

Stock Code: 4106

Wellell Inc.  
2024 Annual Shareholders' Meeting  
Meeting Handbook

June 24, 2024  
Form of Shareholders' Meeting: Physical

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## Chapter 1. Meeting Agenda

1. Time: 9 a.m., June 24, 2024 (Monday)
2. Place: No. 9, Minsheng St., Tucheng Dist., New Taipei City
3. Call the Meeting to Order
4. Chairman's Remarks
5. Report Items
  - (1) 2023 Business Status Report
  - (2) Audit Committee's Review Report on the 2023 Financial Statements
  - (3) 2023 Employee and Director Remunerations Distribution Status Report
  - (4) 2023 Appropriated Earnings Cash Dividends Report
  - (5) Amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings" Report
6. Ratification Items
  - (1) 2023 Business Report and Financial Statements
  - (2) Proposal for the 2023 Earnings Distribution.
7. Extempore Motions
8. Adjournment

## Chapter 2. Report Items

1. 2023 Business Status Report is submitted for approval.

### Wellell Inc.

#### 2023 Business Report

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 of the Company 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.

In terms of R&D of products, in the field of pressure ulcer prevention, four new air mattress models have been launched in the Taiwan market in 2023. 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. While in terms of high-level air mattress, the Company continued to win bids from Italian hospitals by virtue of Optima Auto Link, and added IoT device to the product, which has become the key for its success. In the field of sleep respiratory therapy, 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.

In terms of product marketing, the 33<sup>rd</sup> EWMA (European Wound Management Association) held the annual meeting in Milan, Italy in May 2023, at which Wellell invited authoritative doctors to make live demonstration of Optima Prone, and also held a workshop to share its clinical experience. EPUAP Annual Meeting was held in UK in September, which was an important academic meeting with global focus on pressure ulcer related topics. At the meeting, Wellell demonstrated its clinical benefits of its Optima series of models, and also made exchange and discussion with the professionals visiting the exhibition regarding the latest progress and solutions in the field of pressure ulcer. In addition, Wellell established a Japanese joint venture in July, and participated in the 45<sup>th</sup> Annual Meeting of the Japanese Society of Sleep Research (JSSR) held in Yokohama, Japan in September together with its long-term strategic partner MAGnet. The Company promoted its iX Auto and mask series of products, and expanded the Wellell brand exposure in Japan via this exhibition.

In 2023, the Company's consolidated revenue was NT\$2.65 billion, a decrease of 0.6% from 2022; the operating gross margin was 43%, an increase of 3% from 2022, which was mainly due to the increase in the revenue ratio of products with high gross margins; the operating expenses had an increase of 7.1% from 2022, 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 million, a decrease of 5.7% from 2022, and earnings per share were NT\$1.51.

Looking forward to 2024, in terms of sales, 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.

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.

Last but not least, we would like to thank all our colleagues for their efforts and dedication, as well as our shareholders, customers, suppliers and other stakeholders for their continuous support and encouragement.

Chairman:

Manager:

Accounting Manager:

2. The Audit Committee's Review Report on the 2023 Financial Statements is submitted for approval.

### Auditing Committee's Audit Report

The Board of Directors submitted 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 Wellell Inc.

Wellell Inc.

Convener of the Audit Committee:

March 13, 2024

3. The 2023 Employee and Director Remunerations Distribution Status Report is submitted for approval.

Description: (1) In accordance with Article 20-2 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, 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."

- (2) In 2023, the Company earned a profit of NT\$191,770,069 (i.e., income before tax, less employees' and directors' remuneration) and proposed to set aside 8.0% as the employees' remuneration in the amount of NT\$15,425,174 and 1.8% as the directors' remuneration in the amount of NT\$3,485,664.
- (3) The above report is submitted for approval.

4. The 2023 appropriated earnings cash dividends report is submitted for approval.

Description: (1) In accordance with Article 20-1 of the Company's Articles of Incorporation, the Board of Directors is authorized to resolve to distribute cash dividends to shareholders in the amount of NT\$0.8 per share, totaling NT\$80,729,246.

- (2) The cash dividends are calculated to the nearest NT\$, and dividends less than NT\$1 are omitted, and the Chairman is authorized to distribute the fractional dividends less than NT\$1 to specific persons.
- (3) For the dividend distribution mentioned in the preceding paragraph, the Chairman is authorized to set the interest distribution base date and other related matters.
- (4) If the distribution of cash dividends subsequently affects the number of outstanding shares due to the repurchase of the Company's shares, transfer or cancellation of treasury stock, conversion of convertible bonds and employee stock warrants into common stock, resulting in a change in the shareholders' cash distribution ratio, the Chairman is authorized to make relevant adjustments.
- (5) The above report is submitted for approval.

5. Amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings" report is submitted for approval.

Description: (1) In accordance with the relevant provisions of laws and regulations, the Company intends to amend the provisions of the "Regulations Governing Procedure for Board of Directors Meetings." Please refer to Attachment 1, Pages 9~10 of this Handbook for the comparison table.

(2) The above report is submitted for approval.

## Chapter 3. Ratification Items

Item 1: Proposal for ratification of 2023 Business report and financial statements (Proposed by the Board of Directors)

Description: (1) The Company's 2023 Financial Statements (including the consolidated financial statements and parent company only financial statements) have been audited by CPAs Guo, Xin-Yi and Chen, Bei-Qi from KPMG Taiwan and approved by the Board of Directors, and have been submitted to the Audit Committee for review in accordance with the provisions of the Company Act, with no discrepancy found, and the audit report has been issued for reference.

(2) Please refer to Page 2 of this Handbook for the attached 2023 Financial Statements and the Business Report. For the financial statements, please refer to Attachment 2~3, Pages 11~30 of this Handbook.

(3) The above documents are submitted for ratification.

Resolution:

Item 2: Proposal for the 2023 earnings distribution (Proposed by the Board of Directors)

Description: (1) The earnings distribution is to distribute the distributable earnings for 2023. The earnings distribution table is as follows:

Wellell Inc.  
2023 Earnings Distribution Table

Unit: NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings at the beginning of a period		416,850,148
Add (less): Impacts of retroactive application and retroactive compilation		183,157
Unappropriated earnings at the beginning of a period after adjustment		417,033,305
Add: Net profit after tax for the year	152,172,034	
Less: Legal reserve	(15,259,851)	
Less: Special reserve	-	
Add: Remeasurement of defined benefit plans included in retained earnings	243,322	
Appropriable earnings		554,188,810
Less: (Distribution items)		
Dividends of shareholders (cash, NT\$0.8 per share)	80,729,246	

Item	Amount	
	Subtotal	Total
Unappropriated retained earnings at the end of period		473,459,564

Note: In this earnings distribution, the Company will first distribute the earnings after tax for 2023.

(2) The above documents are submitted for ratification.

Resolution:

Chapter 4. Extempore Motions

Chapter 5. Adjournment

## Attachment 1. Comparison Table of Amended “Regulations Governing Procedure for Board of Directors Meetings”

Wellell Inc.

### Comparison Table of Amended “Regulations Governing Procedure for Board of Directors Meetings”

Provisions after amendment	Provisions before amendment	Description
<p>Article 8</p> <p>When a board meeting of the Company is being held...(the preceding paragraph is omitted)</p> <p>The chairman of the board of directors shall call the meeting to order when more than half of the directors are present. When the time of a meeting has arrived and one-half all board directors are not present, the chairman may announce postponement of the meeting time on the <u>current day</u>, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairman shall re-call the meeting following the procedures provided in Article 3.</p> <p>The term “all board directors” as called in the preceding paragraph and Article 16, Paragraph 2, Subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>Article 8</p> <p>When a board meeting of the Company is being held...(the preceding paragraph is omitted)</p> <p>The chairman of the board of directors shall call the meeting to order when more than half of the directors are present. When the time of a meeting has arrived and one-half all board directors are not present, the chairman may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairman shall re-call the meeting following the procedures provided in Article 3.</p> <p>The term “all board directors” as called in the preceding paragraph and Article 16, Paragraph 2, Subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>In order to avoid any dispute arising from the undetermined extension of a board meeting, the chairman may declare the postponement of a meeting to be limited to that day when it is stated that there is insufficient attendance.</p>
<p>Article 11</p> <p>The Board of Directors shall hold the meeting in accordance with the agenda set forth in the notice of meeting. However, it may be changed with the approval of a majority of the directors present.</p> <p>The chairman may not declare the</p>	<p>Article 11</p> <p>The Board of Directors shall hold the meeting in accordance with the agenda set forth in the notice of meeting. However, it may be changed with the approval of a majority of the directors present.</p> <p>The chairman may not declare the</p>	<p>In view of the practice, when during the process of a board meeting, the chairman fails to preside over the meeting or does not declare the meeting</p>

Provisions after amendment	Provisions before amendment	Description
<p>meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chairman shall declare a suspension of meeting, in which case Article 8, Paragraph 3 shall apply mutatis mutandis.</p> <p><u>During the process of a board meeting, in case the chairman fails to preside over the meeting or does not declare the meeting closed as stipulated in Paragraph 2 for any reasons, the agent of the chairman shall be elected as stipulated in Paragraph 3 of Article 7.</u></p>	<p>meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chairman shall declare a suspension of meeting, in which case Article 8, Paragraph 3 shall apply mutatis mutandis.</p>	<p>closed as stipulated for any reasons, in order to avoid impact on operation of the Board of Directors, Paragraph 4 is hereby added.</p>
<p>Article 19</p> <p>These Regulations were established on June 14, 2007.</p> <p>The 1st amendment was made on March 24, 2008.</p> <p>The 2nd amendment was made on March 23, 2010.</p> <p>The 3rd amendment was made on June 18, 2013.</p> <p>The 4th amendment was made on June 20, 2018.</p> <p>The 5th amendment was made on June 17, 2020.</p> <p>The 6th amendment was made on June 19, 2023.</p> <p><u>The 7th amendment was made on June 24, 2024.</u></p>	<p>Article 19</p> <p>These Regulations were established on June 14, 2007.</p> <p>The 1st amendment was made on March 24, 2008.</p> <p>The 2nd amendment was made on March 23, 2010.</p> <p>The 3rd amendment was made on June 18, 2013.</p> <p>The 4th amendment was made on June 20, 2018.</p> <p>The 5th amendment was made on June 17, 2020.</p> <p>The 6th amendment was made on June 19, 2023.</p>	<p>The date of amendment was added.</p>

## **Attachment 2. CPA’s Audit Report and 2023 Financial Statements**

### **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		2022.12.31		Liabilities and Equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current Assets:</b>						<b>Current Liabilities:</b>					
1100	Cash and Cash Equivalents(Note 6 (1) and (18))	\$ 648,379	20	445,280	15	2100	Short term Borrowings (Note 6 (9) and (18))	\$ 195,761	6	295,357	9
1137	Financial Asset at Amortized Cost – Current (Note 6 (2) (18) and 8)	110,927	3	105,162	3	2150	Notes Payable	37	-	566	-
1150	Notes Receivable, net (Note 6 (3) (15) (18))	18,663	-	16,065	-	2170	Accounts Payable	178,938	6	174,493	5
1170	Accounts Receivable, net (Note 6 (3) (15) (18))	471,869	15	491,942	15	2200	Other Payables (including related parties) (Note 6 (18) and 7)	223,674	7	210,431	7
1200	Other Receivable (Note 6 (4))	27,230	1	29,118	1	2230	Current Income Tax Liability	43,664	1	33,539	1
130X	Inventories (Note 6 (5))	420,289	13	552,506	17	2280	Lease Liabilities – Current (Note 6 (18))	15,615	-	16,154	1
1410	Prepayments	23,905	1	36,098	1	2300	Other Current Liabilities (including related parties) (Note 7)	29,202	1	30,276	1
1470	Other Current Assets	799	-	1,145	-	2322	Long-term Borrowings, current portion (Note 6 (10) (18))	11,973	-	10,261	-
	<b>Total Current Assets</b>	<u>1,722,061</u>	<u>53</u>	<u>1,677,316</u>	<u>52</u>		<b>Total Current Liabilities</b>	<u>698,864</u>	<u>21</u>	<u>771,077</u>	<u>24</u>
<b>Non-current Assets:</b>						<b>Non-current Liabilities:</b>					
1535	Financial Asset at Amortized Cost – Non-Current (Note 6 (2) (18) and 8)	15,000	-	-	-	2540	Long term Borrowings (Note 6 (10) and (18))	112,979	4	121,265	4
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (18))	21,120	1	19,165	1	2570	Deferred Income tax Liabilities (Note 6 (12))	7,919	-	9,993	-
1550	Investment accounted under the equity method (Note 6(6))	2,877	-	-	-	2580	Lease Liabilities – Non-Current (Note 6 (18))	28,187	1	42,399	2
1600	Property, Plant and Equipment (Note 6 (7) and 8)	713,321	23	736,063	23	2640	Net defined benefit liability – Non Current (Note 6 (11))	738	-	1,043	-
1755	Right-of-use Assets	52,104	2	67,438	2	2670	Other Non-current Liabilities	35,288	1	33,959	1
1780	Intangible Assets (Note 6 (8))	648,833	20	650,513	21		<b>Total Non-Current Liabilities</b>	<u>185,111</u>	<u>6</u>	<u>208,659</u>	<u>7</u>
1840	Deferred Income Tax Assets (Note 6 (12))	34,479	1	40,169	1		<b>Total Liabilities</b>	<u>883,975</u>	<u>27</u>	<u>979,736</u>	<u>31</u>
1920	Refundable deposits	14,280	-	15,862	-	<b>Equity attributable to owners of the parent company (Note 6 (13)):</b>					
1990	Other non-current Assets	769	-	768	-	3100	Capital	1,009,116	31	1,009,116	31
	<b>Total Non-current Assets</b>	<u>1,502,783</u>	<u>47</u>	<u>1,529,978</u>	<u>48</u>	3200	Capital Reserve	345,635	11	345,635	11
	<b>Total Assets</b>	<u>\$ 3,224,844</u>	<u>100</u>	<u>3,207,294</u>	<u>100</u>		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	<u>1,133,292</u>	<u>36</u>	<u>1,066,652</u>	<u>33</u>
						3400	Other Equities	(152,063)	(5)	(200,139)	(6)
							Subtotal of equity attributable to owners of the parent company	<u>2,335,980</u>	<u>73</u>	<u>2,221,264</u>	<u>69</u>
						36XX	Non-controlling interests	4,889	-	6,294	-
							<b>Total Equity</b>	<u>2,340,869</u>	<u>73</u>	<u>2,227,558</u>	<u>69</u>
							<b>Total liabilities and Equity</b>	<u>\$ 3,224,844</u>	<u>100</u>	<u>3,207,294</u>	<u>100</u>

(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
<b>Gross Margin</b>	<b>1,138,317</b>	<b>43</b>	<b>1,066,788</b>	<b>40</b>
6000 <b>Operating Expenses (Note 6 (3) (7) (8) (11) (16) and 7):</b>				
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	-
<b>Total Operating Expenses</b>	<b>944,098</b>	<b>36</b>	<b>881,848</b>	<b>33</b>
6900 <b>Net Operating Profit</b>	<b>194,219</b>	<b>7</b>	<b>184,940</b>	<b>7</b>
<b>Non-operating income and expenditures (Note 6 (6), (8), (17) and 7):</b>				
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)	-	-	-
<b>Total non-operating income and expenses</b>	<b>15,634</b>	<b>1</b>	<b>15,597</b>	<b>1</b>
<b>Profit before Tax</b>	<b>209,853</b>	<b>8</b>	<b>200,537</b>	<b>8</b>
7950 <b>Less: Income Tax Expenses (Note 6 (12))</b>	<b>56,841</b>	<b>2</b>	<b>38,428</b>	<b>2</b>
<b>Net Income Current Period</b>	<b>153,012</b>	<b>6</b>	<b>162,109</b>	<b>6</b>
8300 <b>Other comprehensive income:</b>				
8310 <b>Items not to be reclassified into profit or loss</b>				
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	-
<b>Total items not to be reclassified into profit or loss</b>	<b>2,198</b>	<b>-</b>	<b>6,875</b>	<b>-</b>
8360 <b>Items that may be subsequently reclassified into profit or loss:</b>				
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	-	-	-	-
<b>Total Items that may be subsequently reclassified into profit or loss</b>	<b>43,876</b>	<b>2</b>	<b>49,597</b>	<b>2</b>
8300 <b>Other comprehensive Income Current Period</b>	<b>46,074</b>	<b>2</b>	<b>56,472</b>	<b>2</b>
<b>Total Comprehensive Income Current Period</b>	<b>\$ 199,086</b>	<b>8</b>	<b>218,581</b>	<b>8</b>
<b>Net Income attributed to:</b>				
Owner of the parent company	\$ 152,172	6	161,404	6
8620 Non-controlling interests	840	-	705	-
	<b>\$ 153,012</b>	<b>6</b>	<b>162,109</b>	<b>6</b>
<b>Comprehensive Income attributed to:</b>				
Owner of the parent company	\$ 200,491	8	217,475	8
Non-controlling interests	(1,405)	-	1,106	-
	<b>\$ 199,086</b>	<b>8</b>	<b>218,581</b>	<b>8</b>
9750 <b>Basic EPS (Unit: NT\$) (Note 6 (14))</b>	<b>\$ 1.51</b>		<b>1.60</b>	
9850 <b>Diluted EPS (Unit: NT\$) (Note 6 (14))</b>	<b>\$ 1.50</b>		<b>1.59</b>	

(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			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity	
	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
<b>Balance as of January 1, 2022</b>	\$ 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)
<b>Balance as of December 31, 2022</b>	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)
<b>Balance as of December 31, 2023</b>	\$ 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**

	<u>2023</u>	<u>2022</u>
<b>Cash flow from operating activities:</b>		
<b>Profit before Tax current period</b>	\$ 209,853	200,537
<b>Adjustment items:</b>		
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	<u>115,455</u>	<u>104,470</u>
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	<u>162,389</u>	<u>(140,982)</u>
(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	<u>17,224</u>	<u>(56,975)</u>
Total Net changes of assets and liabilities relating to operating activities	<u>179,613</u>	<u>(197,957)</u>
operating activities		
Total adjustments	<u>295,068</u>	<u>(93,487)</u>

(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**

	<u>2023</u>	<u>2022</u>
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)
<b>Net Cash inflow from operating activities</b>	<u>455,658</u>	<u>82,145</u>
<b>Cash flow from investing activities:</b>		
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)
<b>Cash outflow from investing activities</b>	<u>(52,895)</u>	<u>(32,901)</u>
<b>Cash flow from financing activities:</b>		
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)
<b>Net Cash outflow from financing activities</b>	<u>(200,381)</u>	<u>(145,833)</u>
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	<u>\$ 648,379</u>	<u>445,280</u>

(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**

## **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

Assets	2023.12.31		2022.12.31		Liabilities and Equity	2023.12.31		2022.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current Assets:</b>					<b>Current Liabilities:</b>				
1100 Cash and Cash Equivalents(Note 6 (1) and (16))	\$ 64,248	3	90,278	3	2100 Short term Borrowings (Note 6 (8) and (16))	\$ 188,699	7	288,294	11
1151 Notes Receivable (Note 6 (2) (13) and (16))	10,526	-	14,498	1	2170 Accounts Payable (Note 6 (16))	46,592	2	80,472	3
1170 Accounts Receivable, net (Note 6 (2) (13) (16))	159,358	6	123,515	5	2180 Accounts Payable - Related Party (Note 6 (16) and 7)	15,352	1	11,469	-
1181 Account Receivable - Related Party (Note 6 (2) (13) (16) and 7)	197,387	7	233,745	8	2200 Other Payable (Note 6 (16))	110,407	4	122,266	5
1200 Other Receivable (Note 6 (3) and (16))	3,482	-	4,226	-	2220 Other Payable - Related Party (Note 6 (16) and 7)	5,819	-	1,955	-
1210 Other Account Receivable - Related Party (Note 6 (3) (16) and 7)	21,832	1	22,449	1	2230 Current Income Tax Liability	31,028	1	24,940	1
130X Inventories (Note 6 (4))	52,935	2	137,975	5	2280 Lease Liabilities – Current (Note 6 (16))	305	-	1,792	-
1410 Prepayments	7,080	-	12,305	-	2300 Other Current Liabilities (Note 7)	10,178	-	9,660	-
1470 Other Current Assets	474	-	376	-	<b>Total Current Liabilities</b>	<b>408,380</b>	<b>15</b>	<b>540,848</b>	<b>20</b>
<b>Total Current Assets</b>	<b>517,322</b>	<b>19</b>	<b>639,367</b>	<b>23</b>	<b>Non-current Liabilities:</b>				
<b>Non-current Assets:</b>					2570 Deferred Income tax Liabilities (Note (10))	199	-	-	-
1517 Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (16))	21,120	1	19,165	1	2580 Lease Liabilities – Non-Current (Note 6 (16))	-	-	741	-
1550 Investments accounted for using equity method (Note 6 (5))	1,786,367	65	1,673,571	61	2640 Net defined benefit liability – Non Current (Note 6 (9))	738	-	1,043	-
1600 Property, Plant and Equipment (Note 6 (6) and 8)	384,556	14	391,124	14	<b>Total Non-Current Liabilities</b>	<b>937</b>	<b>-</b>	<b>1,784</b>	<b>-</b>
1755 Right-of-use Assets	432	-	2,642	-	<b>Total Liabilities</b>	<b>409,317</b>	<b>15</b>	<b>542,632</b>	<b>20</b>
1780 Intangible Assets (Note 6 (7))	5,746	-	2,869	-	<b>Equity (Note 6 (11)):</b>				
1840 Deferred Income Tax Assets (Note 6 (10))	25,859	1	29,080	1	3100 Capital	1,009,116	37	1,009,116	36
1920 Refundable deposits	3,137	-	5,320	-	3200 Capital Reserve	345,635	13	345,635	12
1990 Other non-current Assets	758	-	758	-	Retained Earnings:				
<b>Total Non-current Assets</b>	<b>2,227,975</b>	<b>81</b>	<b>2,124,529</b>	<b>77</b>	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)
					<b>Total Equity</b>	<b>2,335,980</b>	<b>85</b>	<b>2,221,264</b>	<b>80</b>
<b>Total Assets</b>	<b>\$ 2,745,297</b>	<b>100</b>	<b>2,763,896</b>	<b>100</b>	<b>Total liabilities and Equity</b>	<b>\$ 2,745,297</b>	<b>100</b>	<b>2,763,896</b>	<b>100</b>

(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
<b>Gross Margin</b>	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
<b>Net operating gross profit</b>	384,896	35	401,825	32
6000 <b>Operating Expenses (Note 6 (2) (6) (7) (9) (14) and 7):</b>				
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)	-
<b>Total Operating Expenses</b>	339,469	31	327,388	26
6900 <b>Net Operating Profit</b>	45,427	4	74,437	6
<b>Non-operating income and expenditures (Note 6 (5) (15) and 7):</b>				
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
<b>Total non-operating income and expenses</b>	127,432	12	101,826	8
<b>Profit before Tax</b>	172,859	16	176,263	14
7951 <b>Less: Income Tax Expenses (Note 6 (10))</b>	20,687	2	14,859	1
<b>Net Income Current Period</b>	152,172	14	161,404	13
8300 <b>Other comprehensive income (Note 6 (10) and (11)):</b>				
8310 <b>Items not to be reclassified into profit or loss</b>				
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	-
<b>Total items not to be reclassified into profit or loss</b>	2,198	-	6,875	-
8360 <b>Items that may be subsequently reclassified into profit or loss:</b>				
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	-	-	-	-
<b>Total Items that may be subsequently reclassified into profit or loss</b>	46,121	4	49,196	4
8300 <b>Other comprehensive Income Current Period</b>	48,319	4	56,071	4
<b>Total Comprehensive Income Current Period</b>	\$ 200,491	18	217,475	17
9750 <b>Basic EPS (Unit: NT\$) (Note 6 (12))</b>	\$ 1.51		\$ 1.60	
9850 <b>Diluted EPS (Unit: NT\$) (Note 6 (12))</b>	\$ 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:  
Li, Yung Chuan

Manager:  
Li, Yung Chuan

Accounting Director:  
Wang, Wei Chuan

**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	Total Other Equities		Total	Total equity
	Capital	Capital Reserve	Statutory reserves	Special reserves	Undistributed earnings		Financial statements translation differences of foreign operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
<b>Balance as of January 1, 2022</b>	\$ 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)
<b>Balance as of December 31, 2022</b>	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)
<b>Balance as of December 31, 2023</b>	\$ 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**

	<u>2023</u>	<u>2022</u>
<b>Cash flow from operating activities:</b>		
<b>Profit before Tax current period</b>	\$ 172,859	176,263
<b>Adjustment items:</b>		
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	<u>(46,591)</u>	<u>(18,997)</u>
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	<u>96,409</u>	<u>507</u>
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	<u>(37,697)</u>	<u>(30,348)</u>
Total Net changes of assets and liabilities relating to operating activities	<u>58,712</u>	<u>(29,841)</u>

(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 Flow (continued)**

**From January 1 to December 31, 2023 and 2022**

**Unit: New Taiwan Dollars in thousands**

	<u>2023</u>	<u>2022</u>
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)
<b>Net Cash inflow from operating activities</b>	<u>167,624</u>	<u>121,229</u>
<b>Cash flow from investing activities:</b>		
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
<b>Cash outflow from investing activities</b>	<u>(6,577)</u>	<u>(29,501)</u>
<b>Cash flow from financing activities:</b>		
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)
<b>Net Cash outflow from financing activities</b>	<u>(177,686)</u>	<u>(117,619)</u>
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	<u>\$ 64,248</u>	<u>90,278</u>

(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**

## **Appendix 1. Articles of Incorporation**

### **Articles of Incorporation of Wellell Inc.**

#### **Chapter 1. General Provisions**

Article 1. The Company was incorporated under the Company Act, and its name is Wellell Inc.

Article 2. The business items operated by this Company are as follows:

1. F401010 International Trade.
2. F108031 Wholesale of Drugs, Medical Goods.
3. F208031 Retail sale of Medical Equipments.
4. F113020 Wholesale of Electrical Appliances.
5. F213010 Retail Sale of Electrical Appliances.
6. F108040 Wholesale of Cosmetics.
7. F208040 Retail Sale of Cosmetics.
8. CA02090 Metal Wire Products Manufacturing.
9. CB01010 Mechanical Equipment Manufacturing
10. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
11. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
12. CD01990 Other Transport Equipment and Parts Manufacturing (handcarts, walking aid cart for disabled children, oxygen cylinder trailers)
13. CN01010 Furniture and Fixtures Manufacturing.
14. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified (crutches, aluminum clips, bathtub handrails)
15. F199990 Other Wholesale Trade (crutches, aluminum clips, bathtub handrails).
16. F299990 Retail Sale of Other Products (crutches, aluminum clips, bathtub handrails)
17. F106010 Wholesale of Batteries
18. F206010 Retail Sale of Ironware
19. F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof (walking aid cart for disabled children, oxygen cylinder trailers)
20. F214990 Retail Sale of Other Traffic Means of Transport and Component Parts Thereof (walking aid cart for disabled children, oxygen cylinder trailers)
21. F105010 Wholesale of Furniture.
22. F205010 Retail Sale of Furniture.
23. CF01011 Medical Devices Manufacturing.
24. CC01100 Controlled Telecommunications Radio-Frequency Devices and

Materials Manufacturing.

25. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1. The Company may provide endorsements or guarantees for business or investment relationships.

Article 2-2. The total amount of the Company's investment may not be limited by Article 13 of the Company Act.

Article 3. The Company has established its head office in New Taipei City. Branch offices or subsidiaries may be established domestically or overseas upon a resolution of the board of directors as it deems necessary.

Article 4. The public announcement method of the Company shall be handled according to Article 28 of the Company Act.

## Chapter 2. Shares

Article 5. The Company's total capital is registered at NT\$1.5 billion, which is composed of 150 million shares with a par value of NT\$ 10 per share and issued in batches. The board of directors is authorized to issue the unissued shares according to the actual needs. Of the above-mentioned total shares, NT\$100 million are reserved for the issuance of employee stock warrants.

Article 6. Deleted.

Article 7. The Company's share certificates shall be in registered form, numbered, and signed or sealed by the director representing the Company, and shall be issued after being certified by the bank acting as the issuer of shares according to the laws. The shares issued by the Company may be issued without printing a certificate, but shall be kept or registered at a centralized securities depository.

Article 8. The transfer of name of a shareholder shall stop within 60 days before the date of an annual shareholders' meeting, within 30 days before the date of an extraordinary shareholders meeting, or within 5 days before the base date on which the Company decides to distribute dividends and bonuses or other benefits.

## Chapter 3. Shareholders Meeting

Article 9. The Company's Shareholders Meetings are divided into:

1. The annual shareholders' meetings shall be convened annually and within six months after each fiscal year.
2. Extraordinary shareholders meetings shall be convened according to relevant laws and regulations when necessary.

The shareholders shall be notified in writing, by fax or e-mail of the date and place

of, and the reason for the meeting at least 30 days before the annual shareholders' meetings and 15 days before the extraordinary shareholders meetings according to laws and regulations.

For shareholders holding less than 1,000 registered shares, the aforementioned notice may be made by announcement.

Article 9-1. The Company's Shareholder Meeting may be held by video conference or other means announced by central competent authority.

Article 10. If a shareholder is unable to attend a Shareholder Meeting for any reason, he or she may appoint a proxy to attend the meeting by presenting a power of attorney issued by the Company and signed and sealed by the shareholder, stating the scope of authority.

Article 11. All shareholders are entitled to one vote for every share held except for restricted shares or non-voting shares described in Article 179 of the Company Act.

Article 12. Resolutions at the Shareholder Meeting shall be made in the presence or by proxy of shareholders representing a majority of the total number of outstanding shares, and with the consent of a majority of voting rights of the shareholders present, unless otherwise required by the relevant laws and regulations.

However, for the matters listed below, the resolutions shall be made in the presence or by proxy of shareholders representing two-thirds of the total number of outstanding shares, and with the consent of a majority of voting rights of the shareholders present.

1. Acquisition or merger of other domestic or foreign enterprises.
2. Dissolution, liquidation or division.

When the Company convenes a shareholders meeting, it may adopt written or electronic manners to exercise the voting rights; when exercising voting rights in writing or electronically, the method for exercising rights shall be specified in the notice of convening of the shareholders meeting.

The resolutions of the shareholders meeting shall be made into minutes, which shall be signed or sealed by the chairman, and shall be prepared and distributed in writing or electronically. The minutes shall be distributed by announcement.

Article 12-1. The chairman of the shareholders meeting shall be the Chairman of the Board of Directors. In case the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled according to Article 208 of the Company Act.

#### Chapter 4. Directors and Audit Committee

Article 13. The Company has 5 to 9 directors for a term of three years, all of whom are elected by the shareholders meeting by candidate nomination system with the ability to act and can be re-elected.

In case of failure to conduct a re-election timely upon expiration of the tenure of a director, the tenure of such director shall be extended, until a newly elected director takes office legally. However, the competent authority may, in accordance with its authority, order the Company to re-elect a director within a time limit; if the director is not re-elected within that period, the director shall be dismissed from office upon the expiration of that period.

Article 13-1. In accordance with Article 14-2 of the Securities and Exchange Act, the Company shall have at least three independent directors among the above-mentioned directors. The professional qualifications, shareholding, restriction on concurrent positions, and nomination and election methods of, and other provisions that shall be complied with regarding independent directors shall be subject to the relevant laws and regulations of competent authority and the Company's rules.

Article 13-2. The Company shall set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which shall consist of all independent directors. The exercise of powers by the audit committee and its members, and other matters shall be handled in accordance with relevant regulations of Securities and Exchange Act.

Article 13-3. The Company may set up various functional committees, the organization rules of which shall be agreed upon by the Board of Directors in accordance with the relevant laws and regulations.

Article 14. The directors shall organize the board of directors. One chairman shall be appointed during a board of directors meeting with over two-thirds of the directors present and with the support of over half of all attending directors, and the chairman shall represent the Company externally.

If a director is unable to attend a board meeting for any reason, he or she may appoint another director to attend the meeting by proxy, provided that the proxy attendance by a director at a board meeting shall be limited to one person.

Article 15. In case the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled according to Article 208 of the Company Act.

Article 16. The Company may authorize the Board of Directors to determine the remuneration of all directors and the purchase of liability insurance based on the extent of their participation in and the value of their contributions to the Company's operations and with reference to the normal standards in the industry, regardless of operating profit or loss.

## Chapter 5. Managers

Article 17. The Company may have several managers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

## Chapter 6. Accounting

Article 18. At the end of each fiscal year, the Company's Board of Directors shall issue:

1. Business Report
2. Financial statements.
3. Proposals for earnings distribution or loss reversal.

And various statements to submit to the shareholders' meeting for ratification.

Article 19. Deleted.

Article 20. 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.

Article 20-1: The Company's surplus from general final accounts, if any, shall be distributed in the following order

1. Pay all taxes.
2. Make up for losses.
3. Set aside 10% of the surplus as a statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total paid-in capital of the Company.
4. The special surplus reserve shall be allocated or reversed according to the laws or regulations of the competent authority.
5. For the remaining earnings and the undistributed earnings of the previous years, a proposal for distribution shall be prepared by the Board of Directors, and submitted to the annual shareholders' meeting for approval before distribution.

If the above shareholders dividends are distributed in cash; the proposal shall be authorized by a board of directors meeting with over two-thirds of the entire board members attending and approved by over half of those present at the meeting, and then reported the case to a shareholders meeting.

Article 20-2: 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.

Article 21. Matters not covered in the Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 22. These Articles of Incorporation were established on March 10, 1990.

The 1st amendment was made on November 30, 1990.

The 2nd amendment was made on May 1, 1993.

The 3rd amendment was made on June 28, 1993.

The 4th amendment was made on September 14, 1995.

The 5th amendment was made on June 5, 1996.

The 6th amendment was made on June 3, 1997.

The 7th amendment was made on September 11, 1997.

The 8th amendment was made on November 6, 1997.

The 9th amendment was made on August 5, 1998.

The 10th amendment was made on November 7, 1998.

The 11th amendment was made on June 18, 1999.

The 12th amendment was made on March 7, 2000.

The 13th amendment was made on June 29, 2000.

The 14th amendment was made on June 11, 2001.

The 15th amendment was made on June 11, 2001.

The 16th amendment was made on June 26, 2002.

The 17th amendment was made on April 27, 2004.

The 18th amendment was made on June 7, 2005.

The 19th amendment was made on June 13, 2006.

The 20th amendment was made on June 14, 2010.

The 21st amendment was made on June 24, 2011.

The 22nd amendment was made on June 19, 2012.

The 23rd amendment was made on June 18, 2013.

The 24th amendment was made on June 18, 2015.

The 25th amendment was made on June 21, 2016.

The 26th amendment was made on June 22, 2017.

The 27th amendment was made on June 18, 2019.

The 28th amendment was made on June 17, 2020.

The 29th amendment was made on August 26, 2021.

The 30th amendment was made on June 20, 2022.

Wellell Inc.

Chairman: Li, Yong-Chuan

## **Appendix 2. Rules of Procedure of Shareholder Meeting**

### **Wellell Inc.**

#### **Rules of Procedure of Shareholder Meeting**

Article 1. In order to establish a good governance system for the Company's Shareholder Meeting, improve the supervisory function and strengthen the management function, these rules are formulated in accordance with Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" for compliance.

Article 2. The Company's Corporation Rules of Procedure for Shareholders Meetings shall prevail unless otherwise provided by the laws or the Articles of Incorporation.

Article 3. Unless otherwise specified by the laws or the Articles of Incorporation, the Company's shareholders meetings shall be convened by the board of directors.

Any change in the mode of convention of the Shareholders' Meeting shall be subject to the resolution of the Board and shall be made known to the shareholders no later than the scheduled date of the convention.

The Company shall transmit the notice of meeting, the documents for power of attorney, and specify the causes of motions for recognition, discussion, election or relief of the Directors and explanation with compilation into electronic format to MOPS 30 days before the annual shareholders' meetings and 15 days before the extraordinary shareholders meetings. The Company shall also formulate the shareholders meeting handbook and supplementary materials into electronic files and upload them to the Market Observation Post System at least 21 days before the annual shareholders' meetings or 15 days before the extraordinary shareholders meetings. However, if the Company's paid-in capital at the end of the most recent fiscal year is NT\$10 billion or higher or the total shareholding ratio from foreign capital and capital from mainland China recorded in the shareholder register during a general shareholders meeting in the most recent fiscal year has exceeded 30%, the transmission of the aforesaid electronic file shall be completed 30 days before the annual shareholders' meeting. 15 days prior to the shareholders, meeting, the Company shall complete the current meeting handbook and supplementary materials for shareholders, reference at any time, and display this information at the premises of the Company and the professional stock agency appointed by the Company.

For the procedure manual and supplementary meeting materials mentioned in the preceding paragraph, the Company shall provide references to shareholders in the following ways on the shareholders meeting day:

1. Release at the venue where the physical meeting was held.
2. Release at the venue where the physical meeting was held, and transmit in

electronic file to the videoconference platform if videoconferencing was simultaneously held.

3. Transmit in electronic file to the videoconference platform if the session is held via videoconferencing.

The notice shall specify the reason for the convening; if the notice is approved by the counterparty, it may be prepared in electronic formats.

Issues that involve election or dismissal of directors, changes to the Articles of Incorporation, capital reduction, application for suspension of a public offering, director's permission to compete, surplus capital increase, capital reserve conversion, corporate liquidation, merger, divestment, or any matters listed in Paragraph 1 of Article 185 of the Company Act, Article 26-1 or Article 43-6 of the Securities and Exchange Act, or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers must be raised and have the main content explained as part of the regular motions (it cannot be raised in the form of extempore motions). The main content may be placed on websites designated by the competent securities authorities or the Company, and the website addresses shall be specified in the notice.

If the reasons for convening the general shareholders' meeting have stated the general re-election of directors and independent directors and the date of their inauguration, after the re-election by the shareholders' meeting is completed, the same meeting shall not reach any resolution to change the date of the directors' inauguration by extempore motions or any other means.

Shareholders holding over 1% of the Company's outstanding shares are entitled to propose written motions for discussion at Annual General Meetings. Each shareholder may only propose one motion. Proposals exceeding this limit shall be excluded from the discussion. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Shareholders may submit a suggestive proposal to urge the Company to promote public interests or fulfill social responsibilities. The procedures shall be provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda subject to the relevant provisions of Article 172-1 of the Company Act.

Before the book closure date of the annual shareholders' meeting, the Company shall announce the conditions, places, written or electronic acceptance method, and time within which the shareholders' proposals are accepted. The timing of acceptance must not be less than 10 days.

The content of any of the proposals proposed by shareholders shall not exceed 300 words. If the number exceeds 300 words, the proposal will not be included for discussion; the

proposing shareholder shall attend the annual shareholders' meeting in person or by proxy, and participate in the discussion of the proposal.

Before the date of notice for the shareholders meeting, the Company shall advise the proposing shareholder of the handling results and list the proposals according to the provision of this Article in the meeting notice. For shareholders' proposals that are not included for discussion, the board of directors shall explain the reasons for rejection at the shareholders' meeting.

Article 4. A shareholder may appoint a proxy to attend the Shareholder Meeting by presenting a power of attorney issued by the Company, stating the scope of authority.

A shareholder may only issue one power of attorney to appoint one person, which shall be delivered to the Company five days prior to the Shareholder Meeting. In case the power of attorney is repeated, the first copy delivered shall prevail. However, this shall not apply if the former power of attorney is revoked.

If the power of attorney has been delivered to the Company, and the shareholders concerned intend to attend the Shareholder Meeting in person or exercise the voting right in written or electronic form, they shall notify the Company in writing to revoke the previous power of attorney 2 days prior to the scheduled date of the meeting. Shareholders who cannot revoke the previous power of attorney beyond the deadline may only attend the meeting by the proxy and vote by the proxy.

If the power of attorney has been delivered to the Company, and the shareholders concerned intend to attend the Shareholder Meeting via videoconferencing, they shall notify the Company in writing to revoke the previous authorization of agent 2 days prior to the scheduled date of the meeting. Shareholders who cannot revoke the previous authorization of agent beyond the deadline may only attend the meeting by the proxy and vote by the proxy.

Article 5. The Shareholder Meeting shall be held at the location of the Company or at a place convenient for the shareholders to attend and suitable for convening the Shareholder Meeting. The meeting shall commence no earlier than 9 a.m. or later than 3 p.m. The opinions of the independent directors shall be fully considered when determining the place and time of the meeting.

Shareholder Meeting of the Company convenes via videoconferencing shall not be governed by the aforementioned restriction.

Article 6. The Company shall specify, in the meeting notice, acceptance shareholder, solicitor, the sign-in time of a proxy (hereinafter referred to as shareholder), sign-in place, and other matters for attention.

The processing of shareholder registration for the meeting shall be started 30 minutes before the scheduled time of the meeting. The registration desk shall be properly marked and staffed with sufficient service personnel. Shareholders shall register for attendance

at the videoconference platform 30 minutes prior to the scheduled meeting time if the Shareholder Meeting is held via videoconferencing. Shareholders who completed the registration shall be deemed attending the meeting in person.

Shareholders shall attend a Shareholders' Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company shall not arbitrarily raise additional requirements for other certifying documents beyond those showing eligibility to attend as presented by shareholders. A solicitor soliciting a Power of Attorney shall also take identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the Procedure Handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. If a juristic person is entrusted to attend the Shareholder Meeting, it may appoint only one representative to attend.

If the Shareholder Meeting convenes via videoconferencing, and the shareholders elect to attend the videoconference, they shall register with the Company 2 days prior to the scheduled date of meeting.

If Shareholders' Meeting is held by videoconference, the Company shall upload the Procedure Handbook, annual report, and other related information to the videoconference platform of Shareholders' Meeting at least 30 minutes prior to the commencement of the meeting until the conclusion.

Article 6-1. If the Company elects to hold the Shareholder Meeting via videoconferencing, specify the following in the Shareholder Meeting Notice:

1. Shareholders participating in videoconferencing and the exercise of rights.
2. Handling method for video conference platform or participation obstacles caused by natural disasters, incidents, or other force majeure circumstances shall include at least the following:
  - (1) The aforementioned interruption continued and cannot be eliminated that the videoconference has to be postponed or extended. Specify the date of the postponed meeting or the extended meeting.
  - (2) Shareholders who did not register for the videoconference in the first place are not entitled to participate in the deferred or extended videoconference.
  - (3) If the Shareholder' Meeting convenes in physical meeting and supported by videoconferencing but the videoconference cannot be continued, and the total quantity of shares represented by the shareholders in both the physical session and videoconference net of the quantity of shares represented by shareholders

in videoconference is sufficient to qualify for a quorum, the Shareholder Meeting shall continue. The quantity of shares represented by shareholders participating in videoconference of the session shall be counted as an integral part of the total quantity of shares represented in the meeting. However, these shareholders shall be deemed abstained from participating in all the motions presented in the session.

(4) If all the motions were resolved and the results were announced pending on the presentation of extempore motions, the Company shall proceed with the following.

3. Appropriate substitution plan shall be provided to shareholders participating in videoconferencing when encountering problems and should be explicitly stated.

Article 7. If the Shareholder Meeting convenes to the call of the Board, the Chairman shall be the chair. In the absence of the Chairman due to leave or for other reasons, the Vice President shall act on behalf of the Chairman. If there is no Vice Chairman or in the absence of the Vice Chairman due to leave or other reasons, the Chairman shall appoint an Executive Director to act as the presiding officer. If there is no Executive Directors, a Director shall be appointed for this purpose. If the Chairman did not appoint any Director to preside over the meeting, the Directors shall nominate one among themselves to act as the presiding officer.

The chairman of the preceding Paragraph shall be an executive director or a director who has served for more than six months and who has a proper understanding of the Company's financial and business status. The same applies if the chairman is the representative of the legal person directors.

If a Shareholders' Meeting is convened by the board of directors, the meeting shall be presided over by the chairman in person, and there shall be over half of the directors from the board of directors and at least one member of various functional committees attending the meeting on behalf of these committees, and the attendance status shall be recorded in the minutes of the Shareholders' Meeting.

If the Shareholders' Meeting convenes to the call of a third party other than the Board who is entitled to call for the meeting, this party shall act as the chairman in the meeting. If there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 8. The Company shall record the entire process of registration, the discussion, and voting of the shareholders, meeting continuously and uninterruptedly starting from the time of acceptance of shareholders, registration.

The audio-visual materials in the preceding Paragraph shall be kept for at least one year.

If there is legal proceeds instated by shareholders under Article 189 of the Company Act, the said document shall be kept until the final ruling of the proceedings.

If the meeting of shareholders convenes via videoconferencing, the Company shall keep the information on the enrollment, registration, sign-in, query, voting and the vote count result on record and the entire course of meeting shall be voice recorded and videotaped without interruption.

The Company shall properly keep the aforementioned information and voice record and videotape in its perpetuity, and refer the voice record and the videotape to the commissioned professional videoconference service provider for safekeeping.

For Shareholder Meeting convenes via videoconferencing, the Company should conduct voice recording and videotaping on the back-end operation interface of the videoconference.

Article 9. The attendance of shareholders in Shareholder Meeting shall be accounted for by the quantity of shareholding represented. The number of shares being represented in the meeting is based on the record of the sign-in register or the attendance card being submitted, and the number of shares represented by shareholders registered for videoconferencing, plus the number of voting shares exercised in writing or through electronic voting.

The chairman shall call the meeting to order immediately upon of expiration of the meeting time, and shall announce the number of share without voting rights and the number of shares present.

However, when shareholders representing more than half of the total number of issued shares are not present, the chairman may announce that the meeting to be postponed. The times of postponements shall not exceed two, and the total postponement time shall not exceed one hour. If the session has been adjourned twice but the shareholders present in session represents less than 1/3 of the total outstanding votes, the chairman shall announce failure to convene for the lack of quorum; if the Shareholder Meeting convenes via videoconferencing, the Company shall also announce failure to convene for the lack of quorum on the videoconference platform.

If session is delayed twice as previously mentioned and the total quantity of shares represented by the attending shareholders falls below 1/3 of the total outstanding shares, provisional resolution may be made pursuant to Paragraph 1 under Article 175 of the Company Act and inform all shareholders of the provision resolution and call for the session of the Shareholders' Meeting again within 1 month thereafter. If the Shareholders' Meeting convenes via videoconferencing, and the shareholders desire to attend via videoconferencing, register again with the Company pursuant to Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the provisional

resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

Article 10. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on the proposals on the agenda one by one (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the Shareholders' Meeting.

If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding Paragraph shall apply mutatis mutandis.

Before the meeting (including extempore motions) is adjourned, the chairman shall not declare the meeting adjourned without resolution; if the chairman violates the Regulations and announces the adjournment of the meeting, the other members of the board of directors shall promptly assist the shareholders present in accordance with legal procedures to elect a person to be the chairman with the consent of more than half of the voting rights of the shareholders present to continue the meeting process.

The chairman shall provide sufficient explanations and opportunities for discussion on the proposals and the amendments or extempore motions proposed by shareholders. When the chairman deems that the voting has reached a sufficient level, he/she may announce the suspension of the discussion for voting and arrange a suitable time for voting.

Article 11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her/its shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Each shareholder's speech on the same proposal shall not exceed two times (each time shall not exceed five minutes) without the consent of the chairman. However, if the shareholder's speech violates the regulations or exceeds the scope of the agenda, the chairman may stop such shareholder from making a speech.

When an attending shareholder makes a speech, other shareholders shall not interfere with his/her speech unless having obtained the consent of the chairman and the speaking shareholder, and the chairman shall stop anyone violating such provision.

When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairman may respond in person or direct

relevant personnel to respond.

If the Shareholder Meeting convenes via videoconferencing, shareholders entitled to participate by videoconferencing may raise questions in text form at the videoconference platform of the Shareholder Meeting from the commencement to the conclusion of the meeting. No more than 2 questions could be raised on the same motion and the length of each question is no more than 200 words where the rules under Paragraph 1 to Paragraph 5 could be exempted.

If the aforementioned questions fall within the allowable scope and the scope of the motion, they will be disclosed at the videoconference platform of the Shareholder Meeting to the attention of all.

Article 12. The voting of shareholders in Shareholders' Meeting shall be accounted for by the quantity of shareholding represented.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a Shareholders' Meeting.

Shareholders shall recuse from voting on motions that may relate to their private interest that would prejudice the interests of the Company and cannot act on behalf of other shareholders in voting.

In the preceding, shares for which voting rights cannot be exercised shall not be counted in the number of votes of shareholders present at the meeting.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 13. Shareholders have one voting right per share, except for those restricted or have no voting rights pursuant to Paragraph 2, Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, it may adopt electronic or written manners to exercise the voting rights; when exercising voting rights in writing or electronically, the method for exercising rights shall be specified in the notice of convening of the shareholders' meeting. A shareholder who exercises his/her/its voting power at a Shareholders' Meeting in writing or by way of electronic transmission shall be deemed to have attended the said Shareholders' Meeting in person. However, such shareholder shall be deemed to have abstained from proposing extempore motions and amendments to original motions at that Shareholder Meeting, therefore, the Company shall refrain from proposing extempore motions and amendments to original motions.

For those who exercise their voting rights in the form of correspondence or electronic means, their declaration of intention shall be delivered to the Company two days before the date of the Shareholder Meeting; in case of repeated intention, the first copy delivered shall prevail. However, this shall not apply if the former declaration of intention is

revoked.

If a shareholder wishes to attend the Shareholder Meeting in person or by video after exercising his or her voting rights in the form of correspondence or electronic means, he or she shall revoke his or her previous declaration of intention to exercise his or her voting rights in the same manner as he or she exercises his or her voting rights two days prior to the Shareholder Meeting; if the revocation is made after that time, the voting rights exercised in the form of correspondence or electronic means shall prevail. If a shareholder exercises his or her voting rights in the form of correspondence or electronic means and entrusts a proxy to attend the Shareholder Meeting with a power of attorney, the voting rights exercised by the proxy present at the meeting shall prevail.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, a motion shall be approved with the consent of a majority of the voting rights represented by the shareholders present. If it is due for voting, the chairman or the designated personnel shall announce the total quantity of voting rights represented by the shareholders in session. Shareholders shall cast their votes on the motions one-by-one. On the day after the adjournment of the Shareholders' Meeting, the result of the yes and no votes, and the abstention, shall be entered into MOPS.

When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.

The counting of votes for voting on proposals or election at the shareholders' meeting shall be done at a public place at the venue of the meeting, and after the votes are fully counted, the results shall be announced on the spot, including the weight for statistics, and a record shall be made.

If the Shareholder Meeting convenes via videoconferencing, shareholders attending the meeting via videoconferencing may cast votes on the motions and election through the videoconference platform after the chairman has announced the meeting in session, and complete the voting before the chairman announce for the adjournment of the meeting or shall be taken as abstention.

Votes cast in Shareholder Meeting convenes in via videoconferencing shall be counted at one time after the chairman has announced for the end of voting. The voting and election result shall be announced at the same time.

If the Shareholders' Meeting convenes in physical session and supported by videoconferencing, and the shareholders who have previously registered for attending

the meeting through videoconferencing under the Article 6, but later intend to attend the physical session in person, they may cancel the registration in the same manner as registration for attending the meeting through videoconference 2 days prior to the schedule date of the meeting. Shareholders who cancel the previous registration for attending the meeting through videoconference before the deadline may only attend the Shareholders' Meeting via videoconferencing.

Shareholders who cast votes cast in writing or electronic mean without revoking the previous expression of intent cannot vote on the previous motion for a second time, propose amendment to the previous motion, or vote again on the amendment to the previous motion except for extempore motion.

Article 14. Election of directors at a Shareholders' Meeting, if any, shall be subject to the related election rules formulated by the Company, and the election results shall be announced on the spot, including the list of those elected as directors and the list of those lose the election as directors and the numbers of votes they gained.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If there is legal proceeds instated by shareholders under Article 189 of the Company Act, the said document shall be kept until the final ruling of the proceedings.

Article 15. Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The production and distribution of meeting minutes may be conducted electronically.

The distribution of the minute of the meeting on record as mentioned may be made by the Company through an announcement by entry into MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors. The minutes of meeting shall be kept during the existence of the Company.

If the Shareholders' Meeting convenes via videoconferencing, information on the starting and ending time of the meeting, how the meeting is unfolded, the names of the chairman and the record clerk should be inscribed in the minutes of meeting on record further to the particulars to be inscribed as mentioned in the preceding paragraph. In addition, the plan in response to the interruption of the videoconference platform or participation via videoconferencing due to natural disaster, specific incidents or other forms of force majeure, and the status of the response.

Further to the aforementioned requirement, if the Shareholders' Meeting is to be convened via videoconferencing, a substitution plan should be provided for the shareholders who participate via videoconferencing have problems in participating in the meeting, which should be inscribed as an integral part of the minute of meeting on record.

Article 16. The Company shall expressly disclose the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by the shareholders attending the meeting in writing or electronically, in the meeting place, by using the statistical statement prepared in the stipulated format, on the current day of the Shareholders' Meeting. If a Shareholders' Meeting will be held by videoconference, the Company shall upload the preceding materials to the videoconference platform of Shareholders' Meeting at least 30 minutes before the meeting, and shall continue to disclose them, until the end of the meeting.

When a Company convenes a Shareholders' Meeting with videoconferencing, when the meeting is called to order, the total number of shares represented by shareholders attending the meeting shall be disclosed on the videoconferencing platform. The same shall apply whenever a new tally of the total number of shares represented at the meeting and the number of voting rights thereof is made during the meeting.

If a shareholders meeting resolution involves significant information required by the laws and regulations or by the Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall transmit the content to the Market Observation Post System within a certain deadline.

Article 17. Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.

The chairman of the meeting shall direct the inspector or security personnel to assist in maintaining the order of the venue. The chairman may stop the shareholders from speaking with equipment other than those provided by the Company.

When a shareholder violates the rules of procedure and defies the chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18. When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue cannot continue to be used before the agendas (including extempore motions) set by the shareholders meeting are concluded, the shareholders meeting may decide to find another venue to continue the meeting.

The shareholders meeting may decide to postpone or continue the meeting within 5 days pursuant to Article 182 of the Company Act.

Article 19. If the Shareholders' Meeting convenes via videoconferencing, the Company shall disclose the result of voting on each motion and election at the videoconference platform of the Shareholders' Meeting after the voting is concluded, and shall continue the disclosure for at least 15 minutes after the chairman has announced for the adjournment of the meeting.

Article 20. If the Shareholder Meeting is in session, the chairman and the record clerk shall be at the same location in Taiwan, and the chairman shall announce the meeting in session at the same address.

Article 21. If a shareholders meeting is held via video conferencing, the Company may provide a simple connection test for shareholders before the meeting and provide relevant services immediately before and during the meeting to help resolve any technical communication problems.

If the Shareholder Meeting is to be convened via videoconferencing, and there is the occurrence of natural disasters, specific incidents or other forms of force majeure from the time the chairman announces the meeting in session to the time the chairman announces for the adjournment of the meeting, to the effect that the videoconference platform or the mean of participation in videoconferencing for the meeting is interrupted for more than 30 minutes consecutively, the meeting shall be postponed or extended within 5 days thereafter except under Paragraph 4 under Article 44-20 of the "Regulations Governing the Administration of Shareholder Services of Public Companies" that postponement or extension of the meeting is not required thereby Article 182 of the "Company Act" shall not be applicable to this context.

Shareholders who have not registered for participation in the original Shareholder Meeting via videoconferencing cannot participate in the postponed or extended meeting if the meeting is to be postponed or extended.

If the Shareholder Meeting is to be postponed or extended under Paragraph 2, shareholders who have registered to participate through videoconference and have completed the registration for the meeting but are absent for the postponed or extended part of the meeting, the quantity of shares they represented, the voting rights and election rights being exercised in the meeting before postponement or extension shall be included in the total quantity of shares, the voting rights and election rights represented by shareholders attending the postponed or extended part of the meeting.

If the shareholders meeting is extended or continued according to the provisions provided by Paragraph 2, the voting and vote counting that has been completed, the voting results declared the list of elected directors need not be re-discussed or resolved again.

If the Shareholders' Meeting of the Company convenes in physical session supported by videoconferencing at the same time, and the videoconference was interrupted as stated in Paragraph 2, if the quantity of shares represented by the shareholders participating via

videoconferencing were deducted and the quantity of shares represented by the shareholders in the physical session can still qualify for a quorum, the meeting shall be continued and the postponement or extension of meeting as stated in Paragraph 2 will not be necessary.

If the Shareholders' Meeting is to be continued as stated in the previous paragraph, the quantity of shares represented by shareholders participating in the meeting via videoconferencing shall be counted as a part of the total quantity of shares represented by shareholders in session. However, these shareholders shall be deemed abstained from the voting in the motions presented to this session of the Shareholders' Meeting.

In postponing or extending the Shareholders' Meeting under Paragraph 2, the Company shall proceed with Paragraph 7 under Article 44-20 of the "Regulations Governing the Administration of Shareholder Services of Public Companies" thereby proceed to preparatory work on the basis of the original date scheduled for the meeting and others as set forth in the article.

For public companies attending shareholders meeting under the rear section of Article 12 and Paragraph 3 under Article 13 of the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies", Paragraph 2 under Article 44-5, Article 44-15, Paragraph 1 under Article 44-17 of the "Regulations Governing the Administration of Shareholder Services of Public Companies", the Company shall hold the meeting on the date of the postponement or extension under Paragraph 2.

Article 22. If the Shareholders' Meeting of the Company is to be convened via videoconferencing and the shareholders participating in the meeting have problems in accessing to videoconferencing, the Company shall provide a substitute.

Article 23. These Rules shall be approved by the Company's Board of Directors and submitted to the shareholders meeting for approval before implementation. The same shall apply to its amendments.

Article 24. These Rules were established on August 26, 2021.

The 1st amendment was made on June 20, 2022.

## **Appendix 3. Regulations Governing Procedure for Board of Directors Meetings**

### **Wellell Inc.**

#### **Regulations Governing Procedure for Board of Directors Meetings**

- Article 1. This Procedure is formulated pursuant to Article 2 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” for compliance by the Company to establish a good governance system for board of directors, improve the supervision capacity, and strengthen the management function.
- Article 2. The Company’s rules of procedure for meetings of the board of directors, including the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements, shall be handled under these Regulations.
- Article 3. The board of directors shall be convened at least quarterly. The date, time, place and reasons for the meeting shall be stated, and the directors shall be notified 7 days in advance. However, the board of directors meeting may be convened at any time during an emergency. If the preceding notice for the convening is approved by the counterparty, it may be prepared in electronic format.
- The matters of Article 12, Paragraph 1 of these Regulations must be listed and explained in the reason for convening, and the proposal shall not be made via an extempore motion.
- Article 4. When the Company convenes a meeting of the Board of Directors, the agenda working group designated by the Board of Directors shall prepare agenda items for board of directors meetings and provide comprehensive meeting materials, to be sent together with the notice of the meeting in writing, by e-mail or fax.
- If a director believes that the meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director believes that proposal materials are insufficient in content, the deliberation of the such proposal may be postponed by a resolution of the board of directors.
- Article 5. When the Company convenes a meeting of the Board of Directors, a sign-in book shall be provided for the Directors present to sign in and for reference.
- All board directors shall attend board meetings in person; if attendance in person is not possible, they may, under the Company’s Articles of Incorporation, appoint another director to attend as their proxy. Attendance via video conference is deemed as attendance in person. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the Paragraph 2 of one other director only.

Article 6. A board of directors meeting of the Company shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such a meeting.

Article 7. If a board of directors meeting of the Company is convened by the Chairman of the Board of Directors, the Chairman shall serve as the chair. Where the first meeting of each newly elected board of directors is convened by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more persons with the right to convene meetings, one of such persons shall be elected as the chair.

Where a meeting of the board of directors is convened by a majority of directors on their own initiative in accordance with Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

In the absence of the Chairman due to leave or for other reasons, a director shall be appointed for this purpose. If the Chairman did not appoint any director to preside over the meeting, the directors shall nominate one among themselves to act as the chair.

Article 8. When the Company convenes a meeting of the Board of Directors, the agenda working group designated by the Board of Directors shall prepare relevant information for the present directors to consult at any time.

When holding a meeting of the board of directors, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants. When necessary, the Company may also invite CPAs, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements. Provided that they shall leave the meeting when deliberation or voting takes place.

The chairman of the board of directors shall call the meeting to order when more than half of the directors are present. When the time of a meeting has arrived and one-half all board directors are not present, the chairman may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairman shall re-call the meeting following the procedures provided in Article 3.

The term "all board directors" as called in the preceding paragraph and Article 16, Paragraph 2, Subparagraph 2 shall be calculated as the number of directors then in office.

Article 9. The Company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years, in electronic form

or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via video conferencing, the audio and visual documentation that forms a part of the minutes shall be well preserved during the existence of the Company.

Article 10. Agenda items for regular board of directors meetings of the Company shall include at least the following:

1. Report Items:
  - (1) Minutes of the last meeting and actions arising.
  - (2) Reporting on important financial and business matters.
  - (3) Reporting on internal audit activities.
  - (4) Other important matters to be reported.
2. Discussions Items:
  - (1) Items discussed and continued from the last meeting.
  - (2) Items for discussion at this meeting.
3. Extempore motions.

Article 11. The Board of Directors shall hold the meeting in accordance with the agenda set forth in the notice of meeting. However, it may be changed with the approval of a majority of the directors present.

The chairman may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chairman shall declare a suspension of meeting, in which case Article 8, Paragraph 3 shall apply *mutatis mutandis*.

Article 12. The Company shall submit the following items for discussion by the board of directors:

1. Operation plan of the Company.
2. The annual financial report and the semi-annual financial report. However, if audit of CPAs is not required for the semi-annual financial reports according to law, the above provision shall not apply.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (SEA), and an assessment of the effectiveness of the internal control system.
4. Formulating or amending the procedures for handling material financial or business activities, such as asset acquisition and disposal, derivative trading, loans

to others, and provision of endorsements/guarantees to others as per Article 36-1 of the Securities and Exchange Act.

5. Handling matters related to the offering, issuance, or private placement of equity securities.
6. If the board of directors does not have executive directors, the election or discharge of the chairman of the board of directors.
7. Appointing or dismissing financial supervisor, chief accountant, or chief internal auditor.
8. A donation to a related party or a major donation to a non-related party. Provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term related party in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term major donation to a non-related party means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1% of net operating revenue or 5% of paid-in capital as stated in the CPA-attested financial report for the latest year.

The preceding one-year period shall be based on the current board of directors meeting convened date calculated retrospectively for one year. Those that have been approved by a resolution of the board need not be added.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 13. The chairman shall provide for discussion on the proposals. When the chairman deems that the voting has reached a sufficient level, he/she may announce the suspension of the discussion for voting.

When a proposal of the board of directors meeting comes to a vote, if the chairman puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. If there is any objection after the chairman puts the matter, it shall be voting.

The voting method shall be decided by the chairman according to the following provisions, but if the attendees have objections, the opinion of the majority shall be sought to decide:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at the Company's discretion.

"All directors present at the meeting" in the preceding two paragraphs does not include directors prohibited from exercising voting rights pursuant to Article 15, Paragraph 1.

Article 14. Unless otherwise stipulated by the Securities and Exchange Act and the Company Act, resolutions of the board of directors shall be approved by more than half of the directors attending the such meeting as is attended by over half the directors.

When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. But if one of the proposals reaches resolution, the other proposals shall be deemed to be rejected and no further voting would be required.

If it is necessary to set vote monitoring and counting personnel for the voting on a proposal, such personnel shall be appointed by the chairman, provided that all monitoring personnel shall be directors of the Company.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15. When a director has a stake in a matter under discussion in the meeting, he/she shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may present his/her opinions and answer questions but may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

The provisions of Article 180, Paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, Paragraph 4 of that Act, apply to resolutions of the board of directors meetings of the Company when a director is prohibited by the preceding two

paragraphs from exercising voting rights.

Article 16. Minutes shall be prepared of the discussions at the Company's board of directors meetings. The meeting minutes shall record the following:

1. Session (or year), time, and place of meeting.
2. Name of the chairman
3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Report Items.
7. Discussions Items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, Paragraph 4.
8. Extempore motions: the name of the mover; the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal and opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other remarks.

Any of the following matters in relation to a resolution approved at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation Post System designated by the Financial Supervisory Commission:

- (1) The issue objected by an independent director or where an independent director maintains a qualified opinion with record or documented declaration.
- (2) Issue not yet resolved in the Audit Committee of the Company but has been approved by two-thirds majority of the total number of director seats.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company. The minutes of a board of directors meeting shall bear the signature or seal of both the chairman and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the

meeting, and shall be included in the Company's important records and kept in a permanent and proper manner during the period of existence of the Company. The minutes shall be prepared and distributed by electronic means.

Article 17. Apart from matters referred to in paragraph 1 of Article 12, which are required to be submitted to the board of directors for discussion, during the adjournment of the board of directors meeting, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the Company's Articles of Incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.

Article 18. The Regulations shall be implemented after the approval of the board of directors, and a report shall be submitted to the shareholders meeting. Any future amendments shall be resolved by the board of directors as authorized.

Article 19.

These Regulations were established on June 14, 2007.

The 1st amendment was made on March 24, 2008.

The 2nd amendment was made on March 23, 2010.

The 3rd amendment was made on June 18, 2013.

The 4th amendment was made on June 20, 2018.

The 5th amendment was made on June 17, 2020.

The 6th amendment was made on June 19, 2023.

## Appendix 4. Shareholding Status of All Directors of the Company

### Shareholding status of all directors of the Company

1. As of the book closure date of this Annual Shareholders' Meeting, the shareholder roster has recorded the number of shares held by all directors of the Company as follows:

Date of annual shareholders' meetings: June 24, 2023

Title	Name	Date of election	Term	Shares held when elected		Shares held currently	
				Number of shares	%	Number of shares	%
Chairman	Yasheng Investment Development Co., Ltd. Representative: Li, Yong-Chuan	June 20, 2022	3 years	10,566,760	10.47%	10,566,760	10.47%
Director	Yasheng Investment Development Co., Ltd. Representative: Liu, Chang-Qi	June 20, 2022	3 years	10,566,760	10.47%	10,566,760	10.47%
Director	CDIB Advantage Venture Capital Investment Limited Partnership Representative: Wei, Hong-Zheng	June 20, 2022	3 years	11,526,000	11.42%	11,526,000	11.42%
Director	Representative of National Development Fund, Executive Yuan: He, Qi-Gong	June 20, 2022	3 years	6,000,000	5.94%	6,000,000	5.94%
Independent Director	Lin, Wan-Ying	June 20, 2022	3 years	—	—	—	—
Independent Director	Wang, Guo-Cheng	June 20, 2022	3 years	—	—	—	—
Independent Director	Wang, Wei	June 20, 2022	3 years	—	—	—	—
Independent Director	Lin, Tian-Fa	June 20, 2022	3 years	6,000	0.005%	6,000	0.005%
Independent Director	Li, Xiong-Qing	June 20, 2022	3years	—	—	—	—
Total				28,098,760	27.84%	28,098,760	27.84%

Note 1: The book closure period of this Annual Shareholders' Meeting is from April 26, 2024 to June 24, 2024.

Note 2: Since the number of independent directors exceeds one-half of all directors and an audit committee has been established, there is no statutory shareholding for all directors and supervisors.

## **Appendix 5. Information on the Proposals of Shareholders Holding Over 1% of the Company's Outstanding Shares**

1. In accordance with Article 172-1 of the Company Act, the shareholder proposal acceptance period for the Company's 2024 Annual Shareholders' Meeting is from April 15, 2024 to April 25, 2024.
2. Beyond the above period, there was no proposal from any shareholder holding over 1% of the Company's outstanding shares.