the initial recognition amount plus or less the cumulative amortization calculated using the effective interest method and any loss allowance being adjusted. Interest revenue, foreign exchange gain and loss, and impairment loss are recognized as profit and loss. The gain or loss are recognized as profit and loss when derecognizing.

(2) Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Company can make irrevocable commitments at the original recognition point and present the subsequent fair value change of the not held-for-sale equity instrument to other comprehensive income. The previous mentioned options are made on each instrument base.

Equity instrument investments are subsequently measured at fair value. Dividend revenue (unless it clearly represents a recovery of part of the investment costs) is recognized under profit or loss. Other net gains or losses are recognized as other comprehensive income and not reclassified to profit or loss.

The dividend income from equity investment is recognized at the date when the Company is entitled to receive (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets, which are not measured at amortized cost mentioned above or measured at fair value through other comprehensive income, are measured at fair value through income, including the derivatives.

Such assets are measured at fair value, and their net gains or losses (including any dividend revenue and interest revenue) are recognized as profit or loss.

(4) Impairment of financial assets

The Company recognizes the loss allowance for financial assets measured at amortized cost (including cash and cash equivalent, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets, etc.), and expected credit loss.

The loss allowance for financial assets below are measured based on 12 months of expected credit loss and the rest are measured based on lifetime expected credit loss:

- Determine the debt securities credit risk is low on the reporting date; and
- The credit risks (such as the risk of a default occurring over the expected life of the financial instrument) of other debt securities and bank deposits do not obviously increase after initial recognition.

The loss allowance for accounts receivable is measured on the lifetime expected credit loss amount.

To determine if the credit risk is obviously increased after recognition, the Company considers information that is reasonable and can be corroborated (not overly high cost or that can be obtained after investment) including qualitative and quantitative information, in terms of history of the Company, credit evaluation, and perspective information analysis.

If the contract receivables are due over 60 days, the Company assumes the financial asset credit risk is obviously increased.

If the contract receivables are due over 365 days or the borrower is incapable of executing its credit obligation for paying the full amount to the Company, the Company deems the financial asset is in default.

Lifetime expected credit losses is the expected credit losses arising from all the potential defaults on financial instruments during the expected lifetime of financial instruments.

The 12-month expected credit losses is the expected credit losses of financial instruments resulting from possible default events within 12 months after the reporting date (or the shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for expected credit loss measurement is the longest contract period the Company exposed to the credit risks.

The expected credit loss is the percentage weighted estimate of financial instrument expected lifetime credit loss. The credit loss is measured at the cash collection shortage, e.g. the difference between the collectible cash-flow per contract and the expected collectible cash-flow of the Company. The expected credit loss is discounted at the financial asset effective interest rate.

The Company evaluated the financial assets and the credit impairment based on the amortized cost on every reporting date. If one or multiple unfavorable matters occurred to the financial asset future cash flow estimate, the financial asset credit is impaired. The evidence that the financial asset is credit impaired includes observable information for the matters below:

- Significant financial difficulty to the borrower or issuer;
- Breach of contract, such as arrearage or overdue over 365 days;
- Because of economic or contract reasons related to the borrower's financial difficulty, the Company makes a concession to the borrower which is not considered originally;
- The borrower will probably file for bankruptcy or other finance restructure; or
- The active market of the financial asset vanishes because of financial difficulty.

The loss allowance for financial assets measured at amortized cost is deducted from the carrying amount of assets.

When the Company is unable to predict the financial asset collection reasonably as a whole or partially, the total carrying amount of the financial asset is directly deducted. For corporate customers, the Company individually analyzed when to write off and the amount to be written off on the basis of whether a reasonable expectation of recovery exists. The Company expected that a significant reversal in the amount written off will not occur; however, the financial assets that are written off may be still subject to enforcement activity to conform to the Company's procedure for the recovery of the overdue amount.

(5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to receive the cash flows from the asset expire, or the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to other enterprises, or substantially all the risks and rewards of ownership are neither transferred nor retained and the control of the financial asset is not retained.

In the Company's signed transaction, if all or substantially all the risks and rewards of ownership of the financial asset are retained, such transaction will continue to be recognized on the Balance Sheet.

2. Financial Liabilities and Equity Instruments

(1) Financial liability

Financial liabilities are classified and measured at amortized cost or measured at fair value through profit or loss. If the financial liabilities are held for trading, derivatives, or designated at initial recognition, they are classified into the fair value through profit or loss category. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net profit or loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss is recognized in profit or loss when other financial liabilities are derecognized.

(2) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or expired. When a modification is made to the terms of a financial liability and the cash flows of the liability after modification are substantially differently, the financial liabilities should be derecognized and a new financial liability is recognized at fair value based on the terms after modification.

When derecognizing financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid and payable (including any non-cash transfers or liabilities undertaken) is recognized in profit and loss.

(3) Offsetting financial assets with financial liabilities

Financial assets and liabilities are offset and expressed in net amount in the balance sheet when the Company has a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(VII) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include the acquiring, production, processing or other costs to make inventories arrive at the place and condition they can be used, and are calculated using weight average method. Costs of finished products and work-in-process inventories include manufacturing expenses allocated with an appropriate ratio based on normal production capacity.

Net realizable value represents the balance with estimated costs required to complete the production and get the products ready subtracted from the estimated selling price.

(VIII) Investments in subsidiaries

In preparing the parent company only financial statements, the Company uses the equity method to account for its investees over which it has control. Under the equity method, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the parent company only financial statements.

Changes in the company's ownership interests in subsidiaries that do not result in the company losing control over the subsidiaries are accounted for as equity transactions.

(IX) Real estate properties, plants and equipment

1. Recognition and measurement

An item of real estate property, plant and equipment is carried at its cost (including capitalized borrowing costs) less any accumulated depreciation and any accumulated impairment losses.

When the material components of real estate property, plant and equipment have different useful lives, it should be treated as a separate item (material component) of real estate property, plant and equipment.

The gains or losses on disposal of real estate property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company.

3. Depreciation

The depreciation expense equals the cost of the asset less the residual value, and through the straight line method, it is recognized in profit or loss over the expected useful life of each component.

Land is not depreciated.

The estimated useful lives of current period and the comparative period:

(1) Buildings and constructions	5~50 years
(2) Machinery Equipment	3~10 years
(3) Other Equipment	2~10 years

The Company reviews the depreciation method, useful lives, and residual values, and makes proper adjustments as necessary at each reporting date.

(X) Leases

The Company assesses whether the arrangement is or includes a lease arrangement upon the inception of the contract. If a contract transfer conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is or includes a lease.

1. Lessee

The Company initially recognizes a right-of-use asset and a lease liability at the commencement day of the lease. The right-of-use asset is initially measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, the initial direct costs incurred, and an estimate of costs to be incurred by dismantling and removing the underlying asset and restoring the location where the asset resides or the underlying asset less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss identified, and if the lease liability is remeasured, the right-of-use asset is adjusted accordingly.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement day of the lease. If the implied interest rate of the lease is easily determined, the lease payments are discounted to present value using that interest rate. If such interest rate is not easily determined, they are discounted to present value using the incremental borrowing rate. In general, the Company adopts its incremental borrowing rate as the discount rate.

The lease payments included in the lease liabilities are:

(1) fixed payments, including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, and are initially measured at the index or rate at the commencement date of the lease;

(3) the amount expected to be payable under a residual value guarantee; and

(4) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease.

The lease liabilities are subsequently measured at amortized cost using effective interest method, and are remeasured in the following situations:

(1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

(2) there is a change in the amounts expected to be payable under a residual value guarantee;

(3) there is a change in the assessment of an option to purchase the underlying asset;

(4) there is a change in the estimate of the options to extend or terminate result in the estimate of the lease term is modified; or

(5) there is a modification in the object, scope, or other terms of a lease.

When the lease liabilities are remeasured because of the above change in an index or a rate used to determine those payments, in the amounts expected to be payable under a residual value guarantee, or in the estimate of the options to extend or terminate, the carrying amount of the right-of-use assets should be adjusted relatively, and if the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement is recognized in profit or loss.

For modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, and the difference from the remeasurement amount of the lease liabilities is recognized in profit or loss.

The Company expressed the right-of-use assets and lease liabilities which do not meet the definition of the investment property as a single-line item in the balance sheet.

For short-term leases and office machine rentals, the Company chose not to recognize the right-of-use assets and lease liabilities. It recognized the relevant lease payments as an expense over the lease term on a straight-line basis.

Starting from January 1, 2021, when changing the basis for determining future lease payments as required by IBOR reform, the Company adopted an amended discount rate that reflects another benchmark interest rate, the Company discounted the amended lease payment to remeasure lease liabilities.

2. Lessor

When acting as a lessor in a transaction, the Company classifies the lease contract based on whether substantially all the risks and rewards incidental to ownership of the underlying asset have been transferred under the lease contract. If that is the case, the lease contract is classified as a finance lease, otherwise it is classified as an operating lease. In the assessment, the Company considers relevant specific indicators such as whether the lease term is for the major part of the remaining economic life of the underlying asset.

(XI) Intangible Assets

1. Recognition and measurement

Other intangible assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent Expenditure

Subsequent expenditures can only be capitalized when generating probable future economic benefits.

3. Amortization

Amortization is calculated by deducting the estimated residual value from the cost of the asset's cost. The intangible asset is recognized as profit or loss within its estimated service life using the straight-line method since the intangible asset reaches the recognized state of use.

The estimated useful lives of current period and the comparative period:

Computer Software 3~5 years

The Company reviews the residual values, useful lives, and amortization method to intangible assets and makes proper adjustments as necessary at each reporting date.

(XII) Impairment of non-financial assets

The Company assesses at each reporting date whether there are any signs indicating that impairment losses may have occurred in the carrying amount of non-financial assets (except for inventories and deferred tax assets). If any such indication exists, the recoverable amount of the asset is assessed.

For impairment test purposes, a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets represents the smallest identifiable group of assets.

The recoverable amount is the fair value of the individual asset or cash-generating unit minus the cost of disposal and its value in use depends on which is higher. When measuring the value in use, the estimated future cash flows are converted to the present value at the discount rate before tax and should reflect the current market measure to the time value of money and the specific risks of the assets or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower the book value, and impairment loss shall be recognized.

The impairment loss is recognized immediately in profit or loss for the current period. Except for the goodwill, non-financial assets measured at cost investments other than the impairment loss recognized in prior periods may no longer exist or decrease when the carrying amount (deducting the depreciation or amortization) of the asset shall reverse rotation amount.

(XIII) Revenue Recognition

Revenue from Contracts with Customers

Revenue is measured at the expected proceeds collection right from goods or services transferred. The Company recognizes revenue when goods or services transferred to customers to meet the contract obligations.

The Company manufactures medical supplies and sells to the markets. The Company recognizes revenue when control rights of goods are transferred. When control rights of goods have been delivered to customers it means the customers own all rights to decide product sales channels and prices and there are no un-executed obligation impacts on customers' willingness to accept the products. Delivered means the products have been shipped to specific locations and the obsolete and loss risks are transferred to customers and customers have accepted products per sales contracts, the acceptance term has expired, or the Company has deemed all acceptance has been met with objective evidence.

The Company recognizes accounts receivable when goods are delivered because it owns unconditional rights to collect the proceeds at that point.

(XIV) Employee benefit

1. Defined contribution plans

For defined contribution retirement benefit plans, payments to the benefit plan are recognized in profit and loss when the employees have rendered service entitling them to the benefits.

2. Defined benefit plan

All other retirement plans besides the defined contribution plans are defined benefit plans. Net obligation of the Company under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive for their services in current period or prior periods. And less the fair value of any plan assets. The rate used to discount is determined by using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability of the Company on the reporting date.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result is in the Company's favor, the assets recognition only includes the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Any minimum funding requirements are considered for present value calculations of economic benefits. If the benefit can be realized during the plan implementation period or at the time when the liabilities of the plan are settled, it is beneficial to the Company.

Remeasurements of the net defined benefit liabilities include (1) Actuarial gains and losses; (2) returns on plan assets (no interests included); and (3) Any change in the effect of the asset ceiling, but excluding interests. The remeasurements of defined benefit liabilities are recognized under other comprehensive income.

The Company shall recognize the remeasurement of the defined benefit plan under other comprehensive income and accumulate the retained earnings. The Company decided that net interest expense (revenue) on the net defined benefit liabilities (assets) is calculated by the net defined benefit liabilities (assets) and the discount rate determined at the start of the reporting period. Net interest expense on the net defined benefit plan and other expenses are recognized in profit or loss.

When the plan is modified or reduced, the benefit changes related to the past service costs or reduced benefits or losses are immediately recognized in profit or loss. When the Company repays the debts, the gains or losses due to settlements of defined benefit plan are recognized.

3. Short term employee benefits

Short term employee benefits obligation is measured at an undiscounted basis and recognized as expenses as related services provided.

(XV) Income Taxes

The income tax for the period comprises current and deferred tax. Current and deferred income taxes shall be recognized as profit or loss or recognized directly under the equity and other comprehensive income.

Current income tax includes expected tax payable or tax refundable calculated based on the taxable income and the adjustments to tax payable or income tax refund receivable from prior years. The amount thereof refers to the best estimate of the amount expected to be paid or received measured by the statutory tax rates or tax rate that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognized for the temporary differences arising between the book value for the purpose of reporting assets and liabilities as well as the tax bases of these assets and liabilities on the reporting date. However, the temporary difference resulting from the following conditions are not recognized as deferred income tax:

1. From an asset or liability originally recognized in a transaction other than a business combination and at the time of the transaction it would not affect either accounting or taxable profit (loss);
2. The Company is able to control the timing of the reversal of the temporary difference arising from investments in subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rate at the reversal of the temporary difference using the statutory tax rate or substantive legislative rate as a basis.

Deferred income tax assets and liabilities of the Company are offset only when all the following conditions are met:

1. When the entity has the legally enforceable right to offset current tax assets against current

tax liabilities, and

2. Deferred income tax assets and deferred income tax liabilities are levied by the same taxation authority are of;
   (1) The same taxpaying entity; or
   (2) Different entities, however each entity intends to settle, for the expected recovery of all significant deferred income tax assets and the expected settlement of the deferred income tax liabilities in every future period, at a net basis the current tax liabilities or assets or realize the assets and settle the liabilities simultaneously.

To the extent they may be used to offset future taxable income, the unused tax losses and credits carried to subsequent periods as well the deductible temporary differences are recognized as deferred income tax assets. And they should be reassessed at each reporting date, reduced within the extent of the relevant income tax benefits more likely than not to be realizable, or reversal the reduced amount within the extent of them very likely turning into sufficient taxable income.

(XVI) Earnings per share

The Company lists the basic and diluted EPS attributed to the common stock equity holder of the Company. The basic EPS of the Company is calculated by dividing the profit and loss attributed to the common stock equity holder of the company by the weight average outstanding common shares of the current period. The diluted EPS is calculated by dividing the profit and loss attributed to the common stock equity holder of the Company by the weight average outstanding common shares adjusted with potential effects on diluting these common shares.

(XVII) Segment Information

The Company discloses segment information in the consolidated financial statements. Therefore, the parent company only financial statements do not disclose segment information.

V. Significant accounting judgments, estimations, assumptions and sources of estimation uncertainty

The preparation of the parent company only financial statements shall be in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the management is required to make judgments, estimates and assumptions that will affect application of the accounting policies and the amount reported on assets, liabilities, revenues and expenses. Actual results may differ from the estimates.

The management continues to review and estimate the underlying assumption, changes of accounting estimate are recognized in the year the change occurs or in the future period that will be impacted by the change.

The following assumptions and estimates are subject to significant risks of material adjustments to the carrying amounts of assets and liabilities in the next financial year and have reflected the impact of the Covid-19 outbreak. The relevant details are as follows:

(I) Valuation of inventory

As inventory is measured at the lower of cost or net realizable value, on the reporting date the Company assesses the loss of inventory due to normal wear and tear, obsolesce or of no market value, and has the corresponding costs of inventory offset with the net realized value. Inventory valuation is based primarily on an estimate of the need of a product in a specific period in the future. There might be significant changes due to changes of products.

(II) Impairment assessment for investments accounted for using the equity method

The valuation of investments accounted for using the equity method relies on subjective judgment of the Company, including recognition of the cash generating units and the recoverable amount of the relevant cash generating units.

VI. Details of significant accounting items

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	$ 798	889
Checks and demand deposits	63,450	89,389
Cash and cash equivalents listed on the cash flow statement	**$ 64,248**	**90,278**

For disclosure of interest risk and sensitivity analysis of the financial assets and liabilities of the Company please refer to note 6 (16)

As of December 31, 2023 and 2022, the cash and cash equivalent of the Company were not provided as loan guarantee or litigation collateral to a financial institute or court.

(II) Notes Receivable and Accounts Receivable

	2023.12.31	2022.12.31
Notes Receivable	$ 10,526	14,498
Accounts Receivable	161,112	125,663
Account Receivable - Related Party	197,387	233,745
Less: Loss Allowance	(1,754)	(2,148)
	$ 367,271	**371,758**

The Company adopted the simplified method to estimate credit loss of all notes and accounts receivable, e.g. adopting the lifetime expected credit loss measurement method. For measurement purposes, the notes and accounts receivable are classified per the common credit risk characteristic of customers' ability to pay the total amount due under contract terms and included as prospective information. The company expected credit loss analysis of notes and accounts receivable as of December 31, 2023 and 2022 are as below:

	2023.12.31		
	Carrying Amount of Accounts Receivable	**Weighted Average Expected Credit Loss Rate**	**Loss Allowance Lifetime Expected Credit Loss**
Not Overdue	$ 365,008	0.34%	1,245
Overdue Less Than 60 Days	3,388	8.32%	282
Over 61-90 Days	22	22.73%	5
Over 91-180 Days	588	36.22%	213
Over 181-365 Days	19	47.37%	9
	$ 369,025		1,754

	2022.12.31		
	Carrying Amount of Accounts Receivable	**Weighted Average Expected Credit Loss Rate**	**Loss Allowance Lifetime Expected Credit Loss**
Not Overdue	$ 367,273	0.36%	1,340
Overdue Less Than 60 Days	6,537	11.44%	748
Over 61-90 Days	49	42.86%	21
Over 91-180 Days	21	61.9%	13
Over 181-365 Days	26	100%	26
	$ 373,906		2,148

The Company changes to the statement of loss allowance for notes and accounts receivable are as below:

	2023	2022
Beginning balance	$ 2,148	2,267
Gain on reversal of impairment loss	(394)	(119)
Ending balance	$ 1,754	2,148

As of December 31, 2023 and 2022, no notes receivable and accounts receivable of the Company pledged as collateral.

(III) Other Receivable and Overdue Receivable

	2023.12.31	2022.12.31
Other Receivable	$ 3,482	4,226
Other Receivable - Related Party	21,832	22,449
Overdue Receivable	-	16,563
Less: Loss Allowance	-	(16,563)
	$ 25,314	26,675

The Company changes to the statement of loss allowance for other receivable and overdue receivable are as below:

	2023	2022
Beginning balance	$ 16,563	16,563
Amount Written off due to amount not recovered	(16,563)	-
Ending balance	$ -	16,563

Please refer to Note 6 (16) for information on other credit risks

(IV) Inventories

	2023.12.31	2022.12.31
Finished goods	$ 119	14,731
Work in Process	18,785	46,198
Raw Materials	33,855	71,645
Products	176	5,324
Inventories in transit	-	77
	$ 52,935	137,975

Details of the inventory related expenses loss under operating costs recognized in 2023 and 2022 are as follows:

	2023	2022
Costs of sales	$ 693,653	839,742
Loss on inventory scrap	5,905	1,458
Loss on market value decline of inventory	16,270	7,831
Inventory adjustment credits	(104)	(361)
Income from scrap and wastes	(61)	(26)
Total Operating Costs	$ 715,663	848,644

As of December 31, 2023 and 2022, no inventory of the Company pledged as collateral.

(V) Investment accounted for using the equity method

The investments of the Company accounted for using the equity method at the reporting date are as follows:

	2023.12.31	2022.12.31
Subsidiary	$ 1,783,490	1,673,571
Affiliated companies	2,877	-
Total	$ 1,786,367	1,673,571

1. For information on the subsidiaries, please refer to the 2023 consolidated financial statements.
2. The consolidated company acquired 49% equity of Wellell Japan on July 3, 2023 for JPY 14,700 thousand. Losses on investments in affiliated companies accounted for using equity method recognized in 2023 was NT$323 thousand.
3. As of December 31, 2023 and 2022, no investments accounted for using the equity method of the Company were pledged as collateral.

(VI) Property, plants and equipment

Details of the changes in costs and accumulated depreciation of the Company's property, plant and equipment for 2023 and 2022 are as follows:

	Land	Buildings and constructions	Machinery Equipment	Other equipment	Total
Cost:					
Balance as of January 1, 2023	$ 254,863	182,029	20,178	26,402	483,472
Addition	-	5,188	613	9,626	15,427
Disposal	-	(2,053)	(339)	(9,348)	(11,740)
Reclassification	-	3,372	552	(6,907)	(2,983)
Balance as of December 31, 2023	$ 254,863	188,536	21,004	19,773	484,176
Balance as of January 1, 2022	$ 254,863	183,100	17,238	33,647	488,848
Addition	-	5,185	3,710	11,921	20,816
Disposal	-	(6,506)	(1,925)	(17,761)	(26,192)
Reclassification	-	250	1,155	(1,405)	-
Balance as of December 31, 2022	$ 254,863	182,029	20,178	26,402	483,472
Accumulated Depreciation:					
Balance as of January 1, 2023	$ -	71,773	10,245	10,330	92,348
Depreciation in current period	-	10,276	2,938	5,798	19,012
Disposal	-	(2,053)	(339)	(9,348)	(11,740)
Balance as of December 31, 2023	$ -	79,996	12,844	6,780	99,620
Balance as of January 1, 2022	$ -	68,298	9,644	17,302	95,244
Depreciation in current period	-	9,981	2,526	10,789	23,296
Disposal	-	(6,506)	(1,925)	(17,761)	(26,192)
Balance as of December 31, 2022	$ -	71,773	10,245	10,330	92,348
Carrying Value:					
December 31, 2023	$ 254,863	108,540	8,160	12,993	384,556
December 31, 2022	$ 254,863	110,256	9,933	16,072	391,124

1. The amounts in 2023 that were reclassified and transferred out to intangible assets and expenses were NTD 2,334 thousand and NTD 649 thousand, respectively.
2. For details of financing guarantees as of December 31, 2023 and 2022, please refer to Note 8.

(VII) Intangible Assets

Detail of costs and accumulated amortization of the intangible assets of the Company for 2023 and 2022 are as follows:

		Computer Software
Cost:		
Balance as of January 1, 2023	$	9,201
Obtained individually		2,103
Disposal		(4,157)
Reclassified to		2,334
Balance as of December 31, 2023	**$**	**9,481**
Balance as of January 1, 2022	$	8,853
Obtained individually		348
Balance as of December 31, 2022	**$**	**9,201**
Accumulated Amortization:		
Balance as of January 1, 2023	$	6,332
Amortization in current period		1,560
Disposal		(4,157)
Balance as of December 31, 2023	**$**	**3,735**
Balance as of January 1, 2022	$	4,672
Amortization in current period		1,660
Balance as of December 31, 2022	**$**	**6,332**
Carrying Value:		
Balance as of December 31, 2023	**$**	**5,746**
Balance as of December 31, 2022	**$**	**2,869**

(VIII) Short-term borrowings

The detail of short-term borrowings of the Company is as follows:

		2023.12.31	2022.12.31
Unsecured bank borrowings	$	148,322	253,644
Secured bank borrowings		40,377	34,650
Total	**$**	**188,699**	**288,294**
Unused credit term	**$**	**874,851**	**766,806**
Interest rate range		**1.83%~6.67%**	**1.3%~5.59%**

For detail on property, plant and equipment used by the Company as mortgage to guarantee borrowing from the bank or as the funding credit to the bank please refer to Note 8.

(IX) Employee benefits

1. Defined benefit plan

Reconciliation of the present value of the defined benefit obligations plan and the fair value of the plan assets of the Company is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 23,658	27,273
Fair value of the plan assets	(22,920)	(26,230)
Net defined benefit liability	**$ 738**	**1,043**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitles a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension fund contributed in accordance with the Labor Standards Act is controlled and managed by the Bureau of Labor Funds of the Ministry of Labor (referred to as “Bureau of Labor Funds”). In accordance with the “Regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund”, with respect to the utilization of funds, the minimum yield distributed at year closing shall not be lower than earnings calculated on the two-year time deposits with interest rates compatible with those of local banks.

As of the reporting date, the Bank of Taiwan labor pension reserve account balance of the Company amounted to NT$22,920 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds.

(2) Movements in present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations of the Company for 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligations on January 1	$	27,273	32,820
Current service costs and interests		422	295
Remeasurement of net defined benefit liability			
- Actuarial gain due to adjustment on experiences		(348)	(124)
- Actuarial loss due to changes of financial assumption		228	(2,096)
Income (Loss) of past service cost and settlement		(1,718)	(3,622)
Payment of planned assets		(2,199)	-
Defined benefit obligations on December 31	$	23,658	27,273

(3) Movement in fair value of plan assets

The changes in fair value of the defined benefit plan assets of the Company of 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets as of January 1	$	26,230	27,459
Interest Income		361	139
Remeasurement of net defined benefit liability			
- Returns on plan assets (no current interests included)		184	2,250
Payment of planned benefits		(2,199)	-
Income (Loss) of past service cost and settlement		(1,656)	(3,618)
Fair value of the plan assets as of December 31	$	22,920	26,230

(4) Expenses recognized in profit or loss

Detail of expenses of the Company of 2023 and 2022 are as follows:

		2023	2022
Service costs in current period	$	47	131
Net interests of the net defined benefit liability		14	25
Income (Loss) of past service cost and settlement		(62)	-
	$	(1)	156
General and Administrative Expenses	$	(1)	156

(5) Remeasurement of net defined benefit liability recognized as other comprehensive income

Remeasurement of the net defined benefit liability accumulated recognized as other comprehensive income by the Company is as follows:

	2023	2022
Accumulated Balance, January 1	$ (568)	(5,038)
Recognized in current period	304	4,470
Accumulated Balance, December 31	**$ (264)**	**(568)**

(6) Actuarial assumptions

Significant actuarial assumptions adopted by the Company to determine present value of defined benefit obligation as of the reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.375%
Future salary rate increase	2.250%	2.250%

The weighted average duration of the defined benefit plan is 6.84 years.

(7) Sensitivity analysis

As of December 31, 2023 and December 31, 2022 the impact due to change on major actuarial assumption of the defined benefit obligation is as follows:

	The impact of the defined benefit obligations	
	Amount increased	**Amount decreased**
December 31, 2023		
Discount rate (0.25% changed)	$ (400)	412
Increase in the future salary level (0.25% changed)	401	(391)
December 31, 2022		
Discount rate (0.25% changed)	(493)	510
Increase in the future salary level (0.25% changed)	497	(483)

The above sensitivity analysis is to analyze the impact brought by change of one single assumption, with other assumptions remaining unchanged. In reality, many assumptions are correlated. The approach adopted by the sensitivity analysis is the same as the approach to calculate net defined benefit liability as of the balance sheet.

The sensitivity analysis adopted this current period is the same as that used in the previous period.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company pension fund expenses under the defined contribution method are NT$10,575 thousand and NT$10,248 thousand for the year of 2023 and 2022, respectively.

(X) Income Taxes

1. Income tax expense

Detail of the income tax expenses of the Company for 2023 and 2022 are as follows:

		2023	2022
Tax expenses in current period			
Incurred in current Period	$	18,600	16,735
Income tax in current period due to adjustments from prior periods		(1,272)	-
Expense of deferred income tax (benefit)			
Origination and reversal of temporary difference		3,359	(1,876)
Income tax expenses	$	20,687	14,859

Detail of income tax expense recognized by the Company under other comprehensive income for 2023 and 2022 are as follows:

		2023	2022
Remeasurement of defined benefit plan	$	61	894

Reconciliation of income tax expenses and profit before tax by the Company for 2023 and 2022 are as follows:

		2023	2022
Profit before Tax	$	172,859	176,263
Income tax expenses calculated with the statutory rate enforced in the country where the Company is located	$	34,572	35,253
Impact on tax rate difference of foreign jurisdiction		1,327	(588)
Tax imposed on undistributed earnings		3,136	-
Tax incentive		(4,650)	(4,184)
Other adjustments per tax laws		(12,426)	(15,622)
Estimated Income tax Difference		(1,272)	-
Total	$	20,687	14,859

2. Deferred income tax assets and liabilities

(1) Unrecognized Deferred Income Tax Liabilities

The related temporary difference between the Company and its invested subsidiaries as of December 31, 2023 and 2022 is not recognized as the Company controls the time to reverse the temporary difference and believes the reversal will not take place in the foreseeable future. Therefore not recognized as deferred income tax liabilities. Relevant amount is as follows:

	2023.12.31	2022.12.31
Summary of the temporary difference between the company and its subsidiaries	$ 488,935	394,587
Amount yet to be recognized as deferred income tax liabilities	$ 97,787	78,917

(2) Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, the Company did not recognize any deferred income tax assets.

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2023 and 2022 are as follows:

Deferred income tax assets:

	Defined benefit plan	Unrealized goes margin from sales to affiliated companies	Unrealized loss for market price decline of inventory	Loss Allowance	Others	Total
January 1, 2023	$ 81	18,711	4,259	2,862	3,167	29,080
(Debit) / Credit income statement	1	(3,132)	3,254	(2,862)	(421)	(3,160)
(Debit) / Credit other comprehensive income	(61)	-	-	-	-	(61)
December 31, 2023	**$ 21**	**15,579**	**7,513**	**-**	**2,746**	**25,859**
January 1, 2022	$ 944	15,634	2,693	2,957	5,870	28,098
(Debit) / Credit income statement	31	3,077	1,566	(95)	(2,703)	1,876
(Debit) / Credit other comprehensive income	(894)	-	-	-	-	(894)
December 31, 2022	**$ 81**	**18,711**	**4,259**	**2,862**	**3,167**	**29,080**

Deferred income tax liability:

		Loss Allowance
January 1, 2023	$	-
(Debit) / Credit income statement		199
December 31, 2023	**$**	**199**

3. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities through 2021.

(XI) Capital and other equity

1. Issuance of common shares

As of December 31, 2023 and December 31, 2022, the authorized capital of the Company amounted to NT$ 1,500,000 thousand, with each share at NT$10 par value and 150,000 thousand shares authorized. The authorized shares mentioned above are all common shares. The outstanding shares are 100,912 thousand shares and the subscription amount for the shares was fully received.

2. Capital Reserve

The balance of the capital reserve of the Company is as follows:

		2023.12.31	2022.12.31
Additional paid-in capital in excess of par issued	$	335,111	335,111
Lapsed stock options		10,523	10,523
Consolidated additional paid in capital		1	1
	$	**345,635**	**345,635**

Pursuant to the Company Act, the company may transfer realized capital reserve to capital or distributes cash dividends to shareholders in proportion to their share ownership only after the capital reserve has been used to offset a deficit. Realized capital reserve includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve to be used to increase capital shall not exceed 10% of total paid-in capital.

3. Retained Earnings

Under the Articles of Incorporation of the company, the earnings, if any, shall be distributed after close of the year as follows:

(1) Pay for income taxes.

(2) Restore cumulative losses.

(3) Set aside 10% as a legal reserve, except if the statutory reserve has reached the amount as capital of the Company then it is not bound by this statue.

(4) Have the special reserve appropriated or revered in accordance with applicable laws

and regulations or competent authority.

(5) The Board of Directors should add the remainder with the accumulated undistributed earnings from previous years and submit a proposal to the shareholders' meeting for them to agree the distribution of earnings.

Dividend policy of the Company is as follows:

Dividend policy of the Company, set up by the Board of Directors, is to match with the development of business scale, investment plan while taking into account the capital expenditure and internal and external environmental changes of the Company. The Board of Directors initiated the earning distribution plan and submitted it to the shareholders' meeting for their resolution to distribute the earnings. Dividends may be distributed in the form of cash or shares, provided, however, that shares dividends distributed in respect of any fiscal year shall not exceed 50 percent of earnings distributed.

(1) Statutory reserves

While a company incurs no loss, pursuant to the resolution by the shareholders' meeting, it may have the statutory reserve distributed by new shares or cash, however, only with an amount exceeding 25 percent of its paid-in capital.

(2) Special reserves

When the Company first adopted IFRSs endorsed by the FSC, it chose to apply IFRS 1 "First time Adoption of International Financial Reporting Standards", and recorded the exempts items as accumulated translation adjustment (benefits) under shareholders' equity and have the retained earnings increased by NT$9,477 thousand. As the amount did not exceed NT$8,852 thousand the net increase of retained earnings as adopting the IFRSs endorsed by FSC on the conversion date, in accordance with the regulation by FSC, the Company is only required to appropriate special reserve on the net increase of retained earnings due to the conversion to IFRSs endorsed by FSC, and may reverse a percentage of the original appropriated special reserve for the distribution of earnings upon utilizing, deposing or reclassifying relevant assets. As of December 31, 2023 and 2022, the special reserves are both NT$252,634 thousand.

When the Company distributed distributable retained earnings, if there is any difference between the debits recorded under other shareholders' equity of the year and balance of the special reserve mentioned in the previous paragraph, additional special reserve should be appropriated from the profit or loss of this current period and the undistributed retained earnings of prior period; if they are debits of other shareholders' equity accumulated from prior periods, the special reserve appropriated additionally from the retained earnings of prior periods shall not be distributed. Later on when there is a reversal on debits of the other shareholders' equity, the amount reversed may be used for distributing earnings.

(3) Earnings Distribution

The Company's board of directors meeting on March 29, 2023, resolved the proposal of 2022 earnings distribution, and the shareholders' meeting resolved to distribute earnings of 2021 on June 20, 2022. The dividends distributed to the owners are as follows:

	2022		2021	
	Allotment rate (dollar)	**Amount**	**Allotment rate (dollar)**	**Amount**
Cash	$ 0.85	85,775	0.55	55,501

4. Other equity (net of tax)

	Financial statements translation differences of foreign operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
Balance as of January 1, 2023	$ (209,197)	9,058	(200,139)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	1,955	1,955
Share of translation difference of associates for using equity method	46,121	-	46,121
Balance as of December 31, 2023	$ (163,076)	11,013	(152,063)
Balance as of January 1, 2022	$ (258,393)	5,759	(252,634)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	3,299	3,299
Share of translation difference of associates for using equity method	49,196	-	49,196
Balance as of December 31, 2022	$ (209,197)	9,058	(200,139)

(XII) Earnings per share

In 2023 and 2022, relevant calculations of the basic EPS and diluted EPS of the Company are as follows:

1. Basic EPS

	2023	2022
(1) Net income attributable to common stock shareholders of the Company	$ 152,172	161,404

(2) Weighted average number of common shares outstanding

	2023	2022
Weighted average number of common stock shares outstanding	$ 100,912	100,912
Basic EPS (Dollars)	$ 1.51	1.60

2. Diluted EPS

	2023	2022
Net income attributable to common stock shareholders of the Company (Basic)	$ 152,172	161,404
Net income attributable to common stock shareholders of the Company (diluted)	$ 152,172	161,404
Weighted average number of common shares outstanding (basic)	100,912	100,912
Impact of remuneration to employees	661	624
Weighted average number of common shares outstanding(diluted) on December 31	101,573	101,536
Diluted EPS (Dollars)	$ 1.50	1.59

(XIII) Revenue from Contracts with Customers

1. Details of Revenue

	2023	2022
Major Market:		
Spain	$ 150,005	209,057
Taiwan	193,734	291,848
Japan	164,148	141,777
France	54,918	104,492
Italy	151,527	102,276
Other Country	377,236	413,496
	$ 1,091,568	1,262,946
Major Product:		
Support Surface Systems	$ 651,732	641,254
Respiratory Therapy Devices	264,831	373,133
Others	175,005	248,559
	$ 1,091,568	1,262,946

2. Contract Balance

	2023.12.31	2022.12.31	2022.1.1
Notes Receivable	$ 10,526	14,498	17,417
Accounts Receivable (including related parties)	358,499	359,408	292,363
Less: Loss Allowance	(1,754)	(2,148)	(2,267)
Total	$ 367,271	371,758	307,513

Please Refer to Note 6 (2) for Accounts Receivable and its' Impairment.

(XIV) Remuneration to employees and directors

According the Article of Incorporation of the Company as approved by the board of directors, if the Company has profits, it shall appropriate 5% ~ 15% as remuneration to employees and not more than 2% as remuneration to the Directors. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements.

the Company estimated the remuneration to employees were NT$15,425 thousand and NT$15,634 thousand in 2023 and 2022, respectively, and the remuneration to directors were NT$3,486 thousand and NT$3,518 thousand in 2023 and 2022, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses of 2023 and 2022. For relevant information, please log on to MOPS hosted by TWSE for inquiry. The distribution of the above remuneration to employees and directors for 2023 and 2022 adopted by a resolution of the Board of Directors has no difference from those estimated in the Company's Parent Company Only Financial Statements for 2023 and 2022.

(XV) Non-operating income and expenses

1. Interest Income

Details of interest income of the Company as follows:

	2023	2022
Bank deposits interest	$ 437	136
other interest Income	2,780	432
Interest Income	$ 3,217	568

2. Other Income

Details of other income of the Company as follows:

	2023	2022
Rental income	$ 2,219	11
Dividend Income	-	161
Other Income	$ 2,219	172

3. Other Profits and Losses

Details of other profits and losses of the Company, as follows:

		2023	2022
Foreign exchange (loss) gain		5,107	(3,812)
Others		59,988	28,482
Net of Other Gains and Losses	$	65,095	24,670

4. Financial Costs

Details of financial costs of the Company as follows:

		2023	2022
Lease liabilities interest amortization	$	(14)	(29)
Interest on bank loans		(9,509)	(5,660)
Financial Costs, net	$	(9,523)	(5,689)

(XVI) Financial Instruments

1. Credit risk

(1) Credit Risk Exposure

The carrying amount of financial assets and contract assets represents the maximum credit risk exposure.

(2) Concentration of credit risk

As the Company has a broad customer base and does not concentrate its sales with a single customer and its sales territory spreads out, the concentration credit risk on accounts receivable is of little concern. The Company adopts a policy to deal only with parties with outstanding reputation. It also periodically evaluates the financial performance of its customers, and if necessary, requests collateral as security to mitigate the risk of financial loss due to default payment. Please refer to Note 6 (2) for information on credit risk exposure of notes receivable and accounts receivable; Other financial assets at amortized cost (including other receivables and time deposits) are financial assets with low credit risk, therefore, the allowance for losses is measured at the expected credit loss amount for the 12-month period. Please refer to Note 4 (6) for the explanation of how to determine the credit risk of the Consolidated Company.

2. Liquidity risk

The table below summarizes maturity dates of the company's financial liabilities. It includes estimated interests but excludes impact of netting agreement.

	Carrying Amount	Cash flow from the agreement	Within 6 months	Within 6 ~ 12 months	1~2 years	2~5 years	Over 5 years
December 31, 2023							
Non derivative financial liabilities							
Non -interest bearing liability	$ 178,170	(178,170)	(178,170)	-	-	-	-
Lease liabilities	305	(438)	(263)	(175)	-	-	-
Instrument with floating interests	90,825	(92,455)	(92,455)	-	-	-	-
Instrument with fixed interests	97,874	(98,600)	(98,600)	-	-	-	-
	$ 367,174	**(369,663)**	**(369,488)**	**(175)**	**-**	**-**	**-**
December 31, 2022							
Non derivative financial liabilities							
Non -interest bearing liability	$ 216,162	(216,162)	(216,162)	-	-	-	-
Lease liabilities	2,533	(2,545)	(1,010)	(794)	(741)	-	-
Instrument with floating interests	288,294	(288,294)	(288,294)	-	-	-	-
	$ 506,989	**(507,001)**	**(505,466)**	**(794)**	**(741)**	**-**	**-**

The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

3. Foreign exchange risk

(1) Risk Exposure of Exchange Rate Risk

Financial assets and liabilities of the Company that are exposed to significant foreign currency exchange rate risk are as follows:

	2023.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary item			
USD	$ 1,475	30.7050	45,290
Euro	3,989	33.9800	135,546
GBP	55	39.1500	2,153
RMB	591	4.3270	2,557
Financial liability			
Monetary item			
USD	683	30.7050	20,972
Euro	2,880	33.9800	97,862
GBP	352	39.1500	13,781

	2022.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary item			
USD	$ 2,406	30.7100	73,888
Euro	8,105	32.7200	265,196
GBP	890	37.0900	33,010
RMB	1,799	4.4080	7,930
Financial liability			
Monetary item			
USD	1,487	30.7100	45,666
Euro	5,338	32.7200	174,659
GBP	618	37.0900	22,922
RMB	2,446	4.4080	10,782

(2) Sensitivity analysis

The Company's exchange rate risk is mainly from cash and cash equivalents, accounts receivable and other receivables, short-term borrowings, accounts payable and other payables denominated in foreign currency and the foreign exchange gain or loss upon translation to NTD. On December 31, 2023 and 2022, when NTD depreciated or appreciated against USD, Euro, GBP and RMB by 2% and on the condition that all other factors remained the same, the net income before tax in 2023 and 2022 of the Consolidated Company would increase or decrease by NT$1,059 thousand and NT$2,520 thousand, respectively. Analyses of these two periods adopted the same basis.

(3) Exchange gains and losses from the translation of monetary items

Since the Company has a wide variety of functional currencies, it adopts the aggregated exposures of the exchange gains and losses information of the monetary items. The gains (losses) on foreign currency exchange (including realized and unrealized) in 2023 and 2022 were NT$5,107 thousand and NT$(3,812) thousand, respectively.

4. Interest rate analysis

Interest risk exposure of the financial assets and liabilities of the Company is explained in the Note of risk of liquidity management.

The following sensitivity analysis is determined in accordance with the interest risk exposure of the derivative and non-derivative instruments on the reporting date. For floating interest rate liabilities, the analysis is made by assuming the liability amounts on the reporting date are outstanding for the whole year. Staff of the Company reported to key management personnel that the interest rates they reported are with changes of an increase 2% or a decrease of 2%, and this represents a reasonable range of change, as estimated by the management.

If the interest rate increased or decreased by 2%, on the condition that all other factors remained the same, the Company's net income before tax for 2023 and 2022 would decrease or increase by NT$1,817 thousand and NT$5,766 thousand respectively. This is because the loan borrowed by the Company is with a floating interest rate.

5. Other price risks

If the price of equity securities changes on the reporting date (the analysis of two conservative periods adopts the same basis and assume the other factors remain unchanged), the impact on the comprehensive income and loss is as follows:

	2023		2022	
Security price of the reporting date	**Amount of other comprehensive income after tax**	**Income (Loss) after tax**	**Amount of other comprehensive income after tax**	**Income (Loss) after tax**
Increased by 1%	$ 211	-	192	-
Decreased by 1%	$ (211)	-	(192)	-

6. Information on fair value

(1) Category and fair value of the financial instruments

The Company through the financial assets measured at fair value and Financial Assets Measured at fair value through other comprehensive income (available-for-sale financial assets) as measured at fair value on a recurring basis. All kinds of carrying value and fair value of financial assets and liabilities (Including information on the level of fair value, financial instruments not measured by fair value but with carrying value reasonably approximates to the fair value, as well as the rental liability, so no fair value information is required to be disclosed in accordance of rules) are listed as follows:

	2023.12.31				
		Fair Value			
	Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	$ 21,120	-	-	21,120	21,120
Financial assets measured with amortized cost					
Cash and cash equivalents	64,248	-	-	-	-
Notes receivable and accounts receivable (including related parties)	367,271	-	-	-	-
Other Receivables (including related parties)	25,314	-	-	-	-
Sub total	456,833	-	-	-	-
Total	$ 477,953	-	-	21,120	21,120
Short-Term borrowings	$ 188,699	-	-	-	-
Notes payable and accounts payable (including related parties)	61,944	-	-	-	-
Other Payables (including related parties)	116,226	-	-	-	-
Lease liabilities	305	-	-	-	-
Total	$ 367,174	-	-	-	-

	2022.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	$ 19,165	-	-	19,165	19,165
Financial assets measured with amortized cost					
Cash and cash equivalents	90,278	-	-	-	-
Notes receivable and accounts receivable (including related parties)	371,758	-	-	-	-
Other Receivables (including related parties)	26,675	-	-	-	-
Total	$ 507,876	-	-	19,165	19,165
Short-Term borrowings	$ 288,294	-	-	-	-
Notes payable and accounts payable (including related parties)	91,941	-	-	-	-
Other Payables (including related parties)	124,221	-	-	-	-
Lease liabilities	2,533	-	-	-	-
Total	$ 506,989	-	-	-	-

(2) Knowhow to measure fair value of financial instruments that are not measured with fair value.

The methodology and assumptions the Company uses to estimate the financial instruments not measured at fair value are as follows:

Financial liabilities measured with amortized cost

If there is a closing report or quotation to make the deal available, the price for the transaction just closed recently and the quotation price can be used as a basis to estimate the fair value. If there is no market price for reference, the valuation method shall be used for the estimate. The estimate and assumption used for valuation is the fair value estimated by present value of cash flow.

(3) Know how to evaluate the fair value for financial instruments measured at fair value.

If quoted prices in active markets are available, they are used as fair value. The market price announced by major exchanges and the OTC trading centers for central government bonds, which are judged to be popular, are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

A financial instrument has active market quotations if public quotations are available from exchanges, brokers, underwriters, industry associations, pricing service agencies, or competent authorities in a timely and regular manner and the prices represent actual and regular arm's-length market transactions. If the above criteria are not met, the market is not considered active. In general, a very wide bid-ask spread, a significant increase in the bid-ask spread, or low trading volume are all indicators of an inactive market.

For financial instruments held by the Company, if quoted prices in active market are available, their fair values are listed in accordance with categories they belong to and their natures as follows:

The fair values of listed redeemable bonds, listed stocks, bills of exchange and corporate bonds, which are financial assets and financial liabilities with standard terms and conditions and traded in an active market, are determined by reference to quoted market prices.

Except for the above-mentioned financial instruments with an active market, the fair values of other financial instruments are obtained by using valuation techniques or by referring to quoted prices from counterparties. Fair value obtained through the valuation techniques may be referenced to the current available fair value, discount cash flow method or valuation techniques of other financial instruments of similar natures and features, including value obtained through market information calculation model on the balance sheet.

The fair values of financial instruments held by the Company that do not have an active market are presented below by category and attribute:

- Equity instruments without quoted market prices: The fair values are estimated using market comparable company method, and the main assumptions are based on the estimated earnings before tax, interest, depreciation and amortization of the investees and the earnings multipliers derived from the quoted market prices of comparable listed companies. The estimates are adjusted for the discount effect of the lack of marketability on the equity securities.

(4) Transfer between Level 1 and Level 2

There were no transfers in 2023 and 2022.

(5) Quantitative Information of Fair Value Measurement for the Significant Unobservable Inputs (the third level)

The Company fair value measurement classified as the third level is financial assets measured at fair value through other comprehensive income – equity security investment.

The Company's investments in equity instruments with no active market have plural material unobservable input values. The significant unobservable inputs of equity instrument investments without an active market are independent from each other, so no interrelationship exists.

The quantitative information of the significant unobservable inputs is listed as below:

Item	Technique Valuation	Significant Unobservable Inputs	Relationship Between Significant Unobservable Input and Fair Value
Financial Assets Measured at Fair Value Through Other Comprehensive Income - Equity Instrument Investment Without an Active Market	Analogy Listed and Over-the-counter Company Law	·Discount for lack of marketability (25% as of 2023.12.31 and 2022.12.31)	• The higher the discount for lack of marketability is, the lower the fair value is.

(XVII) Financial risk management

1. General description

The Company is exposed to the following risks due to use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market Risk

The Note presents the risk exposure information of the above risks, the goal, policy, and program as how the Company would measure and manage these risks. For further qualitative disclosure of this information please refer to relevant notes to the parent company only financial statements.

2. Framework of the risk management

The financial management department of the Company provides services to all business units. It organizes and coordinates to operate in the domestic and international financial market, as well as to monitor and manage the financial risks of the operation of the company by analyzing the risk exposure by the risk level and the breath of the risks. The Company avoids risk exposure through derivative financial instruments, in order to mitigate the impact of the risks. The application of derivative financial instruments is confined by the policy approved by the Board of Directors. The policy is the written principles for the foreign exchange risk, interest risk, credit risk, the application of derivative and non-derivative financial instruments, as well as the investment by the remaining liquid funds. The internal auditors continue to review compliance of the policy and the limit of the risk exposure.

3. Credit risk

Credit risk refers to the risk that the customers or counterparty default on the contractual obligations and result in financial loss to the Company; it is mainly from the receivables from customers and investment in securities.

(1) Accounts receivable and other Receivables

The Company adopts a policy of dealing only with counterparties with an outstanding reputation, and to secure collateral, if necessary, to mitigate the risk of financial loss due to default payment. The Company uses other public obtainable financial information and the historical transaction records with the major clients to perform a credit rating, and continue to monitor the credit risk exposures and the credit rating of the counterparties. The Company also allocated total transactions amounts to customers with satisfied credit ratings and had its risk management committee to review and approve credit ratings of the counterparties annually to control credit risk exposure.

The Company does not hold any collateral or other credit enhancing tools to avoid the credit risk of financial assets.

(2) Investment

Credit risk from bank deposits and other financial instruments is regularly monitored by the financial department of the Company. Considering the counterparties to the Company's transactions and performance of contracts are banks with good credit; and financial institutions, corporate organizations, and government agencies with a certain level of credit ratings or above, on which there is no significant doubt about the performance of contracts; there is no significant credit risk.

(3) Guarantee

It is the Company's policy allow the Company to provide financial guarantees to companies with which the Company has business dealings and to companies in which the Company directly or indirectly holds more than 50% of the voting shares. Please refer to Note 7 (3) for the Company's endorsement and guarantee to its subsidiaries as of December 31, 2023 and 2022.

4. Liquidity risk

Liquidity risks refer to risks the Company may not render cash or other financial assets to settle financial liability and fulfill relevant obligation. The approach of the Company adopts to manage liquidity is to ensure the Company, in regular circumstances and under pressure, would have sufficient liquidity fund to pay for liability that is due, and not to suffer from unacceptable losses or risk that its reputation would be damaged.

The Company manages and maintains adequate cash and cash equivalents to fund the operation and to mitigate the impact on cash fluctuation. The management of the Company monitors the usage of bank credit terms to ensure the terms of the loan contract being complied accordingly. For the unused credit line of the Company as of December 31, 2023 and 2022, please refer to Note 6 (8) for details.

5. Market Risk

Market risk refers to the impact on revenues or values of the financial instruments held by the consolidated company due to fluctuation of the market prices, such as the changes in foreign exchange rate, interest rate and prices in equity instruments. The goal of market risk management is to control the market risk exposure to be within the bearable limits and to optimize the rate of investment.

In order to manage the market risk, the Company engages in the transaction of derivative instruments, if necessary, and thus incurred financial liability. The conductions of transactions are in compliance with the risk management policy.

(1) Foreign exchange risk

The Company is exposed to exchange rate risk resulting from the sales, purchase and borrowing transactions denominated in currencies other than functional currency. The Company's functional currency is primarily NTD. Major transactions are carried out in NTD, Euro, USD, GBP, and RMB.

For accounts receivable denominated in currencies other than functional currency held by the Company, the gains and losses incurred from fluctuation of exchange rate are offset by the exchange gains and losses of short term loans denominated in foreign currency. To lower the risk of the Company is exposed to due to exchange rate.

The Company constantly controls fluctuation of the exchange rate and uses conservative exchange rate as basis of quotation to carefully review fluctuation of the current and future exchange rate. It also employs the foreign forward exchange contract as hedging instruments to avoid consequences brought by fluctuation of the exchange rate.

Interest from the borrowing is denominated using that of the principal. Currencies from the cash flow are the same, mainly NTD, Euro, USD, and GBP.

The Company and subsidiaries do not adopt any approach to mitigate the risks on their investment.

(2) Interest rate risk

For risk exposure on interest rate of the borrowing, the Company would predict the trend of future interest rates to decide what proportion to be fixed rate to mitigate the risk.

The bank borrowings of the Company are all with floating interest rates. The fluctuation of interest rates within the expected borrowing period should be within the range acceptable by the company. Therefore, no measure has been adopted yet to proactively mitigate the risk.

(XVIII) Capital Management

The goal of capital management by the Company is to maintain the capability to continue operating a successful business, and to continue to provide rewards to the shareholders and benefits to the interested parties, and to maintain the best capital structure to lower costs of capital.

To maintain or adjust capital structure, the Company can adjust dividends paid to stockholders, shares returned to shareholders for capital deduction, new stock issuance, or assets sold to liability settlement.

As with its peers, the Company controls capital using debt /capital ratio as a basis. The ratio is calculated by net liability divided by total capital. Net liability is total liability less cash and cash equivalents listed on the balance sheet. Total capital is all equity components (e.g. capital, additional paid-in capital, retained earnings, and other equity) plus net liability.

	2023.12.31	2022.12.31
Total liability	$ 409,317	542,632
Less: cash and cash equivalent	(64,248)	(90,278)
Net liability	**$ 345,069**	**452,354**
Total equity	**$ 2,335,980**	**2,221,264**
Adjusted Capital	**$ 2,681,049**	**2,673,618**
Debt/capital ratio	**12.87%**	**16.92%**

VII. Related Party Transactions

(I) Parent Company and the ultimate controller

The Company is the ultimate controlling party of the Company and the Group to which it belongs.

(II) Names and relationships of related parties

The related parties who are involved in the transactions with the Company during the period covered by these parent company only financial statements are as follows:

Names of related parties	Relationship with the Company
Apex Medical S.L.	Subsidiary of the Company
Wellell America Corp.	〃 (Note 1)
Wellell (Thailand) Ltd.	〃 (Note 1)
Wellell France S.A.S.	〃 (Note 1)
Wellell UK Limited	〃 (Note 1)
Wellell Germany GmbH	〃 (Note 1)
Sturdy Industrial Co., Ltd	〃
Apex (Kunshan) Medical Corp.	〃

Names of related parties	Relationship with the Company
Apex Medical (Kunshan) Co., Ltd.	//
APEX MEDICAL CORP.	//
Wellell Taiwan Corp.	//
SLK Vertriebs GmbH	//
Studio88 Design Corp.	Its President and the Chairman of the Company are first-degree relatives
Wen Chuan Investment Development Co., Ltd	Its President is the spouse of the Chairman of the Company
Li, Chao Yi	The individual and the Chairman of the Company are first-degree relatives

Note 1: To follow the Group's branding strategies, Apex Medical USA Corp., Apex Medical (Thailand) Co., Ltd., Apex Medical Ltd., Apex Medical France and Apex Medical Investment GmbH changed their names to Wellell America Corp., Wellell (Thailand) Ltd., Wellell UK Limited, Wellell France S.A.S. and Wellell Germany GmbH in 2022.

(III) Significant transactions with the related parties

1. Revenue

The amount of major sales of the Company to related parties is as follows:

	2023	2022
Subsidiary - Apex Medical S.L.	$ 151,127	210,737
Subsidiary - Wellell Taiwan Corp.	58,038	-
Subsidiary - APEX MEDICAL CORP.	76,648	174,440
Subsidiary – Wellell France S.A.S.	55,906	104,042
Subsidiary	126,305	127,337
	$ 468,024	616,556

The selling prices of the Company's sales to related parties were better than those of sales to unrelated parties, except for some transactions which do not have comparable transactions with unrelated parties. The collection terms are 50% in advance of shipment and 30 to 180 days for the rest. The Company does not hold any collateral on the receivables with the related parties. After the evaluation, no provisions for impairment loss will be necessary.

2. Purchase

The amount of purchases made by the Company with the related parties is as follows:

	2023	2022
Subsidiary - Apex (Kunshan) Medical Corp.	$ 138,776	169,612
Subsidiary	1,731	2,120
	$ 140,507	171,732

The Company's purchase prices from its subsidiaries are not comparable to those from other vendors because the types of purchases are different. The payment terms are 15 to 60 days from the monthly cut-off day, which are not significantly different from those of other vendors.

3. Balance of accounts receivable from related parties

The details of the Company's accounts receivable from related parties:

Items listed in the account	Category of the related parties	2023.12.31	2022.12.31
Account Receivable - Related Party	Subsidiary - Apex Medical S.L.	$ 68,261	124,906
Account Receivable - Related Party	Subsidiary－Wellell France S.A.S.	15,449	53,258
Account Receivable - Related Party	Subsidiary－Wellell UK Limited	21,243	21,276
Account Receivable - Related Party	Subsidiary - Wellell Taiwan Corp.	60,898	-
Account Receivable - Related Party	Subsidiary	31,536	34,305
Other Receivable - Related Party	Subsidiary - APEX MEDICAL CORP.	17,651	19,690
Other Receivable - Related Party	Subsidiary - Wellell Taiwan Corp.	2,938	-
Other Receivable - Related Party	Subsidiary	1,243	2,759
		$ 219,219	256,194

4. Balance of accounts payable from related parties

The details of the Company's accounts payable from related parties:

Items listed in the account	Category of the related parties	2023.12.31	2022.12.31
Account Payable - Related Party	Subsidiary - Apex (Kunshan) Medical Corp.	$ 15,278	10,779
Account Payable - Related Party	Subsidiary	74	690
Other Payable - Related Party	Subsidiary - Wellell America Corp.	2,800	80
Other Payable - Related Party	Subsidiary－Wellell Germany GmbH	2,548	1,810
Other Payable - Related Party	Subsidiary	421	34
Other Payable - Related Party	Other related party - Li, Chao Yi	50	31
		$ 21,171	13,424

5. Other transactions

	Manufacturing Expenses and Operating Expenses		Other Income, other profits and losses	
	2023	2022	2023	2022
Subsidiary - APEX MEDICAL CORP.	$ -	-	35,555	18,750
Subsidiary	21,472	8,088	4,997	2,082
Other related parties - Studio88 Design Corp.	-	15,000	-	-
Other related parties	479	265	11	11
	$ 21,951	23,353	40,563	20,843

	Receipts in advance (Listed as Other Current Liabilities)	
	2023.12.31	2022.12.31
Subsidiary	$ -	42
Other related parties	11	23
	$ 11	65

6. Endorsement/guarantee

The amounts of endorsement and guarantee by the Company for related parties as of December 31, 2023 and 2022 were as follows:

	2023.12.31		2022.12.31	
	(Thousand)	Converted to NTD	(Thousand)	Converted to NTD
Wellell Germany GmbH	EUR 6,140	208,637	EUR 6,140	200,901
Wellell America Corp.	USD 1,500	46,058	USD 1,500	46,065
		$ 254,695		246,966

(IV) Remuneration to key management

Remuneration to Key management includes:

	2023	2022
Short term employee benefits	$ 16,507	13,405
Benefits after resignation	306	284
	$ 16,813	13,689

VIII. Pledged Assets

The book value of the pledged assets of the Company is as follows:

Assets	Objectives of the pledged assets	2023.12.31	2022.12.31
Land	Bank Borrowings	$ 254,863	254,863
Building and construction, net	Bank Borrowings	77,337	79,831
		$ 332,200	334,694

IX. Significant contingent liabilities and unrecognized contract commitments

As of December 31, 2023 and December 31, 2022, the credit card guarantee applied by the Company to the bank for the use of credit cards in its operation amounted to NT$1,500 thousand.

X. Significant Disaster Loss: None.

XI. Significant events after the balance sheet date

The 2023 earnings appropriation proposal of the Company was approved by the Board of Directors on March 13, 2024 as follows:

	2023
Common stock dividends	
Cash	$ 80,729

XII. Others

Employee benefits, depreciation, depletion and amortization expenses are summarized by their functions in the table below:

By Function / By Nature	2023			2022		
	Attributed to operating costs	Attributed to operating expenses	Total	Attributed to operating costs	Attributed to operating expenses	Total
Employee Benefit Expenses						
Salary Expenses	61,785	162,227	224,012	64,767	135,589	200,356
Labor Insurance and Health Insurance Expenses	6,410	14,732	21,142	6,104	13,869	19,973
Pension Fund Expenses	3,030	7,544	10,574	2,950	7,454	10,404
Remuneration to Directors	-	8,275	8,275	-	8,481	8,481
Other Employee Benefit Expenses	3,816	6,706	10,522	3,902	6,594	10,496
Depreciation	10,466	10,239	20,705	15,003	10,273	25,276
Amortization	-	1,560	1,560	-	1,660	1,660

Additional information on the number of employees and employee benefit expenses for fiscal 2023 and 2022 is as follows:

	2023	2022
Number of employees	275	282
Number of directors who are not concurrently serving as employees	8	8
Average Employee Benefit Expenses	$ 997	880
Average Employee Salary Expenses	$ 839	731
Adjustments to Average Employee Salary Expenses	14.77%	(13.29)%
Supervisors' remuneration	$ -	-

Information on the salary and remuneration policy of the Company (including directors, managerial officers, and employees) is as follows:

The Company's remuneration package for directors, managerial officers, and employees is based on a prudent salary structure that takes into account shareholders' equity and the sustainable management of the Company, with variable bonuses that are linked to the overall performance of the Company's operations, job attributes and individual performance as an incentive by a solid and motivating remuneration package. The Company has also established the relevant rules and regulations as the basis for implementation, and will review and revise them periodically according to the operating conditions in order to maintain the competitiveness of the Company's remuneration.

XIII. Additional Disclosure

(I) Information on significant transactions

The Company as required by Regulations Governing the Preparation of Financial Reports by Securities Issuers of 2023, information of significant transaction that should be disclosed is as follows:

1. Loan to others:

Unit: New Taiwan Dollars in thousands

No.	Company making the loan	Borrower	General Ledger account	Related Party	Maximum outstanding balance during the Period	Ending balance	Actual amount drawn down	Interest rate range	Nature of Loan (Note 6)	Amount of transactions with the borrowers	Reason for short term business financing	Provision for Loss Allowance	Collateral		Limit on Individual funding loan granted to a single party limits	Maximum limit of fund financing
													Name	Value		
1	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,005 (RMB9,000)	38,943 (RMB9,000)	38,943 (RMB9,000)	-	2	-	Operation turnover	-	No	-	127,546	255,093
1	ComfortPro Investment Corp.	Wellell France S.A.S	Other Receivable	Yes	12,149 (EUR350)	11,893 (EUR350)	11,893 (EUR350)	-	2	-	Operation turnover	-	No	-	127,546	255,093
2	Apex Medical Respiratory Ltd.	Wellell Germany GmbH	Other Receivable	Yes	29,504 (EUR850)	28,883 (EUR850)	26,165 (EUR770)	1	2	-	Operation turnover	-	No	-	371,439	742,878
2	Apex Medical Respiratory Ltd.	Wellell France S.A.S	Other Receivable	Yes	20,826 (EUR600)	20,388 (EUR600)	20,388 (EUR600)	-	2	-	Operation turnover	-	No	-	371,439	742,878
2	Apex Medical Respiratory Ltd.	Wellell America Corp.	Other Receivable	Yes	16,213 (EUR500)	15,353 (EUR500)	15,353 (EUR500)	2	2	-	Operation turnover	-	No	-	371,439	742,878
3	Apex Global Investment Ltd.	Wellell France S.A.S	Other Receivable	Yes	17,355 (EUR500)	16,990 (EUR500)	16,990 (EUR500)	-	2	-	Operation turnover	-	No	-	169,757	339,514
3	Apex Global Investment Ltd.	Wellell UK Limited	Other Receivable	Yes	20,260 (GBP500)	19,575 (GBP500)	19,575 (GBP500)	-	2	-	Operation turnover	-	No	-	169,757	339,514
4	SLK Vertriebs GmbH	Wellell Germany GmbH	Other Receivable	Yes	16,661 (EUR480)	16,310 (EUR480)	16,310 (EUR480)	1	2	-	Operation turnover	-	No	-	101,044	202,087

Note 1: As per the "Operation procedures for lending to others" stipulated by Apex Medical Corp., if intercompany or inter-company business transaction calls for such lending arrangement and amount lent should not exceed 20% of the net value of the Company. Moreover, the amount lent to each individual should not exceed the

transaction amount of inter-firm business. The amount of business referred herein is the purchase or sales amount between the two parties in the previous year or the estimated amount in the next year, whichever is higher. For loan made to companies or sole proprietorships that need short term operating funds, total amount of loan shall not exceed 40% of the net value of the Company; loan made specifically shall not exceed 20% of the net value of the Company.

Note 2: ComfortPro Investment Corp. according to the "operation procedures for lending to others", the amount of lending of funds to a 100%-owned subsidiary of the Group shall not exceed 100% of the amount of the net worth of the company; also the amount of each lending of funds should not exceed 50% of the net worth of the company.

Note 3: Apex Medical Respiratory Ltd. according to the "Operation procedures for lending to others," when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 4: In the case of Apex Global Investment Limited lending the fund to a 100% owned subsidiary of the Group, in accordance with its "Operation procedures for lending to others", the total amount of such lending shall not exceed 100% of the net value of the company; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 5: SLK Vertriebs GmbH, according to the "Operation procedures for lending to others," when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 6: 1. Transaction with others. 2. short-term financing facility is necessary.

2. Endorsement/guarantee provided for others:

Unit: New Taiwan Dollars in thousands

No.	Name of Company Provided Endorsement/ Guarantee	Endorsed/Guaranteed Party		Endorsement/ Guarantee Limit to Single Enterprise	Maximum Endorsement/ Guarantee Balance of Current Period	Endorsement/ Guarantee Balance at Period End	Actual amount drawn down	Endorsement/ Guarantee Amount collateralized by assets	Percentage of Accumulated Endorsement/ Guarantee Amount to Net Financial Statement	Maximum Endorsement/ Guarantee Amount	Endorsement/ Guarantee Attributable to the Parent Company Provided to the Subsidiary	Endorsement/ Guarantee Attributable to the Subsidiary Provided to the Parent Company	Attributed to the Endorsement/ Guarantee for the China Area
		Name of the Company	Relationship (Note 4)										
0	Wellell Inc.	Wellell Germany GmbH	2	1,167,990	213,119 (EUR6,140)	208,637 (EUR6,140)	146,815 (EUR4,321)	-	8.93%	1,167,990	Y	N	N
0	Wellell Inc.	Wellell America Corp.	2	1,167,990	48,638 (USD1,500)	46,058 (USD1,500)	7,062 (USD 230)	-	1.97%	1,167,990	Y	N	N

Note 1: The endorsement/guarantee for outsiders cannot exceed 50% of the net worth of the period. The endorsement/guarantee for a single enterprise cannot exceed 25% of the net worth of the period. But the endorsement/guarantee for the Company directly or indirectly hold 100% voting shares cannot exceed 50% of the net worth of the period.

Note 2: The Board of Directors approved the Company providing endorsement/guarantee to the 100% held subsidiary, Wellell Germany GmbH, within 6.14 million euros.

Note 3: The Board of Directors approved the Company providing endorsement/guarantee to the 100 % held subsidiary, Wellell America Corp., within 1.5 million US dollars.

Note 4: There are 7 types of relationships between guarantor and guarantee as below. Marking the type is sufficient:

1. Business related companies.
2. Over 50% voting shares directly or indirectly held by the Company.
3. Companies directly or indirectly have more than 50% of the voting shares.
4. Over 90% voting shares directly or indirectly held by the Company.
5. Mutual guarantee by peers or mutual builders per contract term based on contract constructions.
6. Company endorsed/guaranteed by all shareholders per share proportions for a mutual investment relationship.
7. Escrow joint guarantee between peers for pre-sold house contract under Consumer Protection Act.

3. The status of holding securities at the end of period (not including the portions by the invested subsidiaries, related parties and joint ventures):

Unit: New Taiwan Dollars in thousands / thousand shares

Company that holds the securities	Category and name of securities	Relationship with the securities issuer	General Ledger Accounts	End of Period				Maximum shares held or investment in this period	Remark
				Numbers of shares	Carrying Amount	% of shares held	Fair Value		
Wellell Inc.	G Innings Medical Ltd.	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	900	15,576	18.95 %	15,576	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	-	5,544	5.00 %	5,544	5.00%	

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 properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital:

Unit: New Taiwan Dollars in thousands

Purchaser (seller)	Name of counterparty	Relationship	Status of transaction				The circumstances and reasons of the terms of the transaction different from those of the general transactions		Notes receivable and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Prices	Credit Terms	Balance	Percentage of total notes receivable and accounts receivable (payable)	
Wellell Inc..	Apex Medical S.L.	Parent and subsidiary	(Sales)	(151,127)	(13.84)%	Net 180 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	Longer than general customers	68,261	18.59%	No
Apex Medical S.L.	Wellell Inc.	Parent and subsidiary	Purchase	151,088	31.80%	Net 180 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	Longer than general customers	(69,492)	(60.39)%	No
Wellell Inc.	Apex (Kunshan) Medical Corp.	Parent and subsidiary	Purchase	138,776	26.43%	Net 15 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	The same as those provided to the non-related parties	(15,278)	(24.66)%	No
Apex (Kunshan) Medical Corp.	Wellell Inc.	Parent and subsidiary	(Sales)	(138,889)	(55.93)%	Net 15 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	The same as those provided to the non-related parties	15,278	42.88%	No

8. Accounts receivable from related parties of at least NT$100 million or 20% of the paid-in capital: None.
9. Whether engaging in the transaction of derivative instruments: None.

(II) Information on investees:

The information of reinvestment business of the Company for 2023 is as follows (not including investment to Mainland China):

Unit: NTD in thousand/USD in thousand

Name of investor	Name of the investee	Location	Major operating items	Initial investment amount		Shares held as at the end of period			Maximum shares held or investment in this period	Net income of investee for this period	Investment income (loss) recognized by the company for the period	Remark
				End of current period	End of last year	Shares (thousand)	Percentage	Carrying Amount				
The Company	Apex Global Investment Ltd.	British Virgin Islands, Tortola	Investment on businesses engaging in manufacturing	354,319	354,319	10,534	100%	338,054	100%	(2,285)	(2,285)	Subsidiary
〃	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(10,938)	100%	(4,237)	(4,237)	〃
〃	Apex Medical S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	310,571	100%	66,225	66,225	〃
〃	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	320,586	100%	21,009	21,091	〃
〃	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	782	99.82%	(501)	(500)	〃
〃	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	2,143	49%	1,646	807	〃
〃	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	780,354	780,354	7,780	100%	721,489	100%	(18,519)	(18,519)	〃
〃	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	69,616	100%	3,069	3,069	〃
〃	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	5,071	100%	3,156	3,156	〃
〃	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	30,000	-	3,000	100%	26,116	100%	(2,060)	(2,060)	〃
〃	Wellell Japan	Japan	Sales of medical supplies	3,208	-	-	49%	2,877	49%	(660)	(323)	
Apex Global Investment Ltd.	ComfortPro Investment Corp.	Republic of Mauritius, Port Louis	Investment on businesses engaging in manufacturing	297,731	297,731	9,100	100%	255,093	100%	(6,350)	(6,350)	Subsidiary
〃	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	42,172	100%	4,261	4,261	〃
〃	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	1	0.18%	(501)	(1)	〃
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	254,893	100%	(27,944)	(27,944)	〃
〃	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	415,512	100%	33,215	19,919	〃
〃	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	33,916	100%	475	(192)	〃
〃	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	14	100%	(19,017)	100%	(9,114)	(9,114)	〃

(III) Information on investment in Mainland China:

1. Information regarding investment in Mainland China:

Unit: NTD in thousand/USD in thousand

Name of the investee in Mainland China	Major operating items	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan for the beginning of this period	Amount remitted or investment amount remitted back for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of the end of the period	Net income of investee for this period	Ownership held by the Company (direct or indirect)	Maximum shares held or investment in this period	Investment income (loss) recognized by the Company for the period (Note 2)	Book value of investments as of the end of the period	Accumulated amount of investment income remitted back to Taiwan as of the end of the period
					Remitting to	Remitting back							
Apex Medical (Shanghai) Corp.	Manufacturing and Sales of medical supplies	23,352	(I)	23,239 (USD710)	-	-	23,239 (USD710)	- (Note 1)	-% (Note 1)	-% (Note 1)	- (Note 1)	- (Note 1)	-
Apex (Kunshan) Medical Corp.	Manufacturing and Sales of medical supplies	231,103	(I)	231,103 (USD7,100)	-	-	231,103 (USD7,100)	(6,749)	100.00%	100.00%	(6,088)	198,025	-
Kunshan Co Wei Plastic Product Corp.	Manufacturing and sales of plastic products	25,316	(I)	25,487 (USD842)	-	-	25,487 (USD842)	- (Note 1)	-% (Note 1)	- % (Note 1)	- (Note 1)	- (Note 1)	-
Wellell (Kunshan) Co., Ltd	Sales of medical supplies	8,041	(I)	8,041 (USD250)	-	-	8,041 (USD250)	4,299	100.00%	100.00%	4,299	24,707	-

Note: Investment methods can be classified as follows:

(I): Investment by 100% owned subsidiary set up in the third area.
Note 1: Shanghai Apex was liquidated in February 2013; Kunshan Kewei was liquidated in February 2016.

2. Maximum amount to invest in Mainland China:

Accumulated amount of Remittance from Taiwan to Mainland China as of the end of the period	Investment Amounts approved by Investment Commission, MOEA	Limit of the Investment Commission, MOEA to invest in Mainland China
287,870 (US$8,902 thousand)	287,870 (US$8,902 thousand)	1,401,588

3. Significant transactions with the invested companies in Mainland China:

For the significant transactions conducted with investees in Mainland China directly or indirectly for 2023 (eliminated when preparing consolidated statements). Please refer to the explanations in "relevant information of the significant transactions" in the consolidated financial statements.

(IV) Information on major shareholders

Shares Name of major shareholders	shareholding	% of shares held
CDIB Capital Growth Partners	11,526,000	11.42%
Ya Sheng Investment Development Co.	10,566,760	10.47%
Ya Shin Investment Development Co.	10,561,732	10.46%
National Development Fund, Executive Yuan	6,000,000	5.94%

Note: (1) The information of the major shareholders in this table is based on the TDCC's last business day of the end of each quarter. Counting the shareholders who exceed more than 5% of the total number of common stock and special stock of the company that has been non-physical registration(include treasury stock). The share capital indicated in the company's financial statement and the actual amount of non-physical registration delivered may be different due to the different counting basis.

(2) If the above-mentioned document was shareholders deliver to trust, the trustee should open up a trust account to show the individual trustee. When insiders who hold more than 10% of the shares report their shareholdings by the Securities and Exchange Act, their shareholdings should include shares hold under their name and shares under a trust in which they have the right to decide the use of the trust property. Please refer to the Market Observation Post System for insider shareholding reporting information.

XIV. Segment Information

Please refer to the consolidated financial statements for 2023 for details

Wellell Inc.

Statement of cash and cash equivalents

December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Summary	Amount
Cash on hand		$ 578
Petty cash		220
	Sub total	798
Bank deposits:	Checking deposit	22
	Demand deposits	41,225
	Foreign currency demand deposits (Note)	22,203
	Sub total	63,450
Total		**$ 64,248**

Note: Foreign currency demand deposits totaling	USD	490,577.32.	Exchange rate	30.7050
	EUR	82,285.96.	Exchange rate	33.9800
	GBP	48,088.23.	Exchange rate	39.1500
	RMB	568,874.95.	Exchange rate	4.3270

Wellell Inc.

Statements of notes receivable and accounts receivable

December 31, 2023

Unit: New Taiwan Dollars in thousands

Customer name	Summary	Amount
Unrelated party:		
ZUCCATO HC SRL	Operations	$ 97,715
ONEMED A/S	〃	26,554
Others (Note)	〃	244,756
Less: Loss Allowance	〃	(1,754)
		$ 367,271

Note: The sum of those that did not reach 5% of the balance of this account (including receivable from related parties)

Wellell Inc.

Statement of inventories

December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Cost	Market price	Market price basis
Finished goods	$ 835		
Less: Loss Allowance	(716)		
Sub total	119	119	Net realizable value
Work in Process	30,202		
Less: Loss Allowance	(11,417)		
Sub total	18,785	18,785	〃
Raw Materials	59,203		
Less: Loss Allowance	(25,348)		
Sub total	33,855	33,855	〃
Products	259		
Less: Loss Allowance	(83)		
Sub total	176	176	〃
Total	**$ 52,935**	**52,935**	

Wellell Inc.

Statement of changes in investments accounted for using the equity method

From January 1 to December 31, 2023

Unit: New Taiwan Dollars in thousands

Name	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance			Guarantee or pledge status
	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	% of shares held	Amount	
Apex Global Investment Ltd.(Note 1)	10,534	$ 345,166	-	32	-	7,144	10,534	100.00%	338,054	No
Wellell America Corp.(Note 2)	50	(7,676)	-	975	-	4,237	50	100.00%	(10,938)	No
Apex Medical S.L.(Note 3)	-	231,663	-	78,908	-	-	-	100.00%	310,571	No
Sturdy Industrial Co., Ltd (Note 4)	10,000	331,893	-	21,123	-	32,430	10,000	100.00%	320,586	No
Wellell India Private Limited (Note 5)	6,458	1,232	-	50	-	500	6,458	99.82%	782	No
Wellell (Thailand) Ltd.(Note 6)	245	4,279	-	807	-	2,943	245	49.00%	2,143	No
Apex Medical Respiratory Ltd.(Note 7)	7,780	693,645	-	46,363	-	18,519	7,780	100.00%	721,489	No
Wellell Germany GmbH (Note 8)	25	64,054	-	5,562	-	-	25	100.00%	69,616	No
APEX MEDICAL CORP. (Note 9)	100	9,315	-	3,156	-	7,400	100	100.00%	5,071	No
Wellell Taiwan Corp. (Note 10)	-	-	3,000	30,000	-	3,884	3,000	100.00%	26,116	No
Wellell Japan Ltd.(Note 11)	-	-	-	3,208	-	331	-	49.00%	2,877	No
Long term investments under equity method, net		1,673,571		190,184		77,388			1,786,367	

Note 1: The increase in current period is the gain on sale of fixed assets $32 thousand. The decrease in the current period is the cumulative translation adjustment $4,198 thousand, the unrealized gross profit from sales of associates $661 thousand, and the investment loss recognized under equity method of $2,285 thousand.

Note 2: The increase for the period was realized gross profit on sales of goods to affiliates of $913 thousand and cumulative translation adjustment of $62 thousand, and the decrease was investment loss of $4,237 thousand recognized using the equity method.

Note 3: The increase in the current period is due to the investment income recognized under the equity method of $66,225 thousand, the cumulative translation adjustment of $10,572 thousand, and the associates' realized gross profit of $2,111 thousand.

Note 4: The increase in the current period is based on the realized gross profit of $32 thousand from the sales of the affiliated companies and the investment income recognized by the equity method of $21,091 thousand. The decrease in the current period is based on the cash dividend received of $32,430 thousand.

Note 5: The increase in the current period is the cumulative translation adjustment of $50 thousand. The decrease in the current period is the investment loss recognized under the equity method of $500 thousand.

Note 6: The increase in the current period is the investment income recognized under equity method of $807 thousand. The decrease in the current period is the accumulated translation adjustment of $8 thousand, the unrealized gross profit of sales of associates of $787 thousand, and the receipt of cash dividend of $2,148 thousand.

Note 7: The increase for the period was realized gross profit on sales of goods to affiliates of $9,205 thousand and cumulative translation adjustment of $37,158 thousand, and the decrease was investment loss of $18,519 thousand recognized using the equity method.

Note 8: The increase for the period was investment income of $3,069 thousand recognized using the equity method, and cumulative translation adjustment of $2,493 thousand.

Note 9: The increase in the current period is the investment income recognized under equity method of $3,156 thousand. The decrease in the current period is the cash dividend received in the current period $7,400 thousand.

Note 10: The increase in the current period is the new investment of $30,000 thousand. The decrease in the current period is the investment loss recognized under the equity method $2,060 thousand and the unrealized gross profit of sales of the associates $1,824 thousand.

Note 11: The increase in the current period is the new investment of $3,208 thousand. The decrease in the current period is the cumulative translation adjustment of $8 thousand and the investment loss recognized under the equity method of $323 thousand.

Wellell Inc.

Statement of short-term borrowings

December 31, 2023

Unit: New Taiwan Dollars in thousands

Type of borrowings	Description	Ending balance	Term of contract	Interest rate range (%)	Financing facilities	Pledged or guaranteed	Remarks
Credit loans	Mega Bank	$ 30,000	Within a year	1.85~1.85	100,000	No	
Credit loans	Mizuho Bank	50,448	Within a year	5.25~6.63	318,600	No	(Note)
Secured borrowing	Hua Nan Commercial Bank	40,377	Within a year	4.85~6.67	400,000	Land, plants	(Note)
Credit loans	Bank of Taiwan	30,000	Within a year	1.83~1.83	200,000	No	
Credit loans	CTBC Bank	37,874	Within a year	4.55~4.9	80,000	No	(Note)
		$ 188,699					

Note: Foreign currency borrowings totaling

USD	597Thousand	Exchange rate	30.7050
EUR	2,844Thousand	Exchange rate	33.9800
GBP	351Thousand	Exchange rate	39.1500

Wellell Inc.

Statement of accounts payable

December 31, 2023

Unit: New Taiwan Dollars in thousands

Customer name	Summary		Amount
Unrelated party:			
HW HONG WAY INTERNATIONAL CO., LTD.	〃	$	4,602
He Hung Co., Ltd.	〃		2,474
Others (Note)	〃		39,516
Total		**$**	**46,592**

Note: The sum of those that did not reach 5% of the balance of this account

Wellell Inc.

Statement of operating revenue

From January 1 to December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Amount
Support Surface Systems(SS)	$ 651,732
Respiratory devices (RT)	264,831
Other	170,855
	1,087,418
Other revenues	4,150
Net sales revenue	**$ 1,091,568**

Wellell Inc.

Statement of operating costs

From January 1 to December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Amount
Manufacturing:	
Raw Materials:	
Raw materials at the beginning of the period	$ 76,348
Add: Purchase in the current period	201,345
Raw materials cycle count gain	112
Less: Raw materials at the end of the period	(59,203)
Sales of raw materials	(13,769)
Loss on scrap	(2,016)
Transfers to sample expenses	(322)
Direct raw materials consumed	202,495
Direct labour	32,442
Production overheads	82,518
Manufacturing costs	317,455
Work in Process at the beginning of the period	55,460
Add: Purchase in the current period	38,457
Less: Work in process at the end of the period	(30,202)
Sales of Work in Process	(42,288)
Work in Process cycle count losses	(8)
Transfers to expenses	(6,172)
Loss on scrap	(3,886)
Cost of finished goods for the period	328,816
Add: Finished goods at the beginning of the period	17,100
Purchase in the current period	134,009
Transfers from merchandises	184
Less: Finished good at the end of the period	(835)
Transfers to expenses	(2,337)
Loss on scrap	(3)
Cost of finished goods sold	476,934
Trading:	
Inventories at the beginning of the period (merchandises)	10,283
Add: Purchase in the current period	77
Raw materials transfer in	151,239
Less: Inventory at December 31	(259)
Transfers to expenses	(492)
Others	(184)
Cost of goods sold (trading)	160,664
Add: cost of raw materials sold	13,769
Cost of work in process sold	42,288
Loss on market value decline of inventory	16,270
Loss on inventory scrap	5,905
Income from scrap and wastes	(61)
Inventory adjustment credits	(104)
Others	(2)
Operating costs	**$ 715,663**

Wellell Inc.

Statement of sales expenses

From January 1 to December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Amount
Salary expenses	$ 35,682
Service expenses	12,103
Advertising expenses	5,897
Commission expenses	10,625
Export expenses	6,980
Other expenses (Note)	24,734
Total	**$ 96,021**

Note: The sum of those that did not reach 5% of the balance of this account.

Wellell Inc.

Statement of management expenses

From January 1 to December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Amount
Salary expenses	$ 54,428
Information service expenses	7,544
Service expenses	16,327
Department materials requisition	6,075
Other expenses (Note)	36,020
Total	**$ 120,394**

Note: The sum of those that did not reach 5% of the balance of this account.

Wellell Inc.

Statement of research & development expenses

From January 1 to December 31, 2023

Unit: New Taiwan Dollars in thousands

Item	Amount
Salary expenses	$ 83,314
Outsourced research expenses	7,808
Personal Insurance	7,067
Other expenses (Note)	25,259
Total	$ 123,448

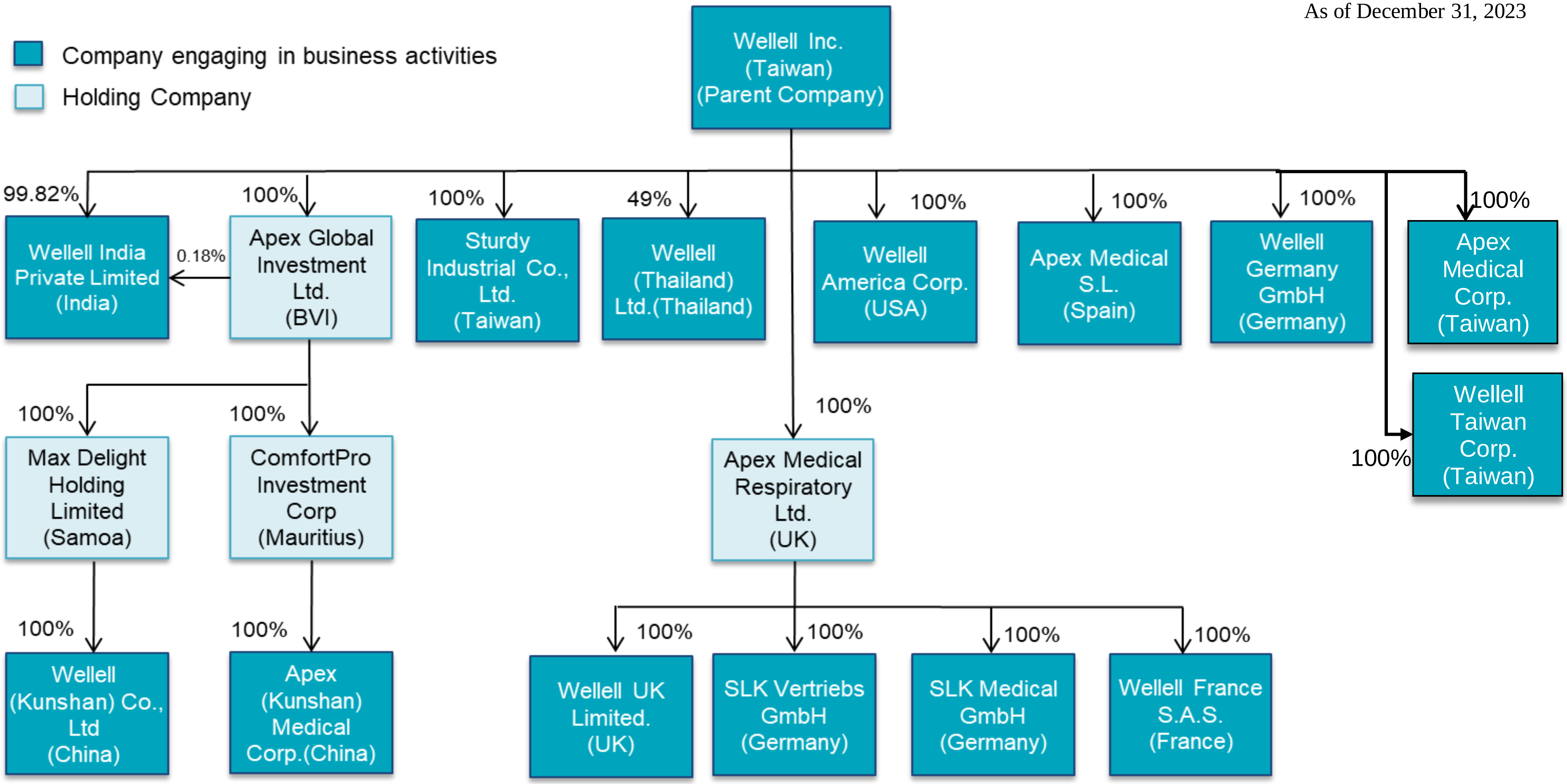
Note: The sum of those that did not reach 5% of the balance of this account.

i. Consolidated business reports teaming up with affiliated enterprises

Organization chart of affiliated enterprises:

Controlled and affiliated companies:

As of December 31, 2023



Note: in order to cooperate in the Group's brand strategy, Apex Medical Corp. India Private Ltd., Apex Medical (Thailand) Co., Ltd., Apex Medical USA Corp., Apex Medical Ltd. and Apex Medical France were renamed as Wellell India Private Limited, Wellell (Thailand) Ltd., Wellell America Corp., Wellell UK Limited and Wellell France S.A.S. respectively in 2022.

Basic information of affiliated enterprises
Unit: NT$ thousand

As of December 31, 2023

Name of enterprise	Establishment date	Address	Paid-in shares Capital	Main business items
Controlled companies:				
Wellell Inc.	March 17, 1990	No. 9, Minsheng St., Tucheng Dist., New Taipei City	NT$1,009,116	Manufacturing, import, export, trading and agency of medical devices
Affiliated companies :				
Apex Global Investment Ltd.	September 26, 2000	TrustNet Chambers P.D. Box 3444, Road Town, Tortola, British Virgin Islands	US$10,534	Investment in various production businesses
Wellell America Corp. (Note)	October 12, 2001	927 Mariner Street, Brea, CA92821, USA	US$500	Trading of medical devices
Apex Medical S.L.	February 5, 2004	Elcano 9, 6a planta 48008 Bilbao. Vizcaya. Spain	EUR 123	Trading of medical devices
Sturdy Industrial Co., Ltd.	October 13, 1983	No. 168, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City	NT$100,000	Manufacturing and trading of medical devices
ComfortPro Investment Corp.	April 3, 2003	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	US$9,100	Investment in various production businesses
Apex (Kunshan) Medical Corp.	February 13, 2004	No.1368, Zizhu Road, Yushan Town, Kunshan City, Jiang Su Province, China	US$7,100	Manufacturing and trading of medical devices
Max Delight Holding Limited	April 3, 2008	Portcullis TrustNet Chambers P.O. Box1225 Apia, SAMOA	US$270	Investment in various production businesses
Wellell (Kunshan) Co., Ltd.	May 14, 2009	No.1368, Zizhu Road, Yushan Town, Kunshan City, Jiang Su Province, China	US$250	Trading of medical devices
Apex Medical Corp.	March 30, 2021	No. 9, Minsheng St., Tucheng Dist., New Taipei City	NT$1,000	Trading of medical devices
Wellell Taiwan Corp.	March 17, 2023	No. 9, Minsheng St., Tucheng Dist., New Taipei City	NT$30,000	Trading of medical devices
Apex Medical Respiratory Ltd.	October 10, 2009	Unit 33, Great Western Business Park McKenzie Way, Worcester, United Kingdom, WR4 9GN	GBP 7,780	Investment in various production businesses
Wellell UK Limited (Note)	January 10, 2006	Unit 33, Great Western Business Park McKenzie Way, Worcester, United Kingdom, WR4 9GN	GBP 525	Trading of medical devices

Name of enterprise	Establishment date	Address	Paid-in shares Capital	Main business items
Wellell India Private Limited (Note)	September 5, 2014	H-3/63, First Floor, Vikaspuri, New Delhi, 110018, India	INR 38,820	Trading of medical devices
Wellell France S.A.S. (Note)	May 18, 2015	4 boulevard de la Chanterie, 49124 Saint-Barthélemy, France	EUR 1,400	Trading of medical devices
Wellell (Thailand) Ltd. (Note)	December 22, 2015	No.111/152 Soi Pho Kaeo Yak 19, Nawamin, Beung Kum, Bangkok 10240, Thailand	THB 5,000	Trading of medical devices
Wellell Germany GmbH (Note)	July 24, 2017	Am Herdicksbach 18, 45731 Waltrop, Germany	EUR 25	Investment in various production businesses and leasing business
SLK Vertriebs GmbH	January 7, 2014	Am Herdicksbach 18, 45731 Waltrop, Germany	EUR 1,048	Trading and leasing of medical devices
SLK Medical GmbH	June 25, 2014	Am Herdicksbach 18, 45731 Waltrop, Germany	EUR 25	Trading and leasing of medical devices

Information on the shareholders presumed to have a relationship of control and subordination: None.

Industries covered by the business operations of all affiliated enterprises:

Medical device manufacturing and trading industry:

Manufacturing, import, export, trading and agency of medical devices.

Electronics Components Manufacturing

Manufacturing and sale of electronic components and motors.

General investment and leasing:

For the main business or production items of each affiliated enterprise, please refer to 2. Basic information of affiliated enterprises above.

Division of labor of affiliated enterprises:

Based on the manufacturing and trading of medical devices of Wellell Inc., a comprehensive division of labor is made as follows: Wellell America Corp., Apex Medical S.L., Wellell France S.A.S., Wellell UK Limited., SLK Vertriebs GmbH and SLK Medical GmbH are mainly engaged in expanding the U.S. and European markets; Apex Global Investment Ltd., Comfortpro Investment Corp., Max Delight Holding Limited, and Apex Medical Respiratory Ltd. are mainly engaged in investment in various production businesses; Wellell Germany GmbH is mainly engaged in investment in various production businesses and leasing business; Apex (Kunshan) Medical Corp. is mainly engaged in manufacturing and trading of medical devices; Sturdy Industrial Co., Ltd. is mainly engaged in manufacturing and trading of medical devices, including various types of sterilizers; Apex Medical Corp. is mainly engaged in trading of medical devices; Wellell (Kunshan) Co., Ltd., Wellell (Thailand) Ltd. and Wellell India Private Limited are mainly engaged in trading of medical devices in the Greater China and Asia Pacific regions.

Information of directors, supervisors, and presidents of affiliated enterprises:
Unit: NT$ thousand; shares

As of December 31, 2023

Name of enterprise	Title	Name or the representative person	Shareholding	
			Number of shares or amount of contribution	Ratio of Shareholding
Controlled companies:				
Wellell Inc.	Chairman	Yasheng Investment Development Co., Ltd.	10,566,760 shares	10.47%
		Representative: Li, Yong-Chuan	1,074,072 shares	1.06%
	Director	Yasheng Investment Development Co., Ltd.	10,566,760 shares	10.47%
		Representative: Liu, Chang-Qi	174,912 shares	0.17%
	Director	CDIB Advantage Venture Capital Investment Limited Partnership	11,526,000 shares	11.42%
	Director	Representative: Wei, Hong-Zheng	-	-
		National Development Fund, Executive Yuan	6,000,000 shares	5.94%
		Representative: He, Qi-Gong	-	-
	Independent Director	Wang, Wei	-	-
	Independent Director	Lin, Wan-Ying	-	-
	Independent Director	Wang, Guo-Cheng	-	-
	Independent Director	Lin, Tian-Fa	6,000 shares	0.00%
	Independent Director	Li, Xiong-Qing	-	-
Affiliated companies :				
Apex Global Investment Ltd.	Director	Li, Yong-Chuan	-	-
			10,533,500 shares held by Wellell Inc.	100.00%
Wellell America Corp. (Note)	Director	Li, Yong-Chuan	-	-
	Director	Henry Wu	-	-
			50,000 shares held by Wellell Inc.	100.00%
Apex Medical S.L.	Sole Director	Xu, Ying-Jie	-	-
			Contributed NT$4,855 thousand to Wellell Inc.	100.00%
ComfortPro Investment Corp.	Director	Li, Yong-Chuan	-	-
			9,100,000 shares held by Apex Global Investment Ltd.	100.00%

(Continued on next page)

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Name of enterprise	Title	Name or the representative person	Shareholding	
			Number of shares or amount of contribution	Ratio of Shareholding
Affiliated companies :				
Sturdy Industrial Co., Ltd.	Chairman	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Li, Yong-Chuan	-	-
	Director	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Li, Yuan-Yong	-	-
	Director	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Lin, Ling-Ling	-	-
	Director	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Su-Xie, Li-Hui	-	-
	Director	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Zhang, Ming-Zheng	-	-
	Supervisor	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Lin, Kang-Ping	-	-
	Supervisor	Wellell Inc.	10,000,000 shares	100.00%
		Representative: Cui, Yi-De	-	-
Apex (Kunshan) Medical Corp.	Executive Director	Li, Yong-Chuan	-	-
	President	Lin, Wan-Jia		
	Supervisor	Zhang, Ming-Zheng		
			Contributed NT$231,103 thousand to ComfortPro Investment Corp.	
Max Delight Holding Limited	Director	Li, Yong-Chuan	-	-
			270,000 shares held by Apex Global Investment Ltd.	100.00%
Wellell (Kunshan) Co., Ltd.	Executive Director	Li, Yong-Chuan	-	-
	President	Chen, Chun-Feng	-	-
	Supervisor	Zhang, Ming-Zheng	-	-
			Contributed NT$8,041 thousand to Max Delight Holding Limited	100.00%

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Name of enterprise	Title	Name or the representative person	Shareholding	
			Number of shares or amount of contribution	Ratio of Shareholding
Affiliated companies : Apex Medical Corp.	Director	Wellell Inc. Representative: Li, Yong-Chuan	100,000 shares	100.00%
Affiliated companies: Wellell Taiwan Corp.	Director	Wellell Inc. Representative: Cui, Yi-De	3,000,000 shares	100.00%
Affiliated companies : Apex Medical Respiratory Ltd.	Director Director	Li, Yong-Chuan Xu, Ying-Jie	- - 7,780,000 shares held by Wellell Inc.	- - 100.00%
Wellell UK Limited (Note)	Director Director	Li, Yong-Chuan Xu, Ying-Jie	- - Contributed NT$767,718 thousand to Apex Medical Respiratory Ltd.	- - 100.00%
Wellell India Private Limited (Note)	Director Director Director	Li, Yong-Chuan Chen, Shi-He NAVEEN NARANG	- - - 6,458,000 shares held by Wellell Inc. 12,000 shares held by Apex Global Investment Ltd.	- - - 99.82% 0.18%
Wellell France S.A.S. (Note)	Director Director Director	Xu, Ying-Jie Li, Yong-Chuan Darras Thierry	- - - 14,000 shares held by Apex Medical Respiratory Ltd.	- - - 100.00%
Wellell (Thailand) Ltd. (Note)	Juridical person Director Director Juridical person Director Director	Wellell Inc. Li, Yong-Chuan Mr. Pratya Samalapa Samaphan International Co., Ltd Mr. Chinnakarn Samalapa Mr. Chankit Samalapa	244,980 shares 20 shares - 125,000 shares - 130,000 shares	48.99% 0.004% - 25.00% - 26.00%

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Name of enterprise	Title	Name or the representative person	Shareholding	
			Number of shares or amount of contribution	Ratio of Shareholding
Wellell Germany GmbH (Note)	Director Director Director	Li, Yong-Chuan Xu, Ying-Jie Otte, Oliver Markus	- - - 25,000 shares held by Wellell Inc.	- - - 100.00%
Affiliated companies : SLK Vertriebs GmbH	 Director Director Director	 Li, Yong-Chuan Xu, Ying-Jie Otte, Oliver Markus	 - - - 1,048,000 shares held by Apex Medical Respiratory Ltd.	 - - - 100.00%
SLK Medical GmbH	Director Director Director	Li, Yong-Chuan Xu, Ying-Jie Otte, Oliver Markus	- - - 25,000 shares held by Apex Medical Respiratory Ltd.	- - - 100.00%

Business performance of each affiliate enterprise

Unit: NT$ thousand

As of December 31, 2022

Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenues	Operating income (loss)	Net profit for the year (after tax)	Earnings (loss) per share (NT$) (after tax)
Controlled companies:								
Wellell Inc.	1,009,116	2,745,297	409,317	2,335,980	1,091,568	45,427	152,172	1.51
Affiliated companies：：								
Wellell India Private Limited((Note 2)	18,367	840	56	783	0	(499)	(501)	Note 1
Apex Global Investment Ltd	354,079	339,514	0	339,514	0	(187)	(2,284)	Note 1
Wellell America Corp.((Note 2)	16,564	42,603	48,091	(5,488)	44,640	(9,605)	(4,237)	Note 1
Apex Medical S.L.	4,856	481,379	144,485	336,894	672,690	73,047	66,225	Note 1
Sturdy Industrial Co., Ltd.	100,000	192,134	46,125	146,009	190,262	21,212	21,009	2.10
ComfortPro Investment Corp.	279,416	255,480	387	255,093	0	(262)	(6,350)	Note 1
Apex (Kunshan) Medical Corp.	241,127	288,406	89,097	199,310	248,320	(9,265)	(6,749)	Note 1
Max Delight Holding Limted	8,290	42,172	0	42,172	0	(37)	4,261	Note 1
Wellell (Kunshan) Co., Ltd.	7,391	34,657	9,950	24,707	72,130	4,457	4,299	Note 1
Apex Medical Corp.	1,000	52,124	47,053	5,071	197,526	3,999	3,156	31.56
Wellell Taiwan Corp.	30,000	104,891	76,951	27,940	59,728	(2,679)	(2,060)	(0.69)
Apex Medical Respiratory Ltd.	709,982	796,347	53,469	742,878	0	(471)	(18,519)	Note 1

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Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenues	Operating income (loss)	Net profit for the year (after tax)	Earnings (loss) per share (NT$) (after tax)
Affiliated companies :								
Wellell UK Limited (註 2)	20,543	89,866	65,500	24,366	103,311	(13,598)	(27,944)	Note 1
Wellell France S.A.S. (註 2)	47,570	81,301	100,318	(19,017)	142,289	(9,292)	(9,114)	Note 1
Wellell (Thailand) Ltd.(註 2)	4,636	27,303	17,718	9,585	31,352	360	1,646	Note 1
Wellell Germany GmbH(註 2)	871	235,027	165,411	69,616	36,772	5,878	3,069	Note 1
SLK Vertriebs GmbH	35,609	273,470	70,617	202,853	514,426	43,875	33,215	Note 1
SLK Medical GmbH	849	16,766	4,557	12,209	44,929	61	475	Note 1

Note 1: Not applicable because it is an overseas company.

Note2: In line with the Group’s brand strategy, some subsidiaries had been renamed in early 2022. Please refer to the organization chart of affiliated enterprises in this annual report

Note 3: The foreign currency exchange rates are as follows

Exchange rates on balance sheet date: NTD/USD = 1/30.7050; NTD/EUR = 1/33.98; RMB/USD = 1/7.0961; NTD/GBP = 1/39.15; GBP/EUR = 1/1.1521

Income statement exchange rates: NTD/USD = 1/31.1548; NTD/EUR = 1/33.6972; RMB/USD = 1/7.0880; NTD/GBP = 1/38.7458; GBP/EUR = 1/1.1498

ii. The Affiliate’s Consolidated Financial Statements

In accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the Tai-Cai-Zheng Letter No. 04448 issued by the Securities and Futures Bureau, Ministry of Finance, the Company shall prepare consolidated financial statements of parent and subsidiary companies in accordance with Financial Accounting Standards No. 7 “Consolidated Financial Statements” and issue the statement attached as Appendix I to the Letter. The Company has issued the statement and put it on the first page of the consolidated financial statements of the parent and subsidiary companies for your reference.

iii. Affiliation report: None.

Thank you for attending the Annual Shareholders’ Meeting!
Your comments and suggestions are always welcome!

MEMO

MEMO
MEMO

MEMO

Wellell Inc.

Chairman: Yasheng Investment Development Co., Ltd.
Representative: Li, Yong-Chuan