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ANNUAL REPORT 2023

Printed on March 31,2024

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I. Letter to Shareholders

1. 2022 Business Results:

(1) 2022 Business Results :

Unit: NT\$ thousands

Year	2023	2022	Difference	%
Operating Revenue	1,676,537	2,244,176	-567,639	-25.29%
Gross Profit	531,116	576,839	-45,723	-7.93%
Operating Expenses	389,400	400,279	-10,879	-2.72%
Income from Operation	141,716	176,560	-34,844	-19.73%
Net Income for the Year	115,714	181,451	-65,737	-36.23%

(2) Budget implementation: The Company did not publish the 2023 financial forecast; therefore, there is no need to disclose the budget implementation status.

(3) Financial Structure Analysis and Profitability Analysis :

Items analyzed		2022	2023
Financial Structure	Debt ratio (%)	27.71	21.77
	Long-term capital to property, plant and equipment ratio (%)	253.78	265.57
Profitability	Return on total assets (%)	7.17	4.96
	Return on equity (%)	10.16	6.40
	Net income ratio (%)	8.09	6.90
	Basic earnings per share (NT\$)	1.82	1.16

(4) Overview of Research & Development :

(A) Research & Development costs incurred over the past three years

Year	2021	2022	2023
R&D expenses	153,289	165,448	163,325
% of R&D expenses to Operating Revenue	7.19%	7.37%	9.74%

(B) 2024 New Product Developments :

- A. Remote data transmission monitoring systems
- B. Multifunctional medical biochemical testing kit
- C. A multiparameter blood lipid monitoring system
- D. A Continuous Glucose Monitor (CGM) for home use
- E. Rapid test reagent kits

2. The Outline of Business Plan 2024

(1) Operating principle

In the fiscal year 2023, our performance declined by 25.29%, primarily due to slower inventory reduction by customers, resulting in a decline in orders and, consequently, a decrease in revenue. The main factors for increased gross profit were the product mix and the depreciation of the New Taiwan Dollar. In the fiscal year 2024, the company will continue to focus on high cost-effectiveness and compliance with new regulatory standards as the core competitive strategy. The company's own brand will continue to emphasize biochemical test kits and remote transmission blood glucose meter kits.

(2) Expected sales and references

2024 Expected Production and Marketing Plan

Main Products	Production	Sales
Strip	1.2 billion(pcs)	1.1 billion(pcs)
Meter	1.8 million (EA)	1.5 million (EA)

(3) Production and Marketing Policy

1. Sales will be conducted through the company's own brand in collaboration with subsidiaries and parent companies in the United States and China. Additionally, cooperation with strategic partners will be considered for brand marketing.
2. Flexible production arrangements will be made in accordance with marketing strategies, ensuring responsible production from raw materials to final product inspection based on the latest specifications.
3. Supplier management will be strengthened to enhance quality, production efficiency, and cost reduction, thereby increasing the company's competitiveness.
4. Continuous development of automated production equipment to increase production capacity and efficiency, aiming to reduce production costs and meet the increasing demand from customers.

3. Future development strategy

- The company is committed to sustainable operations, continuously developing products beneficial to customers and society, and adapting to changes in the current international situation by introducing new initiatives product lines.
- While pursuing sustainable operations and profitability, environmental, social, and corporate governance remain significant focal points, with a commitment to corporate governance, enhancing sustainable development, and facilitating communication with customers, employees, supply chains, investors, and government agencies.

4. The influence of external competitive environment, legal environment and overall management environment

(1) External competitive environment

After 2023, in the post-pandemic era, overseas customers are depleting inventory. The slow review schedule of EU regulations and the delayed launch of new products indicate the emergence of new growth dynamics in the international market, particularly with the development of continuous blood glucose meters by domestic and foreign manufacturers.

(2) Legal environment

With the adoption of the EU's new Medical Device Regulations (MDR/IVDR), strict regulatory verification will accelerate the industry's consolidation, and Taiwanese manufacturers must actively navigate get thru MDR/IVDR approval. Overcoming challenges related to international marketing and market channel layout is essential.

(3) Overall management environment

As the global pandemic gradual decline, medical institutions resume routine checks, and individual home use customers' inventory depletion nears completion. In 2023, inflationary pressures and raw material prices are gradually decreasing. It is estimated that the medical device industry will show a slight growth trend in 2024. However, recent regional political risks and natural disasters may affect changes in raw material pricing and shipping costs.

The Company has been maintaining cautiousness and steadiness to strengthen our competitiveness, increasing the profit and improving our sales performance. Much obliged to all the shareholder for your continuous support. Hope you are all doing well!

Best regards,

Chairman & President: Thomas Shen

2024/03/31

II. Company Profile

1.Introduction

- (1) Date of Establishment: December 2, 1997
- (2) Address and Contact Number of Company (Factory):
No. 7, Lixing 5th Rd., East Dist., Hsinchu City (Hsinchu Science Park)
Contact Number: (03)5641952
- (3) Company history:

1997

Established in Hsinchu science park on December 2. Paid-in capital at 225 million NTD, the main products were biochemistry blood glucometers and their test strips.

1998

- | | |
|----------|--|
| April | Business Registration Certificate acquired. Business started. |
| July | Application of public offering afterwards approved by U.S. Securities and Exchange Commission and came in effect
Blood glucose meter approved into markets by the U.S. Becoming the first biotech company to obtain FDA510(K) certificate |
| November | Participating in“Taipei International medical equipment and Medicament exhibition 1998”Products selected as the exhibition’s theme.
Newly researched and developed uric acid meter prototype introduced to the public |

1999

- | | |
|----------|--|
| May | Passing the certification of ISO9001 and EN46001 by Norway DNV
Completing the research and development process of 2nd generation capillary (micro) blood glucose test strips |
| June | Research grants of 2.5 million NTD on “Dual-functional Amperometric Biosensor for Uric Acid and Blood Glucose”by Industrial Development Bureau, MOEA (IDB) acquired |
| July | Recommended by Industrial Development Bureau, MOEA (IDB) to apply for being on over-the-counter market for hi-tech businesses
Processing capital increase of 75 million NTD, reaching 300 million as the paid-in capital. |
| August | Research grants of 4 million NTD on “Research and Development of Capillary Blood Glucose Bio-sensing Test Strips Using High-Precision Current” by Hsinchu Science Park Bureau acquired |
| December | GlucoSure winning the Innovative Product Award by Hsinchu Science Park Bureau
In 1999, 2 Taiwan Patents were obtained. |

2000

- | | |
|----------|--|
| June | Company's stock listed and traded on the over-the-counter market |
| December | UASure winning the Innovative product Award from the Hsinchu Science Park Bureau |
- In 2000, 1 Taiwan patent was obtained.

2001

- January Blood glucometer kits GlucoSure and GlucoSmart approved into the open market by the U.S. FDA
 - August Passing a FDA inspection
 - September Stock listed on over-the-counter markets
 - November The Dual-Function of Uric Acid and Blood Glucose Testing Kit winning the 2001 National Biotechnology and Medical Care Quality Award
- In 2001, 2 Taiwan and 1 U.S. patent were obtained.

2002

- January Leasing a 6,666-square-meter plant from Zyxel Communications Corp. to expand production capacity.
 - August Passing the TUV Reinland ISO9001:2000/ISO13485/EN46001 EU quality management system certification.
 - September The Dual-Function of Uric Acid and Blood Glucose Testing Kit winning the Excellence Award of the 10th Industry Innovation Award by Ministry of Economic Affairs, R.O.C.
 - December Receiving a new product development subsidy on“the Development of Glycated Hemoglobin (HbA1c) Sensing Kit”project led by Industrial Development Bureau, Ministry of Economic Affairs
Selected as one of the manufacturers with excellent performance in the project "Small Business Innovation Research (SBIR)" by the Ministry of Economic Affairs, R.O.C.
- In 2002, 2 U.S. patents were obtained.

2003

- September Project subsidy on“The Development of Nano-electrochemical Biosensor”from the Technology Development Programs (TDP) for Industry by the Ministry of Economic Affairs obtained
 - November Passing EC Directive 98/79/EC(IVDD) certification by TUV Reinland
 - December Receiving the R&D Achievement Award by the Hsinchu Science Park Bureau
- In 2003, 2 Taiwan patents were obtained.

2004

- March Roche filed a civil lawsuit for patent infringement against Apex Biotechnology Corp.and its agent in the U.S.
 - June Obtaining Good Manufacturing Practice (GMP) certificate for medical equipment production in Taiwan
 - September Developing in vitro diagnostic reagents through Academia and Industry Collaboration
 - November Acquiring the plant at No.7, Lixing 5th Rd., East Dist., Hsinchu City through a court auction held by Taiwan Hsinchu District Court.
- In 2004, 1 U.S. patent was obtained.

2005

- June The U.S. District Court for the Southern District of Indiana ruled that Roche had unfairly acquired the '268 patent, which resulted in losing patent rights and the dismissal of the civil litigation accusing the Company of patent infringement.
- November "Pesticide Residue Rapid Test Kit" introduced to the market for the first time.
- December Special Excellent Award for Environmental Protection Competition in 2005 by the Hsinchu Science Park Bureau obtained
- In 2005, 1 Taiwan and 1 U.S. patent were obtained.

2006

- March The Lixing plant officially opened
- April The second FDA plant inspection passed
- October Listed as one of the best 200 companies with annual income under 1 billion in Asia by Forbes Asia Magazine
- November Pesticide Residue Rapid Test Kit (AgriPro) receiving the Innovative Product Award in 2006 by the Hsinchu Science Park Bureau

2007

- February Assure 4 System and GlucoSure Star obtaining the approval from the U.S. FDA510(K) to enter the open market
- March The EDGE lactate detecting kit" and "GlucoSure Star blood glucose test kit" obtaining CE certification of EU to enter the open market
- June Awarded as "Most Promising Company of the Year" in Asia-Pacific region by Frost and Sullivan
- September Winning "Outstanding Innovative Enterprise Award"(Now as National Industrial Innovation Award) at the 15th Industrial Technology Development Awards by the Ministry of Economic Affairs
- October Once again chosen as one of the "Best Under A Billion" for the best performance in company operations among small and medium enterprises in Asia-Pacific region by Forbes Asia
- In 2007, 10 patents were obtained. 6 of them were from Taiwan, 3 from China and 1 from the EU.

2008

- April GlucoSure" obtaining the approval from the U.S. FDA510(K) to enter the open market
- September Third year in a row listed as the best 200 enterprise with annual profit less than or equal to 1 billion U.S.D. by Forbes Asia
- October BioHermes HbA1c" winning the Innovation Product Award at Mediphar Taipei 2008
- In 2008, a total of 16 patents were obtained. 10 from Taiwan, 3 from China, 2 from the U.S., and 1 from the EU.

2009

- February Subsidiary Yung Lun Technology Co., Ltd. merged into the Company.
 - September AutoSure Voice BGM System obtaining approval from the U.S. FDA510(K) to enter the open market
 - December Graded as Taiwan A+ Enterprise by Global Views Monthly. Return on Equity at 24.78 % in 5 years, 20.97 % in 10 years.
- In 2009, a total of 9 patents were obtained. 4 were from Taiwan, 4 from China and 1 from Germany.

2010

- January International Oracle Enterprise Resource Planning (ERP) system officially implemented
 - July Selected as one of the “Top 50 Fastest-growing Companies” by Commonwealth Magazine
 - October Product life cycle management system researched, developed and implemented
- In 2010, of all 14 patents obtained, 6 were from Taiwan, 6 from China, 1 from the US, and the other one from the EU.

2011

- April “AutoSure Voice3” obtaining approval from the U.S. FDA510(K) to enter the open market
 - May Third time FDA plant inspected passed
 - September “GAL-1c” obtaining approval from the U.S. FDA510(K) to enter the open market
 - December Passing Authorized Economic Operator (AEO) accreditation by Customs Administration, M.O.F. “Eclipse A1c- Automated Hemoglobin A1c POC Analyzer kit” winning the Innovative Product Award by the Hsinchu Science Park Bureau
- In 2011, totally 7 patents were obtained. 4 were from Taiwan, 2 from China and 1 from the EU.

2012

- January “GAL-1A” obtaining approval from the U.S. FDA510(K) to enter the open market
 - April “MEG-2B” obtaining approval from the U.S. FDA510(K) to enter the open market
 - July On Jul. 13, 2012, the Company was approved by Financial Supervisory Commission to issue unsecured convertible bonds for 400 million NTD, and has a capital increase by 30 million NTD; after the bond issue and the capital increase, the current paid-in capital is changed to 985.3142a million NTD.
 - August For the fourth consecutive year, chosen as one of the “Best Under A Billion” for the best performance in company operations among small and medium enterprises in Asia-Pacific region by Forbes Asia
- Through ApexBio Investment Limited, the Company re-invested into

ApexBio China Investment Ltd. We further established a subsidiary “Apex Biotechnology (Suzhou) Corporation” in Jiangsu, China for business in importing and exporting medical equipment.

December Purchasing a factory in Wuqing, Taoyuan

In 2012, 2 Taiwan and 2 U.S. patents were obtained.

2013

January Awarded the first “Excellent Middle Enterprise Award” by the Ministry of Economic Affairs

October Taoyuan Wuqing plant put into full production

In 2013, a total of 20 patents were obtained. 6 were from Taiwan, 6 from China, 6 from the U.S. and 2 from Japan.

2014

December Passing Authorized Economic Operator (AEO) accreditation by Customs Administration, M.O.F. for the second time

In 2014, totally 14 patents were obtained. 6 were from Taiwan, 6 from China, 6 from the U.S. and 2 from the EU.

2015

December “Blood Glucose/Blood Ketone Dual-Function Kit” winning the Innovative Product Award from the Hsinchu Science Park Bureau
“Animal Blood Glucose/Blood Ketone Dual-Function Kit” winning the 12th National Innovation Award from Institute for Biotechnology and Medicine Industry (IBMI)

In 2015, of all 14 patents obtained, 6 were from Taiwan, 4 from China and 4 from the U.S.

2016

April Passing the fourth FDA plant inspection without defect.

In 2016, 8 patents were obtained. 4 were from Taiwan, 1 from China, 1 from the U.S., 1 from Europe and the other one from Japan.

2017

March Passing plant inspection by Boas Práticas de Fabricação (Brazil GMP)

May “BGM009 Plus” obtaining approval from the U.S. FDA510(K) to enter the open market. More than half of the equity from Omnis acquired.

December Passing Authorized Economic Operator (AEO) accreditation by Customs Administration, M.O.F. for the third time

In 2017, of all 8 patents obtained, 2 were from Taiwan, 2 from China, 3 from the U.S. and the other one from Europe.

2018

June Passing ISO13485 accreditation by TÜV Rheinland Taiwan Ltd.

December “KET-1” obtaining approval from the U.S. FDA510(K) to enter the open market

In 2018, of all 9 patents obtained, 4 were from Taiwan, 3 from the U.S. and 2 from Europe.

2019

March Six products passing registration and certification process in Brazil

In 2019, of all 5 patents obtained, 2 were from Taiwan, 2 from China and the other one from Europe

2020

January “GlucoSure Vivo Link” obtaining Taiwan Food and Drug Administration (TFDA) certificate

June / The GCTU 4-in-1 (blood glucose, cholesterol, triglycerides and uric acid)
October inspection system obtaining CE (Conformité Européenne from EU) and TFDA certificate

December Passing Authorized Economic Operator (AEO) accreditation by Customs Administration, M.O.F. for the fourth time

In 2020, 2 Taiwan and 2 China patents were obtained.

2021

2 TFDA certificates, 2 CE certificates and 2 510K approvals were obtained.

2 Taiwan and 2 Europe patents were obtained.

2022

2 TFDA certificates, 5 CE certificates and 4 510K approvals were obtained.

3 Taiwan, 2 U.S. and 1 Europe patents were obtained.

2023

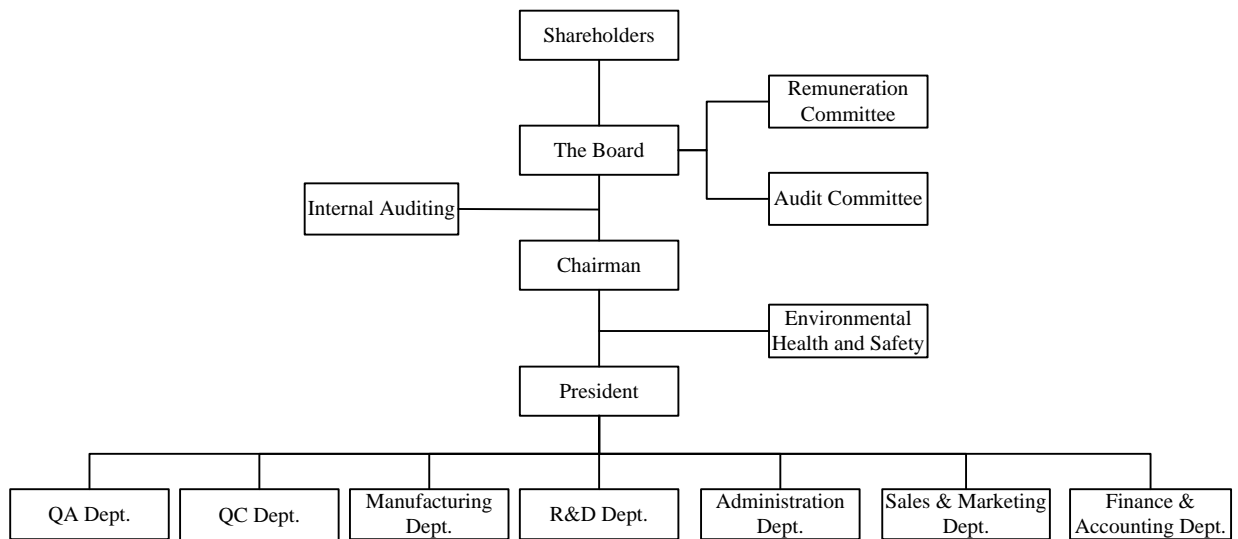
8 TFDA certificates approvals were obtained.

1 Taiwan patent was obtained.

III. Corporate Governance

1. Organization

(1) Organizational Structure



(2) Responsibilities and functions of major departments

General Manager's Room	Planning for decision-making in management of the Company.
Internal Auditing	Inspection, review, and suggestion making of internal control systems.
Management Dept.	Responsible for human resources management, procurement management, information management, and general factory management.
Finance & Accounting Dept.	Planning and management of accounting and financial affairs.
Sales and Marketing Dept.	Planning for domestic and international business development and marketing strategy.
R&D Dept.	Research and design of product technology.
Manufacturing Dept.	Planning and management of raw material, finished goods and the production process.
QA Dept.	Product certification support in foreign countries. Maintain quality management system
QC Dept.	Quality control of raw materials and product.

2. Information on Directors and Supervisors

(1) Information on Directors

Date: 2024/03/02

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Taiwan R.O.C.	Thomas Shen	Male / 71~80	110.07.30	3	89.05.16	9,744,579	9.75%	9,744,579	9.75%	629,648	0.63%	-	-	-Ph.D. in Biochemistry and Molecular Biology, University of Massachusetts, USA -Professor of National Tsing Hua University	-Chairman and President of APEX Biotechnology Corp. -Supervisor of Shengda Venture Investment Co., Ltd. -Representative of legal director of Lytone Enterprise, Inc.	Vice President	Ben Shen	paternity	More than half of the directors are non-concurrent employees or managers
Director	Taiwan R.O.C.	Mark Yang	Male / 61~70	110.07.30	3	89.05.16	271,920	0.27%	281,920	0.28%	0	0%	-	-	-The executive Master of Business Administration, National Chiao Tung University -Assistant Vice President of Metertech Inc.	-Vice President of APEX Biotechnology Corp.				
Independent Director	Taiwan R.O.C.	I-Tan, Chih	Female / 41~50	110.07.30	3	104.06.09	0	0%	0	0%	0	0%	-	-	-Department of Accounting, National Chung Hsin University -Manager of Deloitte & Touche	-CPA of Cyuan Yi CPA Firm -Sole director of New Cyuan Investment Ltd. -Independent Director of Xu Yuan Packing Technology Co., Ltd				
Independent Director	Taiwan R.O.C.	Jeng Ming, Pai	Male / 61~70	110.07.30	3	107.05.25	0	0%	0	0%	0	0%	-	-	-Master of Business Administration, National Chengchi University -Chairman of Hwa-Tek Material Co., Ltd	-Chairman of Bi-Sonic Technology Corp. -Chairman of Bi-Sonic Thermal Module Technology Corp.				
Independent Director	Taiwan R.O.C.	Jin-Chang, Bou	Male / 51~60	110.07.30	3	107.05.25	0	0%	0	0%	0	0%	-	-	-Master of Business Administration, The City University of New York -Supervisor of Syncmold Enterprise Co., Ltd.	-Supervisor of Loyal Fidelity Aerospace Corp. -Director of Hwua Yiang Investment Corp. -Director of Bi-sonic Technology Corp -Chairman of SpeedLead Co.,Ltd -Chairman of Tai-Lai Enterprise				

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	Taiwan R.O.C.	Yung-Luh, Tsaih	Male / 61~70	110.07.30	3	110.07.30	0	0%	0	0%	0	0%	-	-	-Master of Business Administration, University of Missouri -Vice President of Underwriting Department at Fubon Securities Co., Ltd.	-Independent director of Syncmold Enterprise Co., Ltd.				

Note : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Due to the need to have professional knowledge and technology related to the medical device industry, Chairman Thomas Shen concurrently serves as the general manager, and more than half of independent directors are appointed as a response.

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

<div>Qualification</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Thomas Shen	<p>Mr. Thomas Shen served as a postdoctoral researcher at Cornell University in the United States from 1972 to 1973. He was as a professor at Tsinghua University from 1973 to 1981.</p> <p>Since 1981, he has been the General Manager of Metertech Inc. Since 1997, he has also been the Chairman and General Manager of the Company.</p> <p>Mr. Shen has been focusing on management of the Company and has expertise in analysis and biochemistry that professionally support the development and manufacturing of medical equipment. Under his leadership, Company has achieved constant growth and good business performance. Furthermore, he has not been involved in any situations listed in Article 30 of the Company Act.</p>	-----	0
Mark Yang	<p>Mr. Mark Yang served as the Plant Manager at Metertech INC. from April 1981 to 1993, and as associates from 1993 to 1998. Then since February 1998, he has been serving as Deputy General Manager and a director at ApexBio.</p> <p>Mr. Yang graduated from National Chin-Yi University of Technology with a degree in Mechanical Engineering and a master's degree in Degree Program of Master of Business Administration for Executive (EMBA) from National Chiao Tung University (Now as NYCU). He specializes in research and development of mechanics and instrument, manufacturing and administrative management. He possesses the expertise and experiences necessary for the development of Company's business. Also, he has not been involved in any situations listed in Article 30 of the Company Act.</p>	-----	0

Qualification n Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
I-Tan, Chih	<p>1. Ms. I-Tan, Chih is the convener of the Audit Committee of the Company.</p> <p>2. Ms. Yi-Tan Chi served as the Audit Department Manager at Deloitte & Touche from 1998 to 2006. In October 2006, she established Cyuan Yi certified public account and has been serving as an accountant. She is a licensed accountant and has expertise in business, accounting and so on.</p> <p>Ms. Chih also served as a supervisor of Hua Hua Technology Corp. from 2012 to 2015, and as a member of the Remuneration Committee of both Mustek Inc. and Moai. She also served as a independent director of Hsin Chuan Investment Co., Ltd. in July 2020.</p> <p>She is very familiar with the Company Act and Securities and Exchange Act. Last but not least, she has not been involved in any situations listed in the Article 30 of the Company Act.</p>	<p>Ms. Chih, the independent director, has not been involved in any situations stipulated in article 3, paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.</p> <p>Neither Ms. Chi nor her spouse, relatives up to the second degree of kinship, or lineal relatives up to the third degree of kinship have served as employees, directors, or supervisors of the Company or its related enterprises, nor do they hold any share of the Company or its related enterprises (and without using others’ names).</p> <p>Additionally, for the past two years, Ms. Chih has not provided any business, legal, financial, or accounting services to the Company or its related enterprises.</p>	0
Jeng Ming, Pai	<p>1. Mr. Pai Jeng Ming is a member of the audit committee of the Company.</p> <p>2. Mr. Pai has a professional background in finance and accounting, previously serving as a lecturer of finance and management in Chung Yuan Christian University for 2 years. Later, he worked as a manager in the underwriting department of Taiwan Securities Co., Ltd. for 3 years, hence very much familiar with securities-related laws. He has also worked as a supervisor, director, and chairman in private companies, possessing the required professional expertise and experiences for business development and management of the Company. Furthermore, he has not been involved in any situations listed in Article 30 of the Company Act.</p>	<p>Mr. Pai, the independent director, has not been involved in any situations stipulated in article 3, paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.</p> <p>Neither Mr. Pai nor his spouse, relatives up to the second degree of kinship, or lineal relatives up to the third degree of kinship have served as employees, directors, or supervisors of the Company or its related enterprises, nor do they hold any share of the Company or its related enterprises (and without using others’ names).</p> <p>Additionally, for the past two years, Mr. Pai has not provided any business, legal, financial, or accounting services to the Company or its related enterprises.</p>	0

Qualification n Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Jin-Chang, Bou	<p>1. Mr. Bou, Jin-Chang is a member of the Audit Committee of the Company.</p> <p>2. Mr. Bou has previously served as the lead of the Listing Examination Department at the competent authority of securities, familiar with securities-related laws. He has also been devoted in positions of the finance, accounting department, and administration supervisor of listed and over-the-counter private companies, as well as an executive director of an emerging stock company. He has also worked for companies in Europe and Singapore, specializing in handling corporate mergers and acquisitions. Overall, Mr. Bou possesses both theoretical and practical knowledge, along with a global perspective. Also, he has not been involved in any of the situations listed in Article 30 of the Company Act.</p>	<p>Mr. Bou, the independent director, has not been involved in any situations stipulated in article 3, paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.</p> <p>Neither Mr. Bou nor his spouse, relatives up to the second degree of kinship, or lineal relatives up to the third degree of kinship have served as employees, directors, or supervisors of the Company or its related enterprises, nor do they hold any share of the Company or its related enterprises (and without using others’ names).</p> <p>Additionally, for the past two years, Mr. Bou has not provided any business, legal, financial, or accounting services to the Company or its related enterprises.</p>	0
Yung-Luh, Tsaih	<p>1. Mr. Yung-Luh, Tsaih is a member of the audit committee of the Company.</p> <p>2. Mr. Tsaih served as a underwriting manager at Taiwan Securities Co., Ltd. and the deputy general manager of the underwriting department at Fubon Securities Co., Ltd. from 1988 to 2002, engaged in securities underwriting business. He specializes in the financial accounting and management system regulations, as well as related internal control and audit system processes. Currently He also served as an independent director of Syncmold Co., Ltd. Also, he has not been involved in any of the situations listed in Article 30 of the Company Act.</p>	<p>Mr. Tsaih, the independent director, has not been involved in any situations stipulated in article 3, paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.</p> <p>Neither Mr Tsaih nor his spouse, relatives up to the second degree of kinship, or lineal relatives up to the third degree of kinship have served as employees, directors, or supervisors of the Company or its related enterprises, nor do they hold any share of the Company or its related enterprises (and without using others’ names).</p> <p>Additionally, for the past two years, Mr. Tsaih has not provided any business, legal, financial, or accounting services to the Company or its related enterprises.</p>	1

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and P. 4 of 93 work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

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

(3) Boarding diversity and independence

(A) Boarding diversity:

In Article 20 of “the Corporate Governance Best-Practice Principles”, the Company stipulates that member diversity of the Board should be considered. First of all, number of seats occupied by directors also serving as managers in the Company is not supposed to reach one-third of all the seats. Also, appropriate policies of diversity ought to be formulated according to business operations, working patterns and needs for development.

The standards will be including but not limited to:

- a) Fundamental conditions and values: gender, age, nationality, culture, etc. The percentage of female should reach one-third of the total number of directors.
- b) Expertise and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

Board members should generally possess the knowledge, skills, and values necessary to perform their duties. To achieve the goal of ideal corporate governance, the abilities that the Board as a whole should possess are as follows:

- a) Business judgment ability
- b) Accounting and financial analysis ability
- c) Operations and management ability
- d) Crisis management ability
- e) Industry knowledge
- f) Global market perspective
- g) Leadership
- h) Decision-making skills

The board members of Company are all experienced professionals in their domains, such as financial accounting, industry knowledge and operations management. They also possess the skills for crisis management, risk analysis, leadership and decision-making. Company puts no less emphasis on gender equality, positively reflecting on the composition of board members as at least one female independent director in every four seats. To attain the goal of ideal corporate governance, the Board has implemented member diversity as follows:

Diversity Items Name	Baic Information									Background			Professional knowledge							
	Nationality	Gender	Employee Position	Age				Seniority of Independent Director			Biological	Mechatronics	Financial business	Business Judgment	Financial Accounting	Management	Crisis management	Domain Knowledge	International market	Leadership & Decision
				Under 50	50 ~ 59	60 ~ 65	Exceed 70	Under 3 years	3~6 years	6~9 years										
Thomas Shen	Taiwan R.O.C	Male	V				V				V			V	V	V	V	V	V	V
Mark Yang	Taiwan R.O.C	Male	V			V						V		V		V	V	V	V	V
I-Tan, Chih	Taiwan R.O.C	Female		V						V			V	V	V	V			V	V
Jeng Ming, Pai	Taiwan R.O.C	Male				V			V			V	V	V	V	V	V	V	V	V
Jin-Chang, Bou	Taiwan R.O.C	Male			V				V				V	V	V	V			V	V
Yung-Luh, Tsaih	Taiwan R.O.C	Male				V		V					V	V	V	V			V	V

(B)Board independence:

Currently there are six board members in the Company, among whom 4 are independent accounting for 67% of all seats. These independent directors have not served for more than 3 terms in a row, nor have them been involved in any of the situations mentioned in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act. Additionally, there are no spouses or relationship within second degree between directors, between supervisors, or between directors and supervisors.

(4) Information on Managements

Date: 2024/03/02

Job title (Note 1)	Nationality or place of registration	Name	Gender	Date of election / appointment to current term	No. of shares held at time of election		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Positions held concurrently in the company and/or in any other company	Other officer(s), with which the person has a relationship of spouse or relative within the second degree			(Note 3)
					No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio			Job title	Name	Relationship	
President	Taiwan R.O.C.	Thomas Shen	Male	86.12.02	9,744,579	9.75%	629,648	0.63%		—	-Ph.D. in Biochemistry and Molecular Biology, University of Massachusetts, USA -Professor of Biochemistry and Molecular Biology, National Tsing Hua University	-Supervisor of Shengda Venture Investment Co., Ltd. -Representative of legal director of Lytone Enterprise, Inc.	Vice President	Ben Shen	Paternity	More than half of the directors are non-concu rent employees or managers
Vice President	Taiwan R.O.C.	Mark Yang	Male	87.02.01	281,920	0.28%	0	0%	—	—	-The executive Master of Business Administration, National Chiao Tung University -Assistant Vice President of Metertech Inc.	—	—	—	—	
Vice President	Taiwan R.O.C.	Tammy Wu	Female	86.12.02	30,545	0.03%	0	0%	—	—	-National Taipei University, MBA	—	—	—	—	
Vice President	USA	Ben Shen	Male	105.02.16	132,000	0.13%	0	0%	—	—	-Boston University,BS; -Northeastern University, Molecular biology and Biochemistry, MS	-President of Omnis Health LLC	President	Thomas Shen	Paternity	
Chief Financial Officer	Taiwan R.O.C.	James Chu	Male	88.06.21	2,382	0.00%	0	0%	—	—	-Soochow University, Accounting, MS	-Chief Financial Officer of Omnis Health LLC -Director of VGEM Technology Inc.	—	—	—	

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto or: Due to the need to have professional knowledge and technology related to the medical device industry, Chairman Thomas Shen concurrently serves as the general manager, and more than half of independent directors are appointed as a response.

3. Remuneration to Ordinary Directors, Independent Directors, Supervisors, General Manager, and Assistant General Managers

(1) Remuneration to Ordinary Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Date:2024/03/31 ; Unit: NT\$ Thousands

Job title	Name	Remuneration to directors								Ratio of sum of items A, B, C and D to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Ratio of sum of items A, B, C, D, E, F and G to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Base compensation (A) (Note 2)		Retirement pay and pension (B)		Director profitsharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 6)						
		The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company		All consolidated entities (Note 7)		The Company	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Thomas Shen	0	0	0	0	510	510	0	0	510 (0.44%)	510 (0.44%)	9,660	9,660	557	557	1,200	0	1,200	0	11,927 (10.30%)	11,927 (10.31%)	NA
Director	Mark Yang																					
Independent director	I-Tan, Chih	0	0	0	0	1,020	1,020	280	280	1,300 (1.12%)	1,300 (1.12%)	0	0	0	0	0	0	0	0	1,300 (1.12%)	1,300 (1.12%)	NA
Independent director	Jeng Ming, Pai																					
Independent director	Jin-Chang, Bou																					
Independent director	Yung-Luh, Tsaih																					
<div>1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: According to Article 27-1 of Articles of Incorporation, our Company should contribute at least 3% for Employee Bonus Stock (in thousand shares) and at most 1% for directors' emoluments from the income from continuing operations before income tax, prior to the deduction of employee bonus stock and directors' emoluments from the net income. So just like the other directors, besides being paid with remuneration based on the results of performance evaluation, the independent directors only receive subsidies for travel expenses when attending board meetings.</div> <div>2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): NA</div>																						

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
Less than NT\$1,000,000	Thomas Shen / Mark Yang / I-Tan, Chih / Jeng Ming, Pai / Jin-Chang, Bou / Yung-Luh, Tsaih	Thomas Shen / Mark Yang / I-Tan, Chih / Jeng Ming, Pai / Jin-Chang, Bou / Yung-Luh, Tsaih	I-Tan, Chih / Jeng Ming, Pai / Jin-Chang, Bou / Yung-Luh, Tsaih	I-Tan, Chih / Jeng Ming, Pai / Jin-Chang, Bou / Yung-Luh, Tsaih
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)				
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)			Mark Yang	Mark Yang
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)				
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)			Thomas Shen	Thomas Shen
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)				
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)				
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)				
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)				
NT\$100,000,000 or above				
Total	6	6	6	6

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market P. 12 of 93 rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11:

- In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").
- If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."
- Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

(2) Remuneration to Supervisors (Individual Disclosure of Names and Remuneration Items)

Date:2024/03/31 ; Unit: NT\$ Thousands

Job title	Name	Base compensation (A)		Profit-sharing compensation (B)		Expenses and perquisites (C)		Sum of A+B+C and ratio to net income				Sum of A+B+C and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Thomas Shen	12,376	13,684	695	695	3,750	3,750	1,800	0	1,800	0	18,621 (16.08%)	19,929 (17.21%)	無
Vice President	Mark Yang													
Vice President	Tammy Wu													
Vice President	Ben Shen													
Chief Financial Office	James Chu													

Remuneration Range Table

Ranges of remuneration paid to each of the Company's supervisors	Names of Supervisors	
	The Company	All consolidated entities
Less than NT\$1,000,000		
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)		
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)	Mark Yang / Tammy Wu / James Chu / Ben Shen	Mark Yang / Tammy Wu / James Chu / Ben Shen
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)		
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)	Thomas Shen	Thomas Shen
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)		
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)		
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)		
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)		
NT\$100,000,000 or above		
Total		

(3) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

2024/03/31; Unit: NT\$ Thousands

	Job title	Name	Amount in stock	Amount in cash	Total	As a % of net profit
Managerial officers	President	Thomas Shen	0	1,800	1,800	1.55%
	Vice President	Mark Yang				
	Vice President	Tammy Wu				
	Vice President	Ben Shen				
	Chief Financial Officer	James Chu				

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: The applicable scope of “managerial officers” is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions: (1) General manager(s) and equivalent level positions (2) Assistant general manager(s) and equivalent level positions (3) Deputy assistant general manager(s) and equivalent level positions (4) Chief officer of the finance division (5) Chief officer of the accounting division (6) Other persons who have the power to manage affairs and sign for the Company

Note 4: If any director, general manager, or assistant general manager receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

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

(A) Analyze the total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers :

Job title	As a % of net profit			
	2022		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Directors	7.84%	7.85%	11.42%	11.43%
President & Vice Presidents	11.05%	11.74%	16.08%	17.21%

(B) Policies, standards and combinations, and stipulation process of emoluments payment to directors, general manager and deputy general manager; the relevance between operating performance and the factors mentioned above.

a) According to Article 27-1 of Articles of Incorporation, the Company should contribute at least 3% for Employee Bonus Stock (in thousand shares) and at most 1% for Directors’ Emoluments from the income from continuing operations before income tax, prior to the

deduction of employee bonus stock and directors' emoluments from the net income. Since the Company has not paid any other aperiodical bonus except the traffic acquisition cost and the at most 1% directors' remuneration contributed according to the Company's Articles of Incorporation.

- b) The remunerations for the General and Deputy General Manager include salaries, bonus and special disbursement, based on the position and the responsibility taken according to the "Form of Employees' Classification and Salary Structure" and de facto standards as Reference. The process of stipulating remuneration is based on "Goal Achievement Evaluation Administrative Measures". Besides considering the overall operating performance, future management risk of the industry and developing trends, personal goal achievement percentage and the contribution level to the Company also ought to be taken into account for reasonable bonuses. The evaluation items of managers' performance consist of skills of giving inspirations and commands, planning and organizing skills, subordinate cultivation skills, job improvement skills and creativity, etc. Other relevant evaluations and the reasonability of salaries and bonuses were reviewed and passed through the Remuneration Committee and the Board.

4. The state of the company's implementation of corporate governance

(1) The state of operations of the board of directors

The number of board meetings held in the most recent fiscal year was: 6 (A)

The attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Chairman	Thomas Shen	6	0	100%	2021.7.30 re-elected
Director	Mark Yang	6	0	100%	2021.7.30 re-elected
Independent director	I-Tan, Chih	6	0	100%	2021.7.30 re-elected
Independent director	Jeng Ming, Pai	6	0	100%	2021.7.30 re-elected
Independent director	Jin-Chang, Bou	6	0	100%	2021.7.30 re-elected
Independent director	Yung-Luh, Tsaih	6	0	100%	2021.7.30 re-elected

Other information required to be disclosed:

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

- (1) Any matter under Article 14-3 of the Securities and Exchange ActThe Company has its own audit committee, thus inapplicable to Article 14-3 of the Securities and Exchange Act. For the explanation of Article 14-5 of the Securities and Exchange Act, please refer to the actual practice of the audit committee (Please refer to Page 27) .
- (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: NA.

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

Feb. 21st 2023 Board of Directors Meeting:

- (1) 2022 Performance bonus approval rules and the amount of the bonuses, and 2023 annual salary adjustment guidelines. Because Chairman Mr. Shen was also serving as the General Manager, and Director Mr. Yang was serving as the Deputy General Manager, they left the table to not participate in discussion and the execution of voting rights according to the recusal principle due to conflicts of interest. Chairman of the meeting was designated, and he or she consulted all the other directors, after which the guidelines passed with no objection.

Mar. 10th 2023 Board of Directors Meeting:

- (1) The Company was drafting a lending fund plan for subsidiary Omnis. Because Chairman Mr. Shen was also serving as the General Manager, and Director Mr. Yang was serving as the Deputy General Manager, they left the table to not participate in discussion and the execution of voting rights according to the recusal principle due to conflicts of interest. Chairman of the meeting was designated, and

he or she consulted all the other directors, after which the vote passed with no objection.

- (2) The Company was drafting the statement of providing pledge secured loans for subsidiary Omnis. Because Chairman Mr. Shen was also serving as the General Manager, and Director Mr. Yang was serving as the Deputy General Manager, they left the table to not participate in discussion and the execution of voting rights according to the recusal principle due to conflicts of interest. Chairman of the meeting was designated, and he or she consulted all the other directors, after which the vote passed with no objection.

Aug. 8th 2023 Board Meeting:

- (1) The Company's 2022 Manager remuneration plan. Because Chairman Mr. Shen was also serving as the General Manager, and Director Mr. Yang was serving as the Deputy General Manager, they left the table to not participate in discussion and the execution of voting rights according to the recusal principle due to conflicts of interest. Chairman of the meeting was designated, and he or she consulted all the other directors, after which the vote passed with no objection.
 - (2) The company plans to appoint Mr. Ben Shen as the executive director of the company's subsidiary, Apex Biotechnology (Suzhou) Corporation, and pay salary. Because Chairman Mr. Shen was also serving as the General Manager, he left the table to not participate in discussion and the execution of voting rights according to the recusal principle due to conflicts of interest. Chairman of the meeting was designated, and he or she consulted all the other directors, after which the vote passed with no objection.
3. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 1 Assessments of the Board of Directors.
4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years.
- (1) In our Company, there are 6 directors from election, of which 4 are independent directors. To strengthen the Board's competency and corporate governance, the audit committee was established to perform authorities ruled by Securities Exchange Law, Company Law and others. The audit committee meeting must be held at least once per quarter, and the committee should review the financial report and newly promulgated laws with outside accountants. Please refer to this annual report for the actual practices of the audit committee. Please refer to Page 27.
 - (2) On Aug. 8th, 2023, the resolutions of amending part of the "Procedures for preparation of financial statements" and the "Procedures for Supervision and management of subsidiaries" and "Rules governing financial and business matters between this corporation and its affiliated enterprises" were approved by the Board.
 - (3) On Aug. 8th, 2023, the resolution of amending part of the "Risk Management Policies and Procedures" was approved in a Board meeting.
 - (4) On Nov. 10th, 2023, the resolution of amending part of the "Rules of Procedures for Shareholders' Meetings" was approved in a Board meeting.
 - (5) On Dec. 28th, 2001, our Company's remuneration committee was established. Its duty is to regularly evaluate and stipulate the pay or emoluments of Directors and Managers, as well as regularly review the performance evaluation of Directors and Managers, and the policies, systems, standards and structures. Please refer to this annual report for the actual practices of the remuneration committee. Please refer to Page 44.

Table1: Assessments of the Board of Directors

After collecting the performance evaluation questionnaires from the whole Board of Directors, functional committees, independent directors, audit committee members and remuneration committee members from Jan. 1 to Dec. 31, 2023, the parliamentary unit of the Board of Directors analyzed the results based on the evaluation content listed above. The results were then presented to the Board of Directors, along with suggestions for improvement on certain sections that need strengthening. The method and the results of the Board of Directors' performance evaluation were also disclosed on the Company's official website. The latest (2023) performance evaluation results of the Board and functional committees were presented to and approved by the Board of Directors on Jan. 23, 2024.

Once a year	From Jan. 1 to Dec. 31, 2023	1.The Board as a whole 2.Functional committees 3.Independent directors 4.Members of the audit committee 5.Members of the remuneration committee	1. Self-evaluation of the Board of Directors 2. Self-evaluation of functional committees 3. Self-evaluation of independent directors 4. Self-evaluation of members of the audit committee 5. Self-evaluation of members of the remuneration committee	Performance evaluation subjects for the Board of Directors: 1. Level of participation in operations of the Company 2. Improving the quality of decisions from the Board 3. Composition and structure of the Board 4. Election and continuing advanced studies of Directors 5. Internal control Performance evaluation of functional committees: 1. Level of participation in operations of the Company 2. Duty consciousness of functional committees 3. Improving the quality of decisions from functional committees 4. Composition and election of functional committees 5. Internal control Performance evaluation subjects for independent directors: 1. the understanding of the Company's goals and tasks 2. Duty consciousness of each Director 3. Level of participation in operations of the Company 4. Internal relationship management and communication 5. Expertise and continuing advanced studies of Directors 6. Internal control Performance evaluation subjects for members of the audit committee: 1. Participation level in company operations 2. Duty consciousness of the audit committee. 3. Improving the quality of decisions of the audit committee 4. Composition and elections of the audit committee 5. Internal control Performance evaluation subjects for the remuneration committee: 1. Participation level in company operations 2. Duty consciousness of the remuneration committee. 3. Improving the quality of decisions of the remuneration committee 4. Composition and elections of the remuneration committee 5. Internal control
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(2) Operation of the Audit Committee

The number of audit committee meetings held in the most recent fiscal year was: 5 (A)

The attendance by the independent directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【 B / A 】	In-person attendance rate (%) 【 B / A 】
Convenor	I-Tan, Chih	5	0	100%	2021.7.30 re-elected
Member	Jeng Ming, Pai	5	0	100%	2021.7.30 re-elected
Member	Jin-Chang, Bou	5	0	100%	2021.7.30 re-elected
Member	Yung-Luh, Tsaih	5	0	100%	2021.7.30 New elected

Other information required to be disclosed

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(1) Any matter under Article 14-5 of the Securities and Exchange Act: The requirement for passing a resolution is, at least half of the members of the audit committee approve first, and then submit the proposal to the Board of Directors for approval from at least two-thirds of the total number of directors. Please refer to Page 28 table 1.

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: NA

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: NA

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

(1) The Company convenes regular meetings of the audit committee and invites accountants, audit officers, and managers concerned to attend if necessary.

(2) The internal audit officers of the Company ought to attend the audit committee meeting and submits the audit summary report to the committee regularly based on the annual audit plan. The audit committee evaluates the Company's internal control system, internal auditors and their work on a regular basis.

(3) Concerning the financial report review and the audit results from the 1st to the 3rd quarter, along with other relevant legal requirements, the audit committee communicates regularly with the Company's certified public accountants. Also, the committee conducts independent audits for the appointment of the accountants, and for the auditing or non-auditing services they provide.

(4) Independent directors may contact the audit supervisor or the accountants at any time if it is necessary for better communication.

(5) In 2023, the internal audit officer held one-on-one meetings with each director prior to the audit committee meetings on Mar. 10 and Aug. 8. The communication process was good, with no objections from the independent directors.

(6) In 2023, the internal audit officer held one-on-one meetings with each director prior to the audit committee meetings on Dec. 29. The communication process was good, with no objections from the independent directors.

4. Annual key emphasis tasks of the audit committee:

The Audit Committee aims to assist the Board of Directors with the supervision of the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial controls.

(1) Main auditing subjects of the audit committee include:

- Stipulation or improvement of internal control system
- Evaluation of overall efficacy of internal control systems
- Significant assets or transaction of derivatives
- Significant lending funds, endorsements or guarantees
- Appointment, removal, or pay of certified public accountants.
- Appointment or removal of financial, accounting, or internal audit officers.
- Annual and semi-annual financial reports.
- Stipulation or revision of regulations for acquisition or disposal of assets
- Stipulation or revision of regulations for engagement in derivative transactions
- Stipulation or revision of procedures for loaning funds to others
- Stipulation or revision of regulations for significant business conducts such as endorsement or guarantee for other people
- Raising, issuing, or privately raising equity securities

(2) Review of Financial Reports

The Board of Directors has produced the 2023 annual business report, financial statements (including consolidated financial statements), and profit distribution proposal. The financial statements (including consolidated financial statements) have been audited by the two accountants Ms. Ya-yun Chang and Mr. Yu-feng Huang, from Deloitte & Touche, with the audit report offered. The business report, financial statements (including consolidated financial statements) and profit distribution proposal listed above have been reviewed by the Audit Committee and found as in compliance.

(3) Evaluation of the Efficacy of Internal Control Systems

The audit committee is in charge of reviewing audit reports, internal control practices and tracking the efficacy of the results monthly. The committee also reviews regular reports from the finance department, Audit Department, and business department.

* Table1: Resolutions of Items Listed in Article 14-5 of the Securities and Exchange Act

The Board of Directors	Content of Proposal	Items Listed in Article 14-5 of the Securities and Exchange Act	Subsequent Handling
9 th Term 12 th Meeting 03.10.2023	2022 annual business report and financial statement of the Company	V	Approved and passed by attending members of the audit committee
	2022 profit distribution proposal of the Company	V	
	Assessment of independence and competency of the company's CPA	V	
	2022 annual audit operation review plan	V	
	2022 annual "internal control system statement" of the Company	V	
	Proposal to provide fund loans to a subsidiary, Omnis Health, LLC, which need short-term financing	V	
	Proposal to lend funds to a subsidiary, Omnis Health, LLC	V	
9 th Term 13 th Meeting 05.09.2023	Report on the financial statements of the first quarter in 2023 of the Company	V	
	The reappointment of the certified public accountant for the Company in 2023	V	

9 th Term 14 th Meeting 08.08.2023	Report on the financial statements of the second quarter in 2023 of the Company	V	
	Amendments to the 「 Procedures for preparation of financial statements 」	V	
	Amendments to the 「 Subsidiary Monitoring Operation Procedure 」	V	
	Amendments to the 「 Rules governing financial and business matters between this corporation and its affiliated enterprises 」	V	
9 th Term 15 th Meeting 11.10.2023	Report on the financial statements of the third quarter in 2023 of the Company	V	
9 th Term 16 th Meeting 12.29.2023	Proposal to formulate the Company's operating plan for 2024	V	

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

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles" to protect the rights of shareholders, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and enhance information transparency. The principles are available for reference on the Company's website. The Company updates the content of the “Corporate Governance Best Practice Principles” as required by the government regulations, with the latest update approved by the Board of Directors on Feb. 21, 2022.	No major difference
2. Shareholding Structure and Shareholders’ Rights (1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) The Company has established a stakeholder’s area on the website, on which contact information, including phone numbers and email addresses, for handling stakeholders’s suggestions or disputes are provided.	No major difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) The Company has established a Stock Agency Department, in charge of maintaining good relationships with our major shareholders. Monthly reports on changes in shareholdings by insiders (directors, managers, and shareholders holding more than 10% of the share) are declared to "Market Observation Post system(MOPS)" in accordance with the law.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The Company has established a "Subsidiary Monitoring Operation Procedure", and assisted our subsidiaries in establishing the written version of internal control systems.	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		<p>(4) The Company has established a "Procedures for the Prevention of Insider Trading" to regulate the major internal information for confidentiality.</p> <p>On December 26, 2022, The Company held a 3-hour internal training session on "relevant laws and case analysis of insider trading" for current directors, managers, and senior managers. The content includes the elements of insider trading, the clear timing of significant information, the method and timing of disclosure, penalties for violating insider trading, case analysis, and the measures to avoid unintentional insider trading. The content of the Taiwan Stock Exchange's "Insider Trading Guide" was also shared in the class, and related information has also been available on our internal website for the employees to consult at any time.</p>	
<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p>	V		<p>(1)</p> <p>a) When setting the composition of the Board mentioned by the "Corporate Governance Best Practice Principles," the Company considers the diversity of the Board members from various aspects, including (but not limited to) gender, age, cultural and educational background, professional experience, skills and knowledge. All appointments to the Board are based on the principle of meritocracy, and objective criteria are considered to benefit the diversity of the Board members. (Please refer to pages 13-15 of this annual report for more information.)</p> <p>b) Currently the Board of the Company consists of six members. They include Chairman Yan-Shi Shen, who possesses extensive knowledge of biotechnology and the industry, as well as leadership in business operations and a global market</p>	No major difference

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		<p>perspective; Director Meng-Wen Yang, who is familiar with industry knowledge of electronics, process management, and has strong management skills. There are four other independent directors, including Director Yi-Tan Chi, a qualified accountant providing professional guidance on financial and accounting matters; Director Jin-Chang Bao and Director Yong-Lu Tsai, both of whom are experienced in operations judgment and financial affairs; and Director Cheng-Ming Bai, who has industry and financial management knowledge. These directors has brought along their abundant business experiences , which provides guidance in diverse aspects to the Company.</p> <p>c) In the Board of the Company, directors also serving as an employee account for 33% of all, while independent directors account for 67%. Female directors account for 17% of the Board. There is one independent director with 7-9 years of service, two with 4-6 years, and the other one with 1-3 years. There is one director aged over 70, three aged 60-65, one aged 50-59 and the other one aged under 50.</p> <p>(2) The Company has established the "remuneration committee" and the "audit committee" based on the rules. The "remuneration committee" is required according to the law to hold at least two meetings per year, while three meetings had been held in 2022. The "audit committee" is required to hold at least one meeting per quarter, and there are six meetings held in 2022.</p>	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors,	V		(3) The Board of the Company approved the stipulation of Performance Evaluation of the Board Guidelines on Oct. 11,	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?			<p>2016. Since then, the guidelines have been continually updated based on the Company's governance blueprint or legal requirements. Most recently on Aug. 11, 2020, the Board of Directors approved revisions of Performance Evaluation of the Board Guidelines and the self-evaluation questionnaire. In early January in 2023, the Board sent the 2022 performance self-evaluation questionnaire to all the members, which required them to evaluate the overall operation of the Board and functional committees, as well as self-evaluation.</p> <p>Below are the basic performance criteria of self-evaluation for different committees and the Board.:</p> <ul style="list-style-type: none"> • Performance evaluation items for the Board of Directors: <ol style="list-style-type: none"> 1. Participation level in operations of the Company 2. Improving the quality of decisions from the Board 3. Composition and structure of the Board 4. Election and continuing advanced studies of Directors 5. Internal control • Performance evaluation of functional committees: <ol style="list-style-type: none"> 1. Participation level in operations of the Company 2. Duty consciousness of functional committees 3. Improving the quality of decisions from functional committees 4. Composition and election of functional committees 5. Internal control • Performance evaluation items for independent directors: <ol style="list-style-type: none"> 1. Understanding of the Company's goals and tasks 2. Duty consciousness of each Director 3. Participation level in operations of the Company 4. Internal relationship management and communication 5. Expertise and continuing advanced studies of Directors 6. Internal control 	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(4) Does the Company regularly evaluate its external auditors' independence?	V		<ul style="list-style-type: none"> • Performance evaluation items for the remuneration committee: <ol style="list-style-type: none"> 1. Participation level in company operations 2. Duty consciousness of the remuneration committee. 3. Improving the quality of decisions of the remuneration committee 4. Composition and elections of the remuneration committee 5. Internal control • Performance evaluation items for members of the audit committee: <ol style="list-style-type: none"> 1. Participation level in company operations 2. Duty consciousness of the audit committee. 3. Improving the quality of decisions of the audit committee 4. Composition and elections of the audit committee 5. Internal control <p>After collecting all 2022 performance evaluation questionnaires in mid-January 2023, the Board Secretary of the Company analyzed the results based on the previous method, expecting to present the results along with suggestions for sections that can be strengthened to the Board on February 21. The aforementioned method and evaluation results were disclosed on the Company's official website. The 2022 performance evaluation results of the Board members, the Board itself, and functional committees were reported to and approved by the Board on Feb. 21, 2023. The Company referred to Article 27-1 of the Company's articles of incorporation and the results of independent directors' performance evaluations for the distribution of directors' emoluments.</p> <p>(4) The company's audit committee evaluates the independence and competency of its CPA every year. In addition to requiring the CPAs to provide a "declaration of independence" and</p>	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			"Audit Quality Indicators (AQIs)", it also relies on 13 AQI indicators (audit experience, training hours, turnover rate, professional support, accountant load, audit investment, case quality Control review, quality control support capabilities, non-audit services, customer familiarity, external inspection deficiencies and penalties, improvement letters from competent authorities, innovative planning or initiatives) are evaluated.The company's CFO also evaluates the independence of the CPA in accordance with "Article 47 of the Accountants Act" and " The Norm of Professional Ethics No. 10", both of which are consistent with the principle of independence. (refer to page 41 Table1) It is confirmed that the accountant has no other financial interests and business relationships with the company except for fees for visas and financial and tax cases. The accountant's family members do not violate the independence requirements. With reference to the AQI indicator information, it is confirmed that the accountant and the firm are in the audit experience and the number of training hours is better than the industry average.The evaluation results of the most recent year have been reviewed and approved by the Audit Committee on March 13, 2024, and reported to the Board of Directors on March 13, 2024 to pass the assessment of the independence and competency of accountants Ya Yun Chang and Yu Feng Huang.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of	V		On Nov. 9, 2021, the Company's Board of directors appointed Deputy General Manager Wu from the management department as the Company's governance supervisor. Deputy General Manager Wu has more than 20 years of experiences. as a supervisor for stock-related affairs in public companies, and has been presenting the execution of his duties at each third-quarter board meeting. The main responsibilities of the governance supervisor are as follows:	No major difference

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			a) To formulate and plan for appropriate corporate systems and organizational structures to promote the independence of the Board, transparency of corporate governance, implementation of internal audit and control and compliance with relevant laws and regulations. b) To consult the directors regarding the agenda and date of meeting beforehand, and to notify all directors at least 7 days in advance. Also, he / she ought to provide the agenda and relevant information for directors to do research on the related issues first. When there are conflicts of interest involving certain stakeholders, the opposite parties will be given prior notice for recusal. After the meeting, the minutes of the Board meeting will be organized and sent to all directors immediately. c) To present the results showing whether qualifications of independent directors during the nomination, election, and tenure periods are in compliance with relevant laws and regulations to the Board. d) To register the date of the shareholders' meeting in accordance with the laws every year, and to prepare and declare the notice of meeting, meeting handbooks, annual report, and minutes of the meeting before the deadline. To handle matters related to board elections and company change registration after the amendment of the articles of incorporation or election of directors or the approval of capital raises. e) To provide information necessary for the directors to perform their duties, and to keep them updated on relevant legal and regulatory developments related to operations of the Company for the compliance. f) To conduct an annual performance evaluation of the Board	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>and an internal performance evaluation of the overall operations.</p> <p>g) To check the dissemination of significant messages after each board meeting, ensuring the legality and accuracy of the messages, further securing investors' equal access to information on trading.</p> <p>h) To arrange courses for independent directors and general directors according to the industry characteristics of the Company and the directors' educational and professional backgrounds.</p> <p>i) To arrange communication meetings between independent directors and the internal audit managers or the certified public accountants.</p> <p>j) To provide necessary information of the Company to directors, in order to maintain smooth communication and idea exchange with business supervisors.</p>	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		<p>The Company has established a stakeholder's area on the website and disclosed phone numbers and email addresses of related personnel, to handle stakeholders' suggestions or disputes.</p> <p>The Company updates the communication status and reports of stakeholders of all categories on a yearly basis. Aside from the disclosure on the Company's website, the report is presented regularly at board meetings. The communication status with stakeholders for 2022 was presented at the Board meeting on Dec. 27, 2022, and the report was also disclosed on the Company's website.</p>	No major difference
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		<p>The Company has appointed the Stock Agency Department of Taishin International Bank to handle shareholder meeting affairs. The Stock Agency Department of Taishin International Bank was merged into Taishin Securities Co., Ltd. in November, 2021. The Company also signed a stock agency agreement with Taishin</p>	No major difference

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			Securities Co., Ltd. in early October, 2021.	
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) The Company's website provides an "Investor Relations" corner, in which regular financial information, annual reports, corporate governance, and shareholder section and other information are disclosed. The website is maintained by a specialist and is kept in real-time update for shareholders' and stakeholders' reference.	No major difference
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has appointed one spokesperson and one deputy spokesperson, whose contact information is disclosed on the Company's website. The IT personnel relay information to sales representatives or spokespersons on a daily basis, further responded by related personnel on the same day. Major announcements and information about earnings calls are posted on the Company's website for investors' reference.	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(3) Currently, the Company declares financial reports and monthly operating status based on the regulations of "Business Matters for Issuers of Listed Securities". However, the Company has not yet announced and declared the annual financial report within two months since fiscal year ends, nor provided earlier announcement within the required timeframe.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and	V		a) The Company has established the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," "Corporate Governance Best Practice Principles," "Procedures of the Prevention from Insider Trading," and "Sustainable Development Best Practice Principles." Also, the Company revised and officially disclosed the information of "Rules of Procedure for Shareholders Meetings" and "Rules for Director and Supervisor Elections" based on the	No major difference

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
supervisors)?			<p>corporate governance guidelines for listed and over-the-counter companies. These guidelines and procedures are available in the investor relations corner on the Company website. On Dec. 27, 2022, the Board of Directors approved the revisions of certain parts of the "Corporate Governance Best Practice Principles" and "Corporate Social Responsibility Best Practice Principles", and renamed the latter as "Sustainable Development Best Practice Principles." The updated version was disclosed on the Company website after acquiring approval from the Board.</p> <p>b) The Company has established a policy on subsidies for employee weddings, funerals and celebrations. In addition to providing congratulatory or condolence money according to the policy, the Company also sends representatives to the spot to congratulate or express condolences. To ensure that our employees can focus on their jobs, we not only provide legal labor and health insurance, but offer group and occupational accident insurance to increase each employee's medical and accident coverage. Every year, we organize company trips to promote interaction between employees, as well as enhance the parent-child relationships between employees and their families.</p> <p>c) The Company established the stakeholders' area, on which the contact numbers and email addresses of related personnel are disclosed to promote the handling of suggestions or disputes from stakeholders.</p> <p>d) The Company established a supplier evaluation system to find the most suitable raw materials and to maintain reasonable costs.</p> <p>e) In 2022, the Company provided courses for advanced studies based on the "Directions for the Implementation of</p>	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies” issued by the Taiwan Stock Exchange. The information of courses related to corporate governance was provided to all directors, so that each director may choose to attend the courses that best suit their needs. Please refer to Table. 2 on page 42 of this annual report for the status of directors’ advanced studies in 2022.</p> <p>f) The Company has stipulated procedures to handle derivative product transactions and to regularly conduct internal audits. We have obtained the Authorized Economic Operator (AEO) certification from Customs Administration. In addition to prioritizing product quality, corporate responsibility, safety and health, environmental protection and waste management, we also actively participate in the "Authorized Economic Operator Security Vetting Items and Validation Criteria" program promoted by Customs Administration. This is to ensure that our operation procedures and transportation processes can meet security standards. Through the AEO program, we can guarantee the safety and quality of logistics for our customers or suppliers, thereby providing security for the global supply chain.</p> <p>g) The attendance of directors at board meetings in the Company is good.</p> <p>h) In cases where there is a conflict of interest between a director and a proposal, relevant parties will be asked for temporary recusal before starting the discussion.</p> <p>i) The Company has purchased liability insurance for directors and managers. The important details such as the amount of insurance, coverage and insurance rates were presented to the Board of Directors on Feb. 21, 2023. The coverage period for this insurance lasted from Dec. 24, 2022 to Dec. 24, 2023, and</p>	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			the information has been disclosed on the Market Observation Post System (MOPS).	
Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.				
1. By the 9th Corporate Governance Assessments (2022), our Company was ranked within the range of 36% - 50% of all.				
2. According to the score of the 9th Corporate Governance Assessments (2022), the sections and measures our Company proposed as our priorities to improve last year has been accomplished by 80%.				
3. The other sections that have yet been improved has been proposed as our priorities based on the 10th Corporate Governance Assessments (2023). Please refer to page 43 table 3.				

* Table 1:

The Company's 2022 independence principles and examples of evaluation for accountants are as follows:

Subjects to be reviewed	Yes	No
1. No significant financial involvement with our Company or any companies under control of our Company.	V	
2. Avoid any inappropriate involvement with our Company.	V	
3. The financial statements of the organization within first two years of practice cannot be naudited or attested.	V	
4. The accountant him / herself, his / her spouse or underage children must not have debtor-creditor relationships with our Company.	V	
5. Must not have relationships of co-investor or having shared benefits with our Company.	V	
6. Must not serve as a permanent employee with a fixed salary.	V	
7. Must not be involved in any management functions of decision-making in our Company.	V	
8. Have no relationships as spouses, lineal relatives by blood, lineal relatives by marriage or collateral relatives by blood within second-degree with the Sponsors or Managers of the Company.	V	
9. The accountant him / herself, his / her spouse or underage children must not have any relationships of investment or shared financial benefits with our Company.	V	
10. Our two current accountants have so far conducted attestation service for less than 7 years.	V	

Notes: Reference from "Article 47 of Accounting Act" and "The Norm of Professional Ethics for Certified Public Accountant No.10"

* Table 2:

2023 advanced study records of the Directors

Job title	Name	Training Date	Title of lecture	Training Hours
Chairman	Thomas Shen	2023/06/02	Directors and Supervisors Seminar --- 「2023 Taishin Net Zero Electricity Peak Forum」	3
		2023/06/09	2023 Dissemination of Prevention of Insider Trading	3
Director	Mark Yang	2023/04/13	Board of Directors and Shareholders' Meeting Operations and Duties and Responsibilities of Directors and Supervisors	3
		2023/04/27	Promotion Conference on Sustainable Development Action Plans for Listed Companies	3
		2023/06/02	Directors and Supervisors Seminar --- 「2023 Taishin Net Zero Electricity Peak Forum」	3
Independent director	I-Tan, Chih	2023/06/02	Directors and Supervisors Seminar --- 「2023 Taishin Net Zero Electricity Peak Forum」	3
		2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	3
Independent director	Pai Jeng Ming	2023/06/02	Directors and Supervisors Seminar --- 「2023 Taishin Net Zero Electricity Peak Forum」	3
		2023/12/28	Training Course for Listed Company Directors and Supervisors - Succession Team Building and Talent Development	3
Independent director	Bou, Jin-Chang	2023/05/18	How to Properly Understand Corporate Governance Evaluation Indicators	3
		2023/06/02	Directors and Supervisors Seminar --- 「2023 Taishin Net Zero Electricity Peak Forum」	3
Independent director	Yung-Luh, Tsaih	2023/11/03	The Impact of ESG on International Trade and Corporate Governance	3
		2023/11/03	Code of Conduct for Integrity in Business Operations and Prohibition of Insider Trading	3

* Table 3:

Based on the ninth Corporate Governance Assessments (2023), sections below have been proposed as our priorities for improvement:

Question number	Indicator	Priorities for Improvement
1.19	Does the company's shareholders' meeting adopt live streaming online or upload uninterrupted audio and video recordings of the entire meeting after the shareholders' meeting?	If online streaming can be , the entire proceedings of the shareholders' meeting in 2023 can be recorded without interruption when the online streaming facilities are all ready.
2.9	Did the Company stipulate the succession plan of the Board members and the management positions?	To plan and discuss implementation plans in 2024.
2.14	Does the Company have a nomination committee, a risk management committee or a sustainable development committee which serves as non-statutory functional committees? This committee must at least has 3 members, more than half independent, and with at least 1 member possessing the professional skills required in the committee. Moreover, the composition of the members, responsibilities and operation status ought to be disclosed.	Now the establishment of sustainable development committee is under evaluation.

(4) If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed.

(A) Information on Remuneration Committee Members

Qualifications Name		Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent director (Convenor)	Pai Jeng Ming	Please refer to Page 13 ~ page 17 Directors' professions and qualifications / Information disclosure of independent directors」 and 「Boarding diversity and independence」	Please refer to Page 13 ~ page 17 「Directors' professions and qualifications / Information disclosure of independent directors」 and 「Boarding diversity and independence」	0
Independent director	I-Tan, Chih			1
Independent director	Bou, Jin-Chang			0
Independent director	Yung-Luh, Tsaih			1

(B) Duty

Remuneration committee should perform duties listed below based on duty of care, and submit the proposal to the Board for discussion.

- Stipulating and regularly reviewing the performance evaluation of Directors and Managers, and the policies, systems, standards and structures.
- Regularly evaluating and stipulating the pay or emoluments of Directors and Managers.

(C) Operation of the Remuneration Committee

- The Company's remuneration committee has a total of 4 members.
- The term of the current members is from 2021/07/30 to 2024/07/29. The number of remuneration committee meetings held in the most recent fiscal year was: 3 (A).

The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remarks
Convenor	Pai Jeng Ming	3	0	100%	2021.07.30 appointed
Member	I-Tan, Chih	3	0	100%	2021.07.30 appointed
Member	Bou, Jin-Chang	3	0	100%	2021.07.30 appointed
Member	Yung-Luh, Tsaih	3	0	100%	2021.07.30 appointed

Other information required to be disclosed:

- If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): NA
- With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: NA

* Table1:

Remuneration Committee	Resolution Content	Resolutions	Subsequent Handling
5 th Term 6 rd meeting 2023.02.21	1. Approved rules and systems of Directors' emoluments and Managers' performance evaluation and pay of Company 2. Annual performance bonus standards and the actual amount in 2022 and annual raise guidelines in 2023	Unanimous approval from the committee	Submitted to the Board and approved unanimously
5 th Term 7 th meeting 2023.03.10	1. 2022 employees' profit sharing bonus and directors' compensation 2. Annual Directors' emolument Distribution case of 2022 3. Holiday bonuses approval rules of 2023	Unanimous approval from the committee	Submitted to the Board and approved unanimously
5 th Term 8 th meeting 2023.08.08	1. 2022 Managers' profit sharing bonus 2. The company plans to appoint Mr. Ben Shen as the executive director of the company's subsidiary, Apex Biotechnology (Suzhou) Corporation.	Unanimous approval from the committee	Submitted to the Board and approved unanimously

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

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>Following the vision and mission of the Company's ESG policy, the "Corporate Social Responsibility (CSR) Promotion Team" was established in 2015 and then renamed as the "Sustainable Development Promotion Team" at the end of 2021.</p> <p>The team was led by the Vice President of Management Department Ms. Wu, who reviewed the Company's core operational capabilities with several senior managers from different domains. In accordance with the strategies advocated by regulatory authorities for promoting corporate governance, the company continuously promotes policies, systems, or relevant management guidelines, as well as specific plans, in the dimensions of sustainable development such as economic value innovation, environmental sustainability, social engagement, friendly workplaces, and corporate governance. Quarterly ESG (Environmental, Social, and Governance) sustainable development promotion meetings are convened to confirm the achievement status of each goal and outline future implementation plans. Through meetings, the team identified that sustainability issues are critical to the Company's operations and also highly concerned by stakeholders, thus starting to develop and execute annual plans and tracking the efficacy of their implementation to ensure the integration of sustainable development strategies into the Company's daily operations.</p> <p>During the board meeting on May. 9, 2023, Tammy Wu, the Corporate Governance officer, reported on the progress of sustainable development initiatives and</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>sought guidance and suggestions from the board. The board recommended that relevant executives should participate in more ESG-related training courses in the future to ensure the successful completion of ESG sustainable development goals and plans. In accordance with the board's advice, the Sustainable Development Promotion Team organized multiple relevant training courses throughout in 2023, and members will gradually draft related procedures by the end of the year. It is anticipated that these procedures will be released and implemented progressively in 2024.</p> <p>Each year, the Corporate Governance Officer, Vice President, Wu, compiles the "Corporate Sustainability Report" that summarizes the Company's sustainability efforts in the previous year, and then presents it to the Board of Directors in the third quarter. The presentation of actual practices in 2023 was during the Board meeting on Aug. 8.</p>	
2.Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>(1)The Company has been fully committed to reducing and preventing negative impacts on environmental protection, occupational safety and health through holding environmental protection and occupational safety events. To align with the global trends in environmental protection and occupational safety and health, we have established ISO14001/ISO45001 management systems. Furthermore, we also stipulated "Sustainable Development Best Practice Principle," "Procedures for the Prevention of Insider Trading," "Codes of Ethical Conduct," "Self-assessment of Internal Control System" and "Excellent Corporate Safety Manual." Through the continual operation of various management systems and procedures, we</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>expect to identify and respond to risks related to our environment of operations, safety of employees, customers, suppliers, and other stakeholders in a timely manner.</p> <p>The Company considers the "Risk Management Policy and Procedures" as the highest guiding principle to follow. The "Corporate Governance Risk Management Committee" is composed of the top executives from each department and functional unit. They hold regular meetings to identify potential risk factors that the Company might be facing.</p> <p>Each functional unit is designed for issues related to economics, finance, operations, environment, society and corporate governance. Within these issues there are risks, categorized into preventive risks, strategic risks, and external risks. They are responsible for identifying risk types such as strategic, operational, financial, unhealthful, information security, regulatory compliance, climate change, etc., and evaluating the risks of each issue based on materiality principles. The identified risks are then filtered then determined whether they are within the risk management scope. Then, related risk management strategies and preventive measures are developed. As the identification results are quantified, strategies for improvement and preventive measures also continue to be applied for each risk category to control the risks within an acceptable range.</p> <p>The following are the risk management policies or strategies formulated based on risk assessment in 2023:</p> <p>(A) Environment:</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>a)To develop the "Environmental Impact Identification Management Procedure" in accordance with ISO 14001 regulations, and to conduct risk identification and propose corresponding measures every year to ensure the effective operation of the Environmental, Health and Safety Policy.</p> <p>b)To develop various management measures for waste reduction, emission reduction, pollution prevention and so on, to implement and control, actively avoid environmental pollution risks.</p> <p>c)To properly classify garbage, minimize waste, and to lower waste material and increase recycling rate during product development.</p> <p>d)Establish a smoke-free environment in the factory.</p> <p>(B) Society</p> <p>a)To conduct regular information security training every year to enhance employees' awareness of information security, further avoiding risks of leakage of the Company's or customers' information.</p> <p>b)To isolate important internal websites and application systems with a firewall from the external internet, so as to enhance network security and avoid the risk of external malicious intrusion and attacks, and to conduct regular information system disaster prevention drills.</p> <p>c)To hold events like "the Employee Welfare Committee," "Management and Labor Council," and "Occupational Safety Committee" every quarter to promote communication with the employees and provide timely legal advocacy to prevent labor disputes.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>Employees can provide suggestions through meetings or suggestion boxes, and the Company and employees can work together to create harmonious labor relations.</p> <p>d) To prepare posters about mechanical equipment operational safety and workplace health and hygiene in Vietnamese and Chinese to remind employees to pay attention to their own health and safety during their work. In 2023, a total of 414 people participated in the training of "in the Use of Production Machinery or Equipment" course to prevent the occurrence of entrapment in machinery and equipment.</p> <p>e) In order to create a healthy and safe working environment as well as prevent occupational hazards, we enhanced work safety by reducing manual handling of loads and back bending, and by replacing hand trucks with semi-automatic transport vehicles.</p> <p>f) According to the ISO 45001 regulations, various management measures were established, and occupational safety personnel may inspect each department's safety performance and propose methods to improve at any time to achieve a safe and healthy working environment. In 2023, regular fire drills and industrial safety trainings were held to cultivate employees' emergency response capability and self-management skills.</p> <p>g) Take the following measures for disease prevention:</p> <p>i) Employees are encouraged to get vaccinated to reduce the risk of outbreak within the Company.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>ii) The Company has been putting a lot of stress on employees' health condition and prevention of occupational diseases. Electronic information for disease control and health education is provided to promote getting vaccinated to the employees.</p> <p>iii) Regularly hold health lectures to improve employees' awareness of disease prevention.</p> <p>iv) Provide regular health consultations with in-factory doctors and provide employees with physical and mental health consultation and assistance plans.</p> <p>(C) Corporate Governance:</p> <p>a) The Company provided internal training on corporate governance to strengthen employees' awareness of legal compliance.</p> <p>b) Executives and directors in the Company attend external courses related to corporate governance to increase their knowledge.</p> <p>c) Each department should conduct regular self-evaluation to review the implementation of internal controls and legal compliance in the previous year.</p> <p>d) In response to industry (business) changes, including technological innovation, creativity insufficiency and changes in business patterns, the following measures are taken:</p> <p>i) Establishing a product development decision-making team.</p> <p>ii) Holding regular internal market information exchange and discussion meetings.</p> <p>iii) Making regular reports for product development progress</p> <p>iv) Clearly define and give presentations on the</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>new product's specifications, costs, and markets.</p> <p>(2)On March 26th, 2021, the Company's board of directors approved the establishment of the "Corporate Governance Risk Management Policy and Procedures" and set up a "Risk Management Team." The General Manager served as the supreme commander, and department heads served as responsible persons for each business promotion team, responsible for implementing policies and strategies of risk management. The execution results of 2022 and the actual operations in 2023 were first submitted to the Company's audit committee to be reviewed on Aug. 8, 2023, and after passing the review, they were presented at the Board meeting on Nov. 10, 2023. The "Risk Management Policy and Procedures" was approved by the Board on Aug. 8, 2023 and can be found on our official website at www.apexbio.com.tw.</p>	
<p>3. Environmental Issues</p> <p>(1)Has the Company set an environmental management system designed to industry characteristics?</p>	V		<p>The Company has established environmental management systems in all its factories in accordance with ISO 14001 and has passed third-party verification for a couple of times. In 2023, we passed a factory inspection conducted by SGS and acquired an ISO 14001 certification, valid from Oct. 25, 2021 to Oct. 23, 2024. The Company conducts annual greenhouse gas inventory to track emission reductions every year and complies with the environmental management system (EMS) and environmental regulations in every environmental issues. The Company regularly reviews the efficacy of their implementation and strives for continual and stable improvement. Annual report is</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			submitted to the management meeting presenting the implementation status. Relevant environmental information is disclosed in the Corporate Sustainability Report and on the Company's website at www.apexbio.com.tw .	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		<p>The Company is continuously committed to improving the efficiency of resource utilization. For example, disposable paper cups are not provided in the Company, meaning employees need to bring their own water bottles. The Company also encourages employees to bring eco-friendly utensils, and in the Company's restaurant, only eco-friendly utensils are being used. Envelopes and kraft paper bags are reused for times, and serve as document delivery bags. Our workers collect the outer boxes originally for transporting raw materials, and encourage suppliers to reuse them. The plastic trays used to hold semi-finished products are recycled by suppliers after having some damage on them.</p> <p>All raw materials used by the Company comply with the RoHS and REACH regulations of the EU. The production department actively handles material recycling and reduces pollution during the manufacturing process to minimize impacts on the environment.</p>	No major difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		The Company takes climate change-related issues very seriously and has been encouraging employees to take the first few steps from their daily routines. For example, employees are encouraged to print documents as double-sided, and recycle bins are placed next to printers for paper recycling. In the Company, electronic invoices are being used and employees are encouraged to use paperless methods to transmit documents or letters, which can significantly reduce	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>paper usage. In addition, the office's air temperature is set at 26 degrees Celsius during summer, applying energy-saving LED T5 lighting, and encourages employees to turn off lights not being used to save energy. These actions are made to mitigate global warming.</p> <p>After evaluating the risk factors of climate change in 2023, the Company proposed the following measures:</p> <p>(A) To build water storage tank in the basement to increase the water storage capacity and increase the factory's water supply.</p> <p>(B) To store rainwater for daily use and used as air-conditioning water in emergencies.</p> <p>(C) To adopt machines that save electricity in the manufacturing process. Continuously improve electricity efficiency.</p> <p>(D) Lighting fixtures have been gradually phased out and replaced with energy-saving ones.</p> <p>(E) Continuously improve electricity efficiency for factory's facilities.</p>	
(1)Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>Every year General Affairs Section conducts a statistical review of the total weight of greenhouse gas emissions, water usage and total waste generated. The results from the past three years were analyzed and evaluated. The Company places great emphasis on environmental conservation and reducing the amount of waste, and has set targets to reduce greenhouse gas intensity, water usage, waste generated, or energy consumption intensity as 1% decrease annually for the past two years. For information about the Company's environmental policies, please visit our official website at www.apexbio.com.tw.</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																												
	Yes	No	Summary description																													
			<p>(A)Inventory of Scope 1 and 2 emissions for the year 2023: <u>Greenhouse gas emissions for the past 3 years:</u> (Scope 1 and 2 information covers Hsinchu and Taoyuan plant areas) Unit: KgCO2e</p> <table> <tr> <th>Year</th> <th>Scope 1 and 2 greenhouse gas emissions</th> </tr> <tr> <td>2021</td> <td>11,606,223</td> </tr> <tr> <td>2022</td> <td>12,250,273</td> </tr> <tr> <td>2023</td> <td>10,190,464</td> </tr> </table> <p><u>Water usage for the past 3 years:</u> (Hsinchu and Taoyuan plant areas) Unit: tons</p> <table> <tr> <th>Year</th> <th>Total water usage</th> </tr> <tr> <td>2021</td> <td>63,526</td> </tr> <tr> <td>2022</td> <td>49,573</td> </tr> <tr> <td>2023</td> <td>46,514</td> </tr> </table> <p><u>Waste production for the past 3 years:</u> (Hsinchu and Taoyuan plant areas) Unit: tons</p> <table> <tr> <th>Year</th> <th>Biomedical waste</th> <th>General waste</th> </tr> <tr> <td>2021</td> <td>1.45</td> <td>170.07</td> </tr> <tr> <td>2022</td> <td>1.51</td> <td>199.27</td> </tr> <tr> <td>2023</td> <td>1.50</td> <td>173.37</td> </tr> </table> <p>(B)The Company values environmental protection, and has maintained ISO 14001 certification for environmental management system in 2023. To achieve sustainable resource utilization, the</p>	Year	Scope 1 and 2 greenhouse gas emissions	2021	11,606,223	2022	12,250,273	2023	10,190,464	Year	Total water usage	2021	63,526	2022	49,573	2023	46,514	Year	Biomedical waste	General waste	2021	1.45	170.07	2022	1.51	199.27	2023	1.50	173.37	
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	Yes	No	Summary description	
			Company has increased water recycling and reuse by conserving water from 2022. Volume of the original water tank has been increased from 72 tons to 272 tons, which has been significantly improved. The Company prioritizes internal waste recycling to reduce raw material consumption, followed by the reuse and recycling before applying incineration or landfill as the final disposal means.	
4. Social Issues (1)Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		Apex Biotechnology Corp. referred to the Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, Social Accountability international standards, ILO Convention, international labor organization certification, United Nations Guiding Principles on Business and Human Rights, as well as Taiwan's "Labor Standards Act" and "Act of Gender Equality" in Employment to establish its human rights policy, which is published on the Company's website. Relevant labor laws and human rights conventions, as well as occupational safety and health regulations, have also been the reference to establish the "Recruitment and Selection Procedures," "Personnel Management Rules," "Measures to Prevent and Deal with Sexual Harassment, Complaints, and Disciplinary Actions," "Management Procedures for Preventing Abnormal Workload," "Management Procedures for Preventing Workplace Harassment," and "Maternal Health Protection Management Procedures." These are put in place to safeguard rights of the employees and ensure their health and safety.	No major difference
(2)Has the Company established and implemented reasonable employee welfare measures (include salary/compensation,	V		Employee welfare measures and remuneration policies are implemented in accordance with the Company's	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?			<p>"Personnel Management Rules," "Employee Welfare Subsidy Measures," and "Performance Appraisal Measures" to maintain employee rights and to protect their health and safety. In 2023, salaries of the employees were adjusted around 2.5%. In addition, According to Article 27-1 of Articles of Incorporation, the Company should contribute at least 3% of pre-tax net profit for Employee Bonus Stock (in thousand shares), prior to the deduction of employee bonus stock and directors' emoluments, which may include subsidiary company employees who meet the standards set by the Board of Directors. The employees' profit sharing bonus for 2022 has been paid in 2023.</p> <p>The Company has established the staff welfare committee to plan and provide high-quality welfare benefits for employees, including company travel subsidies, scholarships, birthday vouchers, marriage subsidies, childbirth subsidies, funeral subsidies, hospitalization condolence payments, holiday celebrations and so on. The Company also provides group insurance, free physical check-ups, meal subsidies, and other benefits. In terms of vacation policy, the Company provides two days off per week and annual leaves according to the Labor Standards Act. For employees who need to take a longer period of leave due to childbirth, serious illness, major accidents, or other reasons, they can also apply for leave without pay to balance personal and family needs.</p> <p>Workplace diversity and equality are achieved through equal pay and promotion opportunities for both men and women, maintaining over 39% of female leadership positions, and promoting sustainable and</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>inclusive economic growth. In 2023, women accounted for an average of 74% of the workforce and an average of 39% of leading positions.</p> <p>The Company values employees' rights and welfare. In hardware facilities, the Company provides free parking, books, newspapers and magazines, nursing rooms, employee restaurants, coffee bars, small welfare stores, and employee dormitories to provide employees with their daily needs. In terms of caring for employees' physical and mental health, we have arranged for on-site massage therapists, annual health checkups, on-site medical services, lectures related to health and even more to provide employees with stress-free services and healthcare.</p>	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>Providing a safe and friendly workplace is the Company's commitment and a basic guarantee for our employees. Therefore, creating a good working environment and ensuring employees' workplace safety, physical as well as mental health are the Company's top priorities.</p> <p>The Company provides related training courses for employees, and conducts disaster prevention drills to simulate the situation of emergency, cultivating employees' evacuation consciousness and response capabilities. The Company is well-prepared with sufficient knowledge to reduce the risk of employees getting injured. Furthermore, the Company has established a occupational safety and health committee, and obtained international standards certification a few times in a row by the ISO 14001:2015 Environmental Management Systems and ISO 45001:2018 Occupational Health and Safety Management System.</p> <p>The Company conducts regular monitoring of the</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>workplace environment every six months and provides annual physical check-ups for employees that exceed legal requirements, as part of our efforts to control workplace hazards and prevent occupational diseases. For particularly dangerous operations, such as those involving noise, employees whose test results turn out as abnormal will be tracked and managed with necessary individual health counseling, concern and guidance to help them understand their own health status.</p> <p>In 2023, there were 4 cases of occupational accidents in the Company, among which 4 were related to traffic accidents. Besides there were 3 false alarms. To prevent such accidents, the Company asked the labor representatives to attend the Occupational Safety and Health Committee and consult the members on the prevention of transportation accidents, further reminding the employees of obeying traffic rules. For workplace accidents, the Company sets safety rules and provides education and training for the personnel. The topics include safe operation of machinery, installation of safety equipment, and proper use of personal protective equipment. Furthermore, airgun operators are required to wear protective glasses, and the Company posts Chinese and Vietnamese safety posters related to machinery and equipment operation in bulletin board, reminding employees of paying attention to occupational safety.</p> <p>The Company has established an inspection plan for occupational safety personnel, and the results of each inspection are presented to and reviewed at the quarterly Occupational Safety and Health Management Committee. Measures to improve any identified deficiencies are kept track of and followed up.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons														
	Yes	No	Summary description															
			<table><tr><td colspan="2">Occupational Safety Inspection Plan in 2023</td></tr><tr><td>1.Plant Safety Inspections</td><td>at least 4 times per month</td></tr><tr><td>2.Fire Equipment Inspections</td><td>at least once per month</td></tr><tr><td>3.Safety Facilities Inspections</td><td>at least 4 times per month</td></tr><tr><td>4.Environmental Safety Monitoring Results</td><td>once every 6 months</td></tr><tr><td>5.Employee Physical Check-up and Special Operation Inspection</td><td>once a year</td></tr><tr><td>6.Employee Health and Occupational Disease Prevention and Health Promotion</td><td>at least 4 times per month</td></tr></table> <p>The Company's Occupational Safety Personnel periodically inspect the production environment and equipment safety at various plant sites. The inspection content and requirements include:</p> <p>(A)Improving the work environment, strengthening the safety protection of equipment, automation equipment, and personnel wearing appropriate protective equipment, and adopting Vietnamese and Chinese safety signs to reduce the incidence rate of occupational accidents.</p> <p>(B)Specialized operators receiving training as required, and receiving regular refresher training to acquire relevant knowledge and skills.</p> <p>In 2023, a total of 1,256 people participated in internal safety training courses, with a total of 3,867 hours of training. A total of 28 people</p>	Occupational Safety Inspection Plan in 2023		1.Plant Safety Inspections	at least 4 times per month	2.Fire Equipment Inspections	at least once per month	3.Safety Facilities Inspections	at least 4 times per month	4.Environmental Safety Monitoring Results	once every 6 months	5.Employee Physical Check-up and Special Operation Inspection	once a year	6.Employee Health and Occupational Disease Prevention and Health Promotion	at least 4 times per month	
Occupational Safety Inspection Plan in 2023																		
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6.Employee Health and Occupational Disease Prevention and Health Promotion	at least 4 times per month																	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>participated in external safety training courses, with a total of 172 hours of training.</p> <p>In 2023, there were no fire incidents in our company, and we have maintained records of annual fire inspection and reporting in compliance with fire regulations. Fire safety managers are appointed in each factory area as required by law, and fire protection plans are submitted to the fire department. Annually, fire drills and evacuation exercises are conducted twice according to the plan, ensuring effective fire safety management.</p>	
(4)Has the Company established effective career development training programs for employees?	V		<p>The Company provides comprehensive job function training based on the job description for all levels of supervisors and colleagues, including new employee training, professional training, and supervisor training. The Company helps colleagues continue to learn through various learning methods. Based on the training plan or needs proposed by each supervisor, the Company arranges relevant personnel to attend professional training courses externally to cultivate colleagues' professional key abilities. A total of 261 people participated in training in 2023.</p> <p>Supervisors conduct regular performance reviews every year, and discuss and design individual annual competency development plans with employees. Through regular review and feedback, the Company assists employees in creating the best career competency development plan tailored to their needs</p>	No major difference
(5)Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>The Company provides an 0800 toll-free customer service hotline to handle customer complaints, disputes and post-service inquiries. Customer information is managed as confidential files in compliance with the Personal Information Protection Act, and it is only</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			accessible to related personnel. The Company's products are in compliance with various medical regulations such as FDA / CE/ISO / GMP / TFDA / CFDA / ANVISA / MDSAP, and the Company has established procedures for "Customer Complaint Management", "Customer Repair Management", and "Customer Satisfaction Survey" to protect consumer rights and meet consumer requirements for product services. In order to comply with regulatory requirements in international certification regions, the Company has also established regulations on "packaging and labeling requirements" to control package labeling. To demonstrate the Company's commitment to product safety, "product notification management procedures" and "product recall management procedures" have been developed to ensure the health and safety of customers.	
(6)Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		The Company has established "Procurement Operation Management Procedure" and "Supplier Evaluation Management Procedure" in accordance with regulations such as ISO 13485, ISO 14001, ISO 45001, GMP and AEO to manage suppliers. We strictly require our suppliers to comply with safety and labor related regulations and to possess appropriate quality control. If there is any violation to be found, we will request the improvement within a specific timeframe. The company requires suppliers in the supply chain to refrain from using conflict minerals sourced from conflict-affected regions. If minerals originate from such regions, they must be sourced from conflict-free mines verified by third parties. The company diligently conducts due diligence to understand the mineral sourcing of suppliers, utilizing the Responsible Minerals Initiative's Conflict Minerals Reporting	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>Template (CMRT) for investigation. Suppliers are requested to disclose the sources of their minerals and sign declarations of non-use of conflict minerals, adhering to the policy of avoiding conflict minerals. Through the collective effort of the supply chain, we aim to ensure that all electronic suppliers refrain from using any conflict minerals, thereby severing ties with any inhumane or exploitative practices and fulfilling our social responsibility towards society, the environment, and human rights.</p> <p>The company has established an audit team and advisory group to address any deficiencies in suppliers' practices. We track their progress in improvement and work together to enhance quality and technology, refine processes, improve yields, strengthen environmental protection, and enhance occupational health and safety performance. We are committed to complying with labor standards and safeguarding employee rights, aiming to collectively fulfill corporate social responsibilities.</p>	
5.Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		<p>The Company first published its "Apex Biotechnology Corporate Social Responsibility Report" in 2016. This report was written based on international standards or guidelines for the formulation of corporate social responsibility reports. In addition to the Company's financial information, it also disclosed non-financial content.</p> <p>The Company voluntarily wrote the Corporate Social Responsibility Report, and has not obtained the confirmation or guarantee of any third-party verification unit at present. The Corporate Sustainability Report of 2023 will be disclosed on the Company's website in Aug, 2024.</p>	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company’s operations: The Company stipulated the "Sustainable Development Best Practice Principles" in March, 2015, which was subsequently revised by the Board of Directors in February, 2017 and May, 2020 to strengthen the implementation of corporate social responsibility. Most recently, in December, 2021, the Board of Directors approved a revision of the principles and renamed it as "Sustainable Development Best Practice Principles". The Company regularly reviews its execution according to these principles and makes improvements accordingly, with no deviation observed to date				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: (1) The Company and its employees are committed to giving feedback to the society, actively participating in various social welfare activities in 2023, including: a. Actively participating in the fundraising efforts for the "Special Education Student Scholarship" organized by a charitable organization in Hsinchu City, with a total donation of NT\$157,125. b. The Company organized three blood drives in 2023, receiving enthusiastic responses from employees who totally donated 96 bags of blood. c. Participating in the charity sale organized by the Genesis Social Welfare Foundation, the Company and employees purchased pomelos with a total cost of NT\$ 72,350 for the care of patients in a persistent vegetative state. The total d. The company donated 720 units of rapid antigen test kits to the Hsinchu City Beloved Service Association, a social organization, and 1080 units to the Hsinchu City Private Love Eternal Ability Center, a foundation. e. The Dragon Boat Festival charity sale of sticky rice dumplings organized by the Hsinchu City Private Love Eternal Ability Center, a foundation, raised a total of NT\$22,610. f. The company has a total of 100 employees participating in the autumn beach cleaning event organized by the Hsinchu City Government. g. Collecting 130 Christmas gifts in partnership with the Chinese Christian Relief Association - 1919 Shoebox Love Campaign. (2) In 2023, the Company implemented an "Academia and Industry Collaboration Program," hiring 62 students from China University of Science and Technology to provide them with early exposure to the workplace and to enhance their employability. Through the collaboration between the industry and academia, the Company aims to combine practical experience with research capabilities, creating a win-win-win situation for the Company, the university and the students.				

(6) Implementation Status for the climate-related information

Item	Execution Status
<p>1. Describe the board and management's oversight and governance of climate-related risks and opportunities.</p>	<ol style="list-style-type: none"> 1. According to the regulations of the Taiwan Stock Exchange and the Taipei Exchange, starting from May 2022, the schedule for greenhouse gas inventory and verification will be reported quarterly to the board of directors for control. 2. The company has established the "Risk Management Policy and Procedures," with the board of directors as the highest decision-making body for risk management. In order to enhance climate-related risk management, relevant management systems and regulations have been established. Climate risk monitoring indicators have been set up for supervision, and the governance officer reports annually to the Audit Committee and the Board of Directors on the execution status of climate-related risk management. 3. Starting from the year 2023, our company has been convening quarterly Sustainable Development and Risk Management meetings chaired by the Deputy General Manager of the Management Department. These meetings supervise the implementation of the company's sustainable development policies and annual objectives. Additionally, various functional groups have been established to promote aspects of business including "corporate governance, sustainable environment, friendly workplace, social participation, and value innovation." Regular reports on the progress and effectiveness of these initiatives are provided, with oversight from the Audit Committee, which offers timely advice to the Corporate Governance Risk Management Team to enhance effectiveness. Furthermore, the Corporate Governance Officer provides annual reports to the Board of Directors on the execution status.
<p>2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-term, medium-term, long-term).</p>	<ol style="list-style-type: none"> 1. In the short term, climate-related risks and opportunities do not have particularly significant impacts on the industry in which the company operates. However, the long-term effects of climate issues are bound to escalate year by year. Therefore, the company needs to focus on long-term development in green design and green manufacturing to ensure steady growth. Due to existing design and production patterns and the energy-saving requirements of factories, capital budgets should be allocated annually for internal renovations by research and development, production, and plant management units. The financial issues arising from this are both risks and opportunities for the company. 2. The "Risk Management Policy and Procedures" established by our company enable regular comprehensive reviews of environmental, social, economic (including corporate governance), risks, and opportunities

Item	Execution Status		
3. Describe the financial impact of extreme climate events and transition actions.	Climate risks	Potential financial impact	Actions
	Greenhouse gas emissions control and carbon tax/fee	Limited capacity expansion, increased operating costs,	Conduct greenhouse gas inventory annually to continuously monitor the dynamics of on-site emissions.
	Drought (in own operations and supply chain)	Production impacted, leading to financial losses and decreased revenue.	Diversifying the supply chain and establishing alternative materials.
	Flooding (in own operations and supply chain)		
	Weather temperatures rising	Increased electricity usage, leading to higher costs and carbon emissions.	Introduction of energy-saving and carbon-reducing equipment and integration into the energy-saving corporate culture.
	The impact on corporate reputation	Failure to meet stakeholders' expectations resulting in damage to corporate reputation.	Enhance communication with external stakeholders to improve corporate image.

Item	Execution Status			
4. Describe how climate risk identification, assessment, and management processes are integrated into an overall risk management system.	The 'Risk Management Policy and Procedures' established by the company have delineated the following risk categories, risk items, and management strategies:			
	Risk Category	Risk Items	Management Strategies	Executing Unit
	Strategic Risk	Greenhouse Gas Emission Management	<ol style="list-style-type: none"> Promote the integration of company energy and resources, review progress, and enhance various energy-saving and carbon reduction improvement technologies. Develop green products, improve product durability and recyclability, reduce carbon emissions in the production process, and extend the product lifecycle. Conduct carbon footprint assessments, set short, medium, and long-term carbon emission goals to address regulatory impacts. 	Environmental Health and Safety” (EHS)/ R&D Department/ Manufacturing Department
	Strategic Risk	Energy Management	<ol style="list-style-type: none"> Promote energy-saving and high-efficiency equipment, establish energy-saving goals, and continuously reduce the unit electricity consumption of products. Promote energy consumption reduction in processes, energy reuse, waste heat recovery technologies, equipment efficiency enhancement, and energy management as energy-saving improvement measures. 	EHS
	Strategic Risk	Waste Management	<ol style="list-style-type: none"> Adhering to the concept of circular economy, we are committed to waste reduction at the source, waste minimization in processes, and recycling for reuse, aiming to minimize waste generation and maximize resource utilization. In accordance with the law, we rigorously implement the qualification review and management of waste collection and disposal vendors to ensure proper handling of waste, with the goal of minimizing environmental impact. 	EHS

Item	Execution Status
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.	Currently, there is no scenario analysis and assessment of resilience to climate change risks.
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	Currently, there is no transformation plan in place to manage climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Currently, there is no plan for using carbon pricing tools.
8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, should explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed.	Currently, there are no climate-related goals and plans set.
9. Greenhouse gas inventory and assurance, and reduction goals, strategies and specific action plans.	<p>Currently, we are undergoing ISO 14064-1 guidance for greenhouse gas inventory, developing personnel training, drafting strategic objectives, establishing control mechanisms, and planning for internal and external verification. The projected schedule plan is as follows:</p> <ul style="list-style-type: none"> A. The parent company completed the greenhouse gas inventory in December 2026. B. The subsidiary company completed the greenhouse gas inventory in December 2027. C. The parent company completed the external verification in December 2028. D. The subsidiary company completed the external verification in December 2029.

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

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) On Aug. 8, 2014, the Company stipulated the "Ethical Corporate Management Best Practice Principles" at the Board meeting. And on Aug.13, 2019, part of the provisions were amended at the Board meeting in accordance with legal regulations. The contents of this document were disclosed on the Market Observation Post system (MOPS) and the Company's official website. The Company requires its directors and senior managers to strictly adhere to the ethical management policy, and demand its employees to comply with the ethical management policy as a condition of employment. The policy of ethical management is also explicitly stated in regulations as well as external documents. The board of directors and senior managers hold supervisory responsibilities based on the principle of integrity when executing business operations, and they actively implement the policy of ethical management in the internal management and commercial activities of the Company.	No major difference
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) The Company established a mechanism to assess the risks of unethical behavior, regularly analyzing and evaluating business activities with a higher risk of unethical behavior within its scope of operations. Based on these analyses, the Company established prevention policies and periodically reviewed their adequacy and efficacy. The "Ethical Corporate Management Best Practice Principles" of our Company, specifies that	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		<p>preventive measures for the following behaviors should be included in the risk assessment and prevention plan, based on the standards or guidelines commonly used domestically and internationally:</p> <ul style="list-style-type: none"> a) Bribery and acceptance of bribes. b) Offering illegal political contributions. c) Improper charitable donations or sponsorships. d) Offering or accepting unreasonable gifts, hospitality, or other improper benefits. e) Infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights. f) Engaging in unfair competition. g) Directly or indirectly harming the interests, health and safety of consumers or other stakeholders in the research and development, procurement, manufacturing, provision or sale of products and services. <p>(3) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for the Prevention of Insider Trading" based on the ethical corporate management principles for listed and over-the-counter companies. The "Ethical Corporate Management Best Practice Principles" specifies the following preventive measures:</p> <ul style="list-style-type: none"> a) Prohibiting bribery and acceptance of bribes b) Prohibiting offering illegal political contributions c) Prohibiting improper charitable donations or sponsorships d) Prohibiting unreasonable gifts, hospitality, or other improper benefits e) Prohibiting infringement of intellectual property 	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			rights f) Prohibiting engaging in unfair competition g) Preventing products or services from harming stakeholders h) Directors and managers must avoid conflicts of interest The Company has also established a "Whistleblowing Procedure for Illegal, Unethical, or Dishonest Behavior" to prevent unethical behavior and to clearly stipulate the disciplinary and appeal systems for violations. The Corporate governance officer presented the implementation status and review plan to the Board of Directors on May. 9, 2023.	
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The Company is committed to compliance with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and other related laws and regulations. The Company has also established internal rules and regulations such as Credit Management Measures, related audits, and internal controls, which employees are required to obey. The Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies are also taken into consideration as the basis for implementing ethical management practices.	No major difference
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on	V		(2) The Company has designated management personnel in the management department to promote ethical management practices, and to assist the Board of	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?			Directors and management in formulating and supervising the implementation of ethical management policies and preventive measures. The Company ensures the implementation of the Ethical Corporate Management Best Practice Principles by having the corporate governance officer present to the Board of Directors the efficacy of the ethical management policies, and the supervision of actual practices thereof every year. The corporate governance officer made a presentation on the Company's ethical management policies and the supervision of actual practices thereof at the Board meeting on May. 9, 2023.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The Company has established the "Authorization Management Measures" and "Credit Management Measures" to limit trading authority and supervisory management. The Company conducts employee education and communication annually based on the measures above, and provides channels for complaints to protect employee rights while preventing dishonest behavior	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(4) In order to implement ethical management, the Company has established comprehensive accounting and internal control systems. In addition to regular audits according to the audit plan, internal auditors also prioritize high-risk operations as annual audit items based on risk assessment to strengthen preventive measures. The execution of audit plan is presented to the Board of Directors quarterly. Furthermore, through the annual internal control self-evaluation, all departments and subsidiaries of the Company are	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		<p>required to self-examine their internal control systems to ensure the efficacy of their design and implementation. The Company also commissions accountants to conduct assessments of the ERP electronic system and internal control audits in addition to the annual financial statement audit.</p> <p>(5) Senior executives receive education and training on external corporate governance, while the Management Department's personnel office provides "Ethical Corporate Management Best Practice Principles" and "Whistleblowing Procedure for Illegal, Unethical, or Dishonest Behavior" internal courses for new and all employees. In 2023, a total of 711 people participated in these courses. In addition, in 2023, new employees and research and development staff received "Trade Secret" education, with a total of 81 people attending.</p>	
3.Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		<p>(1) The Company has established the "Whistleblowing Procedure for Illegal, Unethical, or Dishonest Behavior" and provides a channel for stakeholders to express their complaints. The Audit Department, spokesperson, HR and independent directors are responsible for handling different reported matters, and established the rules for providing rewards based on the impact of the reported matter.</p> <p>The company has established the following reporting channels:</p> <ul style="list-style-type: none"> a. Spokesperson: Responsible for handling complaints from shareholders, investors, and other stakeholders. b. Audit Supervisor: Responsible for handling complaints from customers, suppliers, contractors, 	No major difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		<p>etc.</p> <p>c. HR: Responsible for handling complaints from internal employees. If the complaint involves directors or senior executives, it should be reported to the independent directors.</p> <p>Reporting channels:</p> <p>a. Telephone reporting: 03-5641952 - Ms. Tammy Wu or Ms. Shania Luo.</p> <p>b. In-person reporting.</p> <p>c. Written reporting: No.7, Li-Hsin 5th Rd., Hsinchu Science Park. Independent Director's mailbox: compliance@apexbio.com</p> <p>(2) The Company has established the "Whistleblowing Procedure for Illegal, Unethical, or Dishonest Behavior," which specifies the confidentiality of whistleblowers' identities and reported contents. The principles for accepting complaints are as follows: Cases may not be accepted or investigations may be ceased if any of the following circumstances apply. In such cases, the whistleblower's case may not be accepted, but it should still be recorded in the whistleblowing register for reference.</p> <p>(a) Anonymous complaints: Complaints may not be accepted if they are anonymous. However, if the content is specific and accompanied by verifiable evidence or directions, and the accepting unit deems it necessary to investigate, the complaint may still be accepted.</p> <p>(b) Complaints outside the scope of the complaint categories listed.</p> <p>(c) Failure to provide evidence proving illegal or</p>	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		<p>negligent acts, or if the investigation finds discrepancies with the facts, or if the complaint is purely fabricated or falsified.</p> <p>(d) Failure to use the company's designated reporting channels.</p> <p>(e) The same issue is under investigation by the company or another organization, or has already been reported by someone else. However, if the subsequent complainant can provide important evidence favorable to the investigation, this restriction does not apply.</p> <p>(f) The same issue has been decided not to be accepted or has been closed after investigation. However, if the complainant can provide specific new evidence demonstrating the necessity of reopening the case, this restriction does not apply.</p> <p>After the investigation is completed, the complainant will be notified of the handling results via letter, phone or other means. If the reported situation is verified as true, the departments concerned should review the internal control system and operating procedures, and should propose improvement measures to prevent the recurrence of similar behaviors. Moreover, the unit that is responsible for present the reported situation, its handling method, and subsequent review and improvement measures to the Board of Directors when the reported matter is related to the Directors or senior executives.</p> <p>(3) The Company will protect employees and related parties who report illegal activities or participate in the investigation process to prevent unfair retaliation or treatment. During the investigation process,</p>	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			whistleblowers are reminded that if they experience unfair treatment, retaliation, or similar situations due to their whistleblowing or participation in the investigation, they should report it to the original receiving unit. Please note that the company did not receive any complaints by phone or letter in 2023.	
<p>4. Strengthening Information Disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	V		The Company has a corporate governance corner on its website's investor relations page, which discloses the Company's management practices and organizational members. The progress of the Company's efforts is also disclosed on the website. In addition, the Company discloses the content of its Ethical Corporate Management Best Practice Principles on both its website and the Market Observation Post system (MOPS).	No major difference
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: The Company has stipulated the Ethical Corporate Management Best Practice Principles, and has been committed to complying with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and other relevant laws and regulations. In addition, the Company has established internal regulations on auditing and internal control to ensure employees' compliance with the aforementioned laws and regulations. The Company also refers to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" as a basis for implementing ethical corporate management. Information on these policies is disclosed on the Company's website and the Market Observation Post system (MOPS).</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The Company operates in compliance with laws, and regularly conducts courses on Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct, as well as promotes insider trading prevention. These courses are designed to strengthen the concept of ethical management and morals. The Company is constantly paying attention to the development of integrity-related regulations at home and abroad, reviewing and improving the Company's integrity management policy to enhance the efficacy of the Company's ethical management.</p>				

- (8) The company has adopted corporate governance best-practice principles and related by laws :
Plesae see the Company website for the Corporate governance.
- (9) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed : NA
- (10) The section on the state of implementation of the company's internal control system shall furnish the following:
1. A Statement on Internal Control. (Please refer to Page 80)
 2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report : NA
- (11) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: NA

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

Significant resolutions and execution status of shareholder meetings:

The 2023 Annual Shareholders' Meeting of the Company was held on May 31, 2023 at No. 7, Lixing 5th Rd., East Dist., Hsinchu City 30078, Taiwan (R.O.C.) in Hsinchu Science Park.

The adopted resolutions and the results of their implementation are summarized as follows:

Item	Shareholders' Meeting Resolutions	Execution Status
1	Approval of the 2022 business report and financial statements of the Company	➤ The Company's revenue in 2022 was 2,244,176,000 NTD, and the net profit after tax was 181,785,000 NTD, with earnings per share of 1.4 NTD.
2	Approval of the 2022 profit distribution plan of the Company	➤ Regarding the 2022 profit distribution, the Company distributed cash dividends to shareholders of 139,930,269 NTD, with a dividend of 1.4 NTD per share. ➤ Jun. 21, 2023 was set as the ex-dividend date, and the cash dividend was distributed on Jul. 13, 2023.
3	Passed part of the articles of the "Amendments to the 'Rules of Procedures for Shareholder Meetings'"	➤ The resolutions have been implemented and announced on the Company's website.

Important Resolutions of the Board of Directors:

Date	Important Resolution
9 th term 11 th meeting 02. 21. 2023	1. Passed the amendment of certain provisions of the Corporate Governance Best Practice Principles. 2. Passed the amendment of certain provisions of the Sustainable Development Best Practice Principles. 3. Passed the evaluation report of the 2022 Board's performance. 4. Passed the rules and the principles of performance bonus approval of the Company's directors and executives 5. Annual performance bonus standards and the actual amount in 2022 and annual raise guidelines in 2023
9 th term 12 th meeting 03. 10. 2023	1. Approved the 2022 business report and financial statements. 2. Approved the proposal for the 2022 distribution of employees' pay and directors' remuneration. 3. Approved the proposal for the 2022 allocation of directors' remuneration. 4. Approved the 2022 profit distribution proposal. 5. Approved the proposal to provide secured loans to the subsidiary Omnis Health, LLC. 6. Approved the proposal for short-term funding to the subsidiary Omnis.
9 th term 13 th meeting 05. 09. 2023	1. Approved the 2023 reappointment of the certified public accountant for the Company. 2. Approved the report of the first-quarter 2023 financial statements.
9 th term 14 th meeting 08. 08. 2023	1. Approved the report of the second-quarter 2023 financial statements.. 2. Approved the amendments to the 「Procedures for preparation of financial statements」 3. Approved the amendments to the 「Subsidiary Monitoring Operation Procedure」 4. Approved the amendments to the 「Rules governing financial and business matters between this corporation and its affiliated enterprises」

Date	Important Resolution
	5. Approved the amendments to the 「Risk Management Policies and Procedures」 6. Approved the proposal of 2022 executive employee bonus stock. 7. Approved the company plans to appoint Mr. Ben Shen as the executive director of the company's subsidiary, Apex Biotechnology (Suzhou) Corporation.
9 th term 15 th meeting 11. 10. 2023	1. Approved the report of the third-quarter 2023 financial statements. 2. Approved the amendment proposal of "Rules of Procedure for Shareholders Meetings".
9 th term 16 th meeting 12. 29. 2023	Approved the 2024 operation plan.
9 th term 17 th meeting 01. 23. 2024	1. Approved the re-election of the directors 2. Passed the evaluation report of the 2023 Board and Functional committee's performance 3. Passed the rules and the principles of performance bonus approval of the Company's directors and executives 4. Passed the Annual performance bonus standards and the actual amount of 2023 and annual raise guidelines of 2024
9 th term 18 th meeting 03. 13. 2024	1. Approved the 2023 business report and financial statements. 2. Approved the proposal for the 2023 distribution of employees' pay and directors' remuneration. 3. Approved the proposal for the 2023 allocation of directors' remuneration. 4. Approved the 2023 profit distribution proposal. 5. Approved the 2024 assessment of independence and competency of the company's CPA 6. Approved the nomination of directors and independent director candidates 7. Approved the Release of the prohibition on the newly elected directors and their representatives from participation in competitive business. 8. Approved the proposal to provide secured loans to the subsidiary Omnis Health, LLC. 9. Approved the proposal for short-term funding to the subsidiary Omnis.

- (13) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof : NA
- (14) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer : NA

Apex Biotechnology Corp.

Statement on Internal Control System

March 13, 2024

Based on the findings of self-assessment, Apex Biotechnology Corp. (ApexBio) states the following with regard to its internal control system during the year 2023:

1. ApexBio's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and ApexBio takes immediate remedial actions in response to any identified deficiencies.
3. ApexBio evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. ApexBio has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, ApexBio believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of ApexBio's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 13, 2024, with none of the six attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Apex Biotechnology Corp.

Chairman: Thomas Shen

President: Thomas Shen

5.Information on the professional fees of the attesting CPAs

(1) Information on CPA (External Auditor) Professional Fees

Unit: NT\$ Thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Ya Yun Chang	2023/7/1-2023/12/31	3,400	0	3,400	-
	Yu Feng Huang	2023/7/1-2023/12/31				

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

(2) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed :
NA

(3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed : NA

6. Information on replacement of CPAs : Not applicable °

7. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed : Not applicable °

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

(1) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Job title	Name	2023		Current fiscal year as of March 31	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman & President	Thomas Shen	0	0	0	0
Director & Vice President	Mark Yang	0	0	0	0
Independent Director	I-Tan, Chih	0	0	0	0
Independent Director	Pai Jeng Ming	0	0	0	0
Independent Director	Bou, Jin-Chang	0	0	0	0
Independent Director	Yung-Luh, Tsaih	0	0	0	0
Vice President	Tammy Wu	0	0	0	0
Vice President	Ben Shin	0	0	0	0
Chief Financial Officer	James Chu	0	0	0	0
Major Shareholders	Thomas Shen	0	0	0	0

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

(2) Counterparty of equity transfer is a related party: None.

(3) Counterparty of equity pledge is a related party: None.

9. Information of relationships between TOP 10 shareholders are related parties

2024/03/02 ; Unit : shares

Name (Note1)	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships		Remarks
	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)	Title (or name)	Relationships	
Shen,Yen-Shih	9,744,579	9.75%	629,648	0.63%	-	-	-	-	
Sanyang Motor Co., Ltd.	5,806,000	5.81%	-	-	-	-	-	-	
Sanyang Motor Co., Ltd. Representative: Wu, Ching Yuan	0	0%	-	-	-	-	-	-	
Yi-De Co., Ltd.	2,380,000	2.38%	-	-	-	-	-	-	
Yi-De Co., Ltd. Representative: Lin, Yu Yan	0	0%	-	-	-	-	-	-	
Ke-Yao Co., Ltd.	1,569,000	1.57%	-	-	-	-	-	-	
Ke-Yao Co., Ltd. Representative: Lin, Yu Yan	0	0%	-	-	-	-	-	-	
Yi-Cheng Co., Ltd.	1,410,000	1.41%	-	-	-	-	-	-	
Yi-Cheng Co., Ltd. Representative: Lin, Yu Yan	0	0%	-	-	-	-	-	-	
UBS Europe SE	1,407,876	1.41%	-	-	-	-	-	-	
Wu,Chao-Hui	1,126,000	1.13%	-	-	-	-	-	-	
BARCLAYS CAPITAL SECURITIES LIMITED	1,088,829	1.09%	-	-	-	-	-	-	
Su, Bo Sung	1,000,000	1.00%	-	-	-	-	-	-	
Morgan Stanley & Co. International Plc	784,992	0.79%	-	-	-	-	-	-	

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

2023/12/31 Unit: shares; %

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Apex Biotechnology (Suzhou) Corporation	(Note)	96%	(Note)	4%	(Note)	100%
Omnis Health, LLC	70,312,094	99%	800,000	1%	71,112,094	100%

Note : There are only capital contributions and no shareholding as Omnis Health is a limited company.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

2024/03/02

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capita	Capital paid in by assets other than cash	Other
105.09	10	100,166,800	1,001,668,000	99,726,704	997,267,040	Domestic corporate bond conversion NT\$225,000	NA	Note1
108.05	10	200,000,000	2,000,000,000	99,986,192	999,861,920	Domestic corporate bond conversion NT\$2,595,000	NA	Note2
109.07	10	200,000,000	2,000,000,000	99,950,192	999,501,920	Decrease in treasury stock NT\$360,000	NA	Note3

Note1 : Financial Supervisory Commission 2015/05/19 Certificate No.1040016492.

Note2 : Financial Supervisory Commission 2018/05/03 Certificate No.1070312670.

Note3 : Hsinchu Science Park Bureau 2020/07/17 Certificate No.1090020236.

As of March 02, 2024; Unit: shares

Type of shares	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common Shares	99,950,192	100,049,808	200,000,000	Listed

Information Relating to the Shelf Registration System : Not applicable.

(2) Shareholder Composition

2024/03/02

Shareholder Composition Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
No. of shareholders	5	8	167	31,506	67	31,753
No. of shares held	235,701	481,738	11,841,659	79,996,802	7,394,292	99,950,192
Shareholding ratio	0.24%	0.48%	11.85%	80.04%	7.40%	100.00%

(3) Distribution of Equity Ownership

Type : Common Shares

2024/03/02

Class of shareholding	No. of shareholders	No. of shares held	Shareholding ratio (%)
1 ~ 999	20,802	507,856	0.51%
1,000 ~ 5,000	8,537	17,174,507	17.18%
5,001 ~ 10,000	1,253	9,989,324	9.99%
10,001 ~ 15,000	370	4,707,210	4.71%
15,001 ~ 20,000	253	4,702,930	4.71%
20,001 ~ 30,000	198	5,056,370	5.06%
30,001 ~ 40,000	93	3,227,705	3.23%
40,001 ~ 50,000	62	2,919,637	2.92%
50,001 ~ 100,000	86	5,987,726	5.99%
100,001 ~ 200,000	56	7,643,943	7.65%
200,001 ~ 400,000	26	7,861,060	7.86%
400,001 ~ 600,000	4	1,740,000	1.74%
600,001 ~ 800,000	4	2,899,640	2.90%
800,001 ~ 1,000,000	1	1,000,000	1.00%
1,000,001 to more	8	24,532,284	24.54%
Total	31,753	99,950,192	100.00%

Note: The Company does not issue preferred shares.

(4) List of Major Shareholders

2024/03/02

Names of major shareholders	No. of shares held	Shareholding ratio(%)
Shen, Yen-Shih	9,744,579	9.75%
Sanyang Motor Co., Ltd.	5,806,000	5.81%
Yi-De Co., Ltd.	2,380,000	2.38%
Ke-Yao Co., Ltd	1,569,000	1.57%
Yi-Cheng Co., Ltd.	1,410,000	1.41%
UBS Europe SE	1,407,876	1.41%
Wu, Chao-Hui	1,126,000	1.13%
BARCLAYS CAPITAL SECURITIES LIMITED	1,088,829	1.09%
Su, Bo Sung	1,000,000	1.00%
Morgan Stanley & Co. International Plc	784,992	0.79%

(5) Market Price, Net Worth, Earnings, and Dividends Per Share

Unit: NT\$; Shares: in thousands

Fiscal year			2022	2023	As of March 31, 2024
Item					
Market price per share (Note 1)	Highest		29.35	44.45	43.80
	Lowest		22.90	24.70	30.80
	Average		25.96	27.44	34.54
Net worth per share (Note 2)	Before distributio		18.19	17.98	—
	After distribution		16.79	16.88	—
Earnings per share	Weighted average shares		99,950	99,950	99,950
	Earnings per share (Note 3)		1.82	1.16	—
Dividends per share	Cash dividends		1.40	1.10	—
	Stock dividends	Dividends from retained earnings	0	0	—
		Dividends from capital reserve	0	0	—
	Accumulated undistributed dividends (Note 4)		0	0	—
Return on investment analysis	Price/earnings ratio (Note 5)		14.26	23.66	—
	Price/dividend ratio (Note 6)		18.54	24.95	—
	Cash dividend yield (Note 7)		5.39	4.01	—

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

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

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

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

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

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

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

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

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

(6) Dividend Policy and Implementation Status

(A) The Company Dividend Policy

If the Company has retained earnings in its annual final accounts, it should first be estimated and reserved for taxes, made up for losses according to the laws, and allocated 10% as the legal reserve. However, if the accumulated legal reserve has reached the Company's paid-in capital, this limit may not be applied. Then, the special reserve shall be allocated or reversed in accordance with laws, or regulations of the authorities concerned. If there is still earnings retained, it shall be added to the unappropriated earnings from the previous year as now the appropriated earnings. The policies for dividends distribution mainly considers future expansion of the Company's operating scale and cash flow needs, as well as interests of shareholders, dividends balance, and the Company's long-term financial planning. The shareholders' dividends should account for more than 50% of the appropriated earnings, while the cash part of should account for at least 20% of the actual distributed dividend. The Board of Directors shall prepare a profit distribution proposal and submit it to the shareholders' meeting for resolution.

If all or part of the above-mentioned dividends and bonuses are distributed in cash, the Board of Directors may be authorized to put into practice only when two-thirds or more of the directors attend the meeting, approve the proposal, and present the resolution to the shareholders' meeting. This does not apply to the first rule that the proposal must be resolved by the shareholders' meeting.

The Company does not distribute dividends and bonuses if there is no retained earnings.

If the Company has no loss, it may distribute all or part of the capital reserve, which is the amount of excess of the share issue price over their face value, proportionally based on the shareholders' original shares in the form of new shares or cash.

(B) Proposed Dividend Distribution

The dividend distribution process of the Company in the future will be in accordance with the Company Act. At the end of each fiscal year, the Chairman shall consider the Company's profit situation and future operational needs, formulate a profit distribution proposal and present it to the Board of Directors for resolution. Afterwards, the resolution will be submitted to the shareholders' meeting for approval.

On Mar. 13, 2024, The Board of Directors of the Company resolved to distribute cash dividends from the profits, with an amount of NT\$190,779,598 available for distribution. The proposed shareholder dividend was NT\$109,945,212, with a distribution of 1.1 NTD per share. The above profit distribution proposal would be submitted to the shareholders' meeting for approval. The Chairman is authorized to set an ex-dividend date and handle the distribution matters.

- (7) There is no significant effect by the proposed free stock distribution to Company's operating performance or earnings per share for the year.
- (8) Employees' profit sharing bonus and Directors' compensation
- (A) The percentage or range of employee bonus and directors' remuneration are stated in the Company's Articles of Incorporation: Please refer to the bonus and remuneration policy for employees and directors as set forth in the Company's Articles of Incorporation.
- (B) About the amount of employees and directors' remuneration for the current period. The accounting treatment will be as follows when the calculation basis on employees' bonus stock and the actual distribution amount are different from the estimated amount:
- Before deducting employee bonus and directors' remuneration for the year, the Company should allocate no less than 3% of the pre-tax net profit for the year as employee bonus stock and no more than 1% as director remuneration. However, when the Company has accumulated losses, an amount should be reserved to make up for the losses. If there is a significant change in the amount of remuneration to be distributed as resolved by the Board of Directors prior to the publication date of the annual consolidated financial statements, the adjustment shall be made to the original provision for the year. If the amount still changes after the publication date of the annual consolidated financial statements, the change shall be processed according to accounting estimates and adjusted in the next year.
- (C) Resolution of the Board of Directors regarding the distribution of remuneration
- a) The proposed amount of employee bonus and directors' remuneration to be distributed in cash or stock approved by the Board of Directors. If there is difference between the estimated amount and the amounts recognized for the year, the amount of the difference, reasons, and how it is handled should be disclosed:
- On Mar. 13, 2024, the Board of Directors approved the distribution of 2023 bonus and remuneration for employees and directors paid in cash. The payments were NT\$10,707,769 and NT\$1,529,681, respectively, the same as the amounts recognized and estimated amount in 2023.
- b) The percentage of the proposed amount of employees' stock-based bonus to the total amount of after-tax net income of the individual or separate financial statements plus the total amount of employee bonus: No employee stock-based remuneration has been approved for distribution; therefore, this could not be applied.
- (D) For the actual distribution of employee bonus and director remuneration for the last year (including number of shares distributed, amount and share price), if there is any difference with the recognized employee bonus stock and directors' remuneration, the amount of the difference, reasons and the way it was dealt should be explained.
- a) Actual distribution of employee bonus stock and director remuneration for the previous year 2022:

The Company distributed NT\$15,191,225 for employee bonus stock and NT\$2,170,174 for directors' remuneration for 2022.

- b) Any differences between the above amounts and the recognized employee bonus stock and directors' remuneration should be explained, including the amount of the difference, reasons, and treatment: There was no difference.

(9) Buyback of Treasury Stock: None.

2. Status of Corporate Bonds: None.

3. Status of Preferred Stocks: None.

4. Status of GDR/ADR: None.

5. Status of Employee Stock Option Plan: None.

6. Status of New Employees Restricted Stock Issuance: None.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation: None.

V. Operational Highlights

1. Business Activities

(1) Business scope :

(A) The Scope of business of the Company is as follows:

- a) CF01011 Medical Devices Manufacturing
- b) CE01010 General Instrument Manufacturing
- c) C199990 Manufacture of Other Food Products Not Elsewhere Classified
- d) C802041 Manufacture of Drug and Medicines
- e) C802051 Manufacture of Chinese Medicines
- f) F401010 International Trade
- g) IG01010 Biotechnology Services
- h) J101050 Environmental Testing Services
- i) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- j) F108031 Wholesale of Medical Devices
- k) F208031 Retail Sale of Medical Apparatus
- l) F213060 Retail Sale of Telecommunication Apparatus
- m) F113070 Wholesale Telecommunication Apparatus
- n) F108021 Wholesale of Western Pharmaceutical
- o) F208021 Retail Sale of Western Pharmaceutical

《Research, Develop, Produce, Manufacture and Sell the following Products:

- i. Biochemical inspection tester and its test piece
- ii. In vitro test reagents
- iii. Environmental Testing System
- iv. Nutrient Food
- v. Protein Pharmaceutical Products
- vi. Western Medicine Type
- vii. Radio Transmitter
- viii. Radio Transceiver
- ix. Radio Receiver
- x. Trading Business of the above related products》

(B) Major Products:

Unit: NT\$ Thousands

Major Products	2022		2023	
	Amount	Ratio	Amount	Ratio
Meter	501,315	22.34%	233,227	13.91%
Strip	1,397,840	62.28%	1,127,198	67.23%
Electrode	268,345	11.96%	253,441	15.12%
Others	96,053	4.28%	87,257	5.20%
Sales return and discount	(19,377)	(0.86%)	(24,586)	(1.46%)
Total	2,244,176	100.00%	1,676,537	100.00%

(C) Current Products :

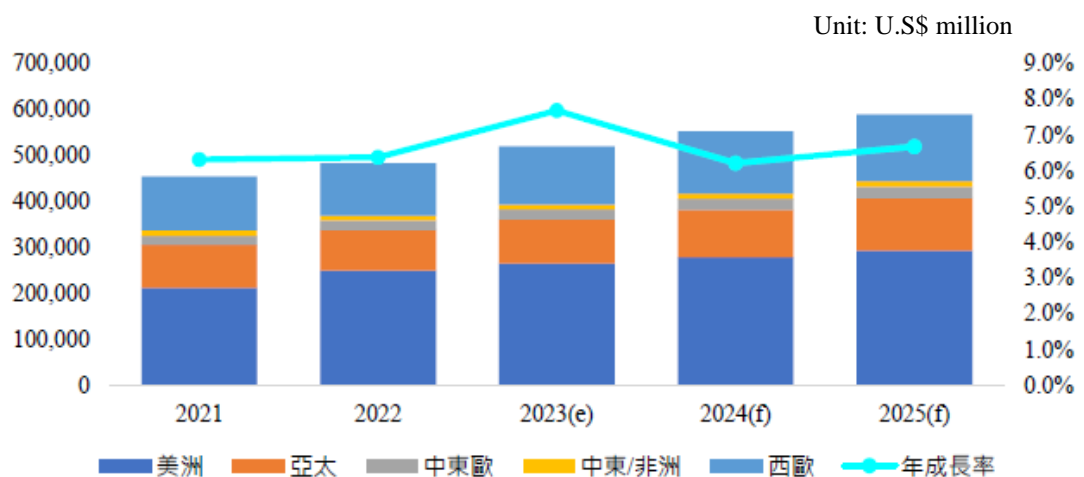
- Blood glucose and HbA1c monitoring systems for diabetic patients at homes, doctors or nurses in hospitals, clinics, etc. to monitor changes in blood glucose levels.
- Uric Acid monitoring systems for hyperuricemia patients at homes, doctors or nurses in hospitals, clinics, etc. to monitor changes in uric acid levels.
- A pesticide residue rapid test kit.
- A lactate monitoring system for athletes to measure the efficiency of their muscles.
- A hemoglobin monitoring system for used at blood banks.
- Embedded telemedicine application modules on various exiting monitoring systems.

(D) New Product Developments :

- Remote data transmission monitoring systems
- Multifunctional medical biochemical testing kit
- A multiparameter blood lipid monitoring system
- A Continuous Glucose Monitor (CGM) for home use
- Rapid test reagent kits

(2) Industry Overview:

(A) Current status and development of the industry



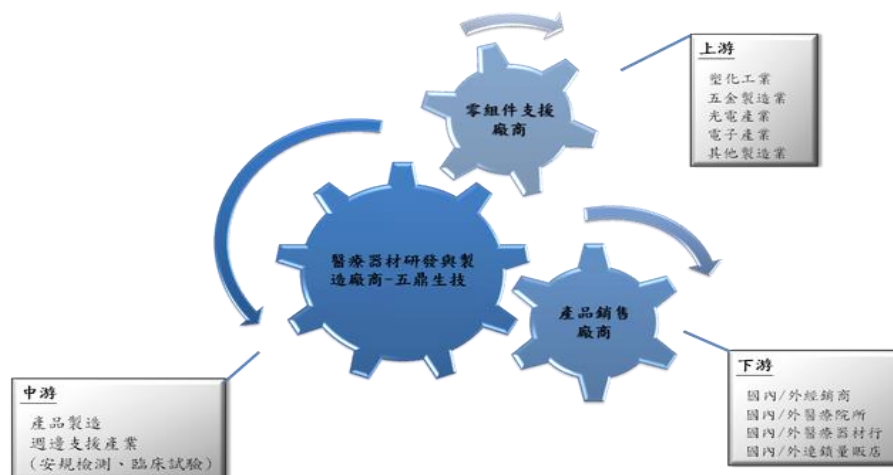
(2022Global medical device market distribution; Source : BMI, 2023 ; ITRI,05/2023)

According to BMI Research's report, the global medical equipment market is predominantly led by the Americas, accounting for 51.7% of the global market size. Following are the Western European market, the Asia-Pacific market, and the markets in Central Europe, Eastern Europe, and the Middle East and Africa. Overall, there is minimal change in the ranking of regional markets in the foreseeable future. (Source: 2023 Biotechnology Industry in Taiwan)

(B) The relationship between the upstream, midstream, and downstream

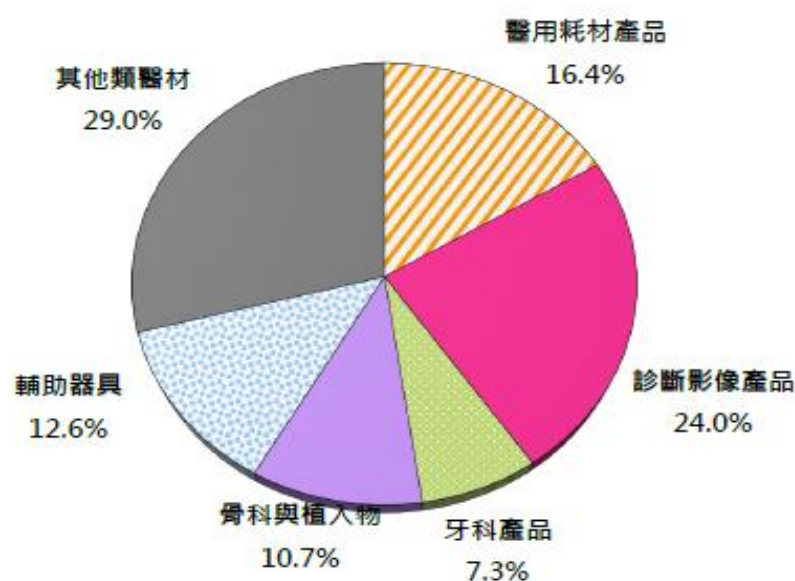
The relationship between the upstream, midstream, and downstream in the medical equipment industry is depicted in the figure below. Due to the extensive coverage of the medical equipment industry, various types of manufacturers are involved in the upstream raw materials section. Upstream raw material supply is broadly categorized into reagents, consumables, and components. Downstream industries include domestic and international medical equipment importers and exporters, medical equipment retailers, healthcare institutions, distributors, pharmacy chains, and retail stores. Cooperation between upstream and downstream partners is often established through long-term, closely-knit contractual relationships, facilitated by successful collaboration.

The structure of the medical device industry in Taiwan:



(Source: Medical Device Industry Yearbook 2005, ITRI IEK-ITIS Project 05/2005.)

(C) Product Development Trend



(2022Global medical device product distribution overview; Source : BMI, 2023 ; ITRI,05/2023)

Observing the global biopharmaceutical industry's development, there is still significant unmet medical demand, driving a continuous increase in demand for innovative medical materials. With rapid technological advancements, innovative products, technologies, and service models are expected to lead the biomedical industry in new directions. Simultaneously, the global challenges posed by aging populations and chronic diseases, resulting in disability issues, put pressure on increasing healthcare expenditures. Governments worldwide will carefully evaluate the rationality and effectiveness of healthcare spending. Developing countries, with sustained economic development and growing awareness of healthcare among the general population, will invest more resources in expanding local basic medical infrastructure. These factors collectively contribute to the stable growth of the global medical equipment industry. (Source: 2023 Biotechnology Industry in Taiwan)

(D) Market competition situation

In response to the rapidly changing industry environment and technological applications, Taiwanese medical equipment manufacturers have adopted diverse business models to adapt flexibly. Particularly under the global trend of cross-domain integration, breaking the existing ecosystem, expanding the scope of cooperation, and establishing diversified cross-domain partnerships have become common practices. Additionally, numerous digital technology companies actively enter the medical equipment field, integrating into established upstream, midstream, and downstream industrial supply chains. This fosters more cross-industry collaborations, diversifying the existing medical equipment industry ecosystem. Continued focus on niche products, mastery of key R&D technologies, strategic planning for the next wave of potential products, and diversification into multiple markets are emphasized to meet

the demand-driven developmental opportunities. Furthermore, as digital technologies like artificial intelligence rapidly advance in the biomedical field, regulatory authorities worldwide have introduced regulatory innovations in digital medical equipment to address the management challenges brought about by product development. Under the trend of stricter regulatory verification, the medical equipment industry is engaging in a positive competition to strengthen the strong and phase out the weak.

(Source: 2023 Biotechnology Industry in Taiwan)

(3) Technology and R&D Overview

(A) R&D Cost and Successfully developed products in recent years:

(a) R&D Cost:

		Unit : NT\$ thousands	
Amount	Year	2023	As of Feb. 29, 2024
R&D Cost (A)		163,325	25,247
Operating Revenue (B)		1,676,537	320,972
Ratio (A)/(B)		9.74%	7.87%

(b) Successfully developed products in recent years :

Year	Products	R&D Accomplishments
2023	Eclipse PLUS Multi-Purpose Analyzer	A professional multi-purpose renal function and glycated hemoglobin testing platform; Microalbumin (MA), Creatinine (CA), Albumin Creatinine Ratio (ACR) and Glycated Hemoglobin (HbA1c) can be tested through different detection cassettes. Small sample volume is required, and accurate and quick response time measurements can provide hospitals with convenient, accurate and real-time test values.
	Continuous Glucose Monitoring (CGM) for Intensive Care Unit	A continuous monitoring system for intravenous microdialysis which provides a 72-hour continuous venous blood glucose monitoring for hospitalized patients in the Intensive Care Unit (ICU/IMU).
	BLE/NFC Biosensors	Various blood glucose monitors and dual-function blood glucose/ketone monitors that are integrated with BLE/NFC low-power data transmission technology.

(4) Long-term and short-term business development plans

(A) Short-term:

To maintain and strengthen relationship with customers; to accelerate product development and collaboration for customizing new products. To develop markets for multi-functional product series, combining 3C technology for various remote transmission interfaces for machines produced by the Company, to respond to more diversified applications of remote care.

(B) Long-term:

- a) To adjust research and development of new products in response to market changes, to increase company revenue and profitability, and to gain recognition of the Company's technological capabilities and future collaborations with more customers.
- b) To seek collaborations with new start-up products or companies for mergers to increase the Company's operational scale and benefits.
- c) To continue the commitment on developing innovative technology products to enhance the value of the Company.

2. Market, Production, and Sales Outlook :

(1) Market analysis

(A) Regions of major sales:

Unit: NT\$ thousands

Geography \ Year		2021		2022		2023	
		Revenue	%	Revenue	%	Revenue	%
Export	USA	931,286	43.69	900,592	40.13	686,883	40.97
	Europe	963,232	45.19	1,106,435	49.30	736,995	43.96
	Asia	157,844	7.40	118,597	5.28	154,281	9.20
	Others	7,875	0.37	23,684	1.06	24,072	1.44
	Total	2,060,237	96.65	2,149,308	95.77	1,602,231	95.57
Domestic		71,419	3.35	94,868	4.23	74,306	4.43
Total		2,131,656	100.00	2,244,176	100.00	1,676,537	100.00

(B) Approximate market share

The performance declined by 25% in 2023, with 72% of the revenue came from ODM (Original Design Manufacturer) products, 15% from OEM (Original Equipment Manufacturer) products, and 13% from sales of our own brand (OBM) worldwide. In the future, both blood glucose monitoring products and non-blood glucose monitoring products will be developed, and the Company will continue to uphold excellent product quality and competitive pricing to maintain the potential for future growth.

(C) The future supply and demand situation and growth potential of the market

a) Supply-side:

High global inflation maintains international raw material prices, strict regulations in major markets like the EU, and Chinese government support for local medical device manufacturers pose threats to Taiwanese industry players.

b) Demand-side:

While domestic demand for home antigen rapid test reagents continues to decrease,

there is an increase in demand for equipment and devices in medical institutions returning to normal operations. The blood glucose testing market inventory is expected to stabilize, and the success of smart medical devices in expanding emerging markets is yielding results. The economic outlook for 2024 is expected to be optimistic.

(D) Competitive Advantage

- a) The global aging population and the prevalence of chronic diseases are increasing, leading to steady growth in the usage of medical devices, apart from pandemic-related products.
- b) Medical devices have a long life cycle and are less affected by political and economic situations.
- c) To protect consumers, regulatory agencies in various countries are becoming increasingly strict, such as Taiwan TFDA and the EU MDR/IVDR.
- d) Professional manufacturers with economic production scale and technical capabilities are more likely to be recognized and favored by international distributors.
- e) The ability to master R&D technology and obtain multiple domestic and foreign invention patents, as well as the development of series products towards vertical and horizontal technology extensions, can drive the improvement of technology for upstream and downstream manufacturers.

(E) Favorable and unfavorable factors and corresponding strategies for future development

a) Favorable factors:

- i. The trend of aging population drives the long-term demand for intelligent medical aids and physiological measurement medical devices in various countries.
- ii. Ongoing restructuring of medical material supply chains in Europe and the United States may result in some reassignment of orders.
- iii. With explicit government support, combining information and communication technology with precision machinery in medical material product development adds value.

b) Unfavorable factors:

- i. Various medical device regulations in different countries are becoming increasingly strict and complicated, adding to the difficulty of global operational deployment for companies in our country.
- ii. The global inflation pressure has not diminished, and the continuous closeouts of medical devices for disease prevention use will weaken the operational performance of companies in our country.
- iii. Taiwanese companies may face significant threats from Chinese competitors in emerging markets and may encounter challenges entering the Chinese market.

c) Corresponding strategies:

- i. Identify new niche products in individual industries and establish a diversified database of technology and talent to adapt to changes in product and customer demands in regional economic markets.
- ii. Collaborate or merge with upstream, downstream, or even similar/different industries to align with international regulations and market competition trends, seeking larger business opportunities.
- iii. Incorporate Environmental, Social, and Governance (ESG) considerations into product development to avoid market elimination.

(2) Main Product Applications and Production Processes

(A) Main Product Applications:

Main Product	Applications and Function
biochemical blood glucose test kit	Used for monitoring blood glucose level changes as a control reference for insulin dosage, diet and exercise control for diabetes patients, hospitals, clinics, doctors, nurses, etc.
biochemical uric acid test kit	Used for monitoring changes in blood uric acid levels as a control reference for medication dosage, diet and exercise control for patients with hyperuricemia, hospitals, clinics, doctors, nurses, etc.

(B) Production process of main products:

a) Meter instrument production process

Printed circuit board ⇒ Automatic insertion ⇒ Welding ⇒ Jig testing ⇒ Mechanical assembly ⇒ Testing ⇒ Packaging

b) Electrode testing strip production process

Sheet-shaped substrate ⇒ Coating various layers of bioactive layers and carrier layers on the substrate using screen printing technology ⇒ Bottling ⇒ Inspection and testing ⇒ Encoding card ⇒ Labeling ⇒ Packaging

(3) Supply of primary raw materials :

Raw Materials	Supplier	Supply Chain Conditions
Mylar Film	NJ	Normal
Outer Casing	JJY	Normal
Electronic Component	ID	Normal
Tape	SS	Normal

- (4) A list of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

(A) Major customers for the past two years

Unit: NT\$ Thousands

Year	2022				2023			
Item	Customer	Amount	Percentage of annual net sales (%)	Relationship with ApexBio	Customer	Amount	Percentage of annual net sales (%)	Relationship with ApexBio
1	B	661,249	29.47	NA	B	537,878	32.08	NA
2	C	363,372	16.19	NA	C	352,758	21.04	NA
3	A	365,421	16.28	NA	-	-	-	NA
4	Others	854,134	38.06	-		785,901	46.88	-
	Net sales	2,244,176	100.00		Net sales	1,676,537	100.00	

Note: Customer A's sales accounted for approximately 8.5% of the annual net sales in 2023, mainly due to the customer's inventory adjustment, which affected the sales amount

(B) Major suppliers for the past two years

Unit: NT\$ thousands

Year	2022				2023			
Item	Customer	Amount	Percentage of annual net purchases (%)	Relationship with ApexBio	Customer	Amount	Percentage of annual net purchases (%)	Relationship with ApexBio
1	Others	1,125,794	100.00	-	A	70,888	11.43	NA
2	-	-	-	-	Others	549,452	88.57	-
	Net purchases	1,125,794	100.00		Net purchases	620,340	100.00	

Note: The purchases from Supplier A in 2022 accounted for approximately 9% of the annual net purchases, which did not meet the disclosure standards.

(5) Production value and volume for the past two years

Unit: NT\$ thousands

Main products \ Year	2022			2023		
	Production capacity	Production Quantity	Production value	Production capacity	Production Quantity	Production value
Strip (Pcs)	900,000,000	844,185,297	651,040	700,000,000	666,416,805	589,619
Electrode (Pcs)	400,000,000	267,608,400	122,056	300,000,000	230,611,150	120,897
Meter (EA)	1,800,000	1,704,315	713,902	1,200,000	1,111,278	372,629
Others	—	—	34,542	—	—	20,609
Total	—	—	1,521,540	—	—	1,103,754

(6) Sales volume and value for the past two years

Unit: NT\$ thousands

Main products \ Year	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Strip (Pcs)	13,629,120	53,514	844,496,090	1,327,438	13,270,580	56,071	653,706,635	1,052,009
Electrode (Pcs)	-	-	259,691,600	268,345	-	-	233,502,150	253,441
Meter (EA)	28,581	2,154	1,792,205	498,032	21,236	2,052	1,168,109	227,472
Others	328,321	39,200	779,977	55,493	123,471	16,183	873,866	69,309
Total	-	94,868	-	2,149,308	-	74,306	-	1,602,231

3. Employees Information :

Fiscal year		2022	2023	As of March 31, 2024
Number of employees	Administratoion staff	168	168	162
	R&D 、 Technical staff	138	136	136
	Operators	466	404	362
	Total	772	708	660
Average age		36.8	38.0	38.8
Average years of service		7.2	8.0	8.5
Education distribution percentage (%)	Ph.D.	0.7%	0.8%	0.8%
	Master's degree	10.4%	10.8%	11.4%
	College	30.9%	33.4%	34.3%
	Senior high school	51.9%	49.3%	47.8%
	Below senior high school	6.1%	5.7%	5.7%

4. Environmental Protection Expenditures

- (1) In recent years and up to the printing date of the annual report, the Company did not suffer any losses due to environmental pollution, including compensation and violations of environmental protection regulations as a result of environmental protection inspections.
- (2) There are no major environmental expenditures planned in response to environmental issues in the next two years.

5. Labor-Management Relations

- (1) Employee welfare measures, continuing education and training programs, retirement system and their implementation, as well as labor-management agreements and measures to protect employee rights and benefits in the Company:

(A) Employee welfare measures:

The Company stresses great importance on its employee welfare policies, and has established a dedicated unit (Personnel Department) within its organizational system which has been carefully planning a series of welfare measures to ensure the stability of employees' lives, to protect their rights, and to promote labor-management harmony.

The Company believes that only after employees' welfare and a worry-free daily life are ensured can they be fully devoted to their work, leverage their strengths, create higher-quality products, enhance the Company's core values, generate profits and create maximum value for shareholders.

In February every year, the company measures market salary levels and overall economic indicators and makes appropriate adjustments to employees' salaries. The average salary increase in the past three years was about 3.5% . According to Article 27-1 of the Articles of Association, from the pre-tax net profit of current year before deducting remuneration of employees and remuneration of directors, no less than 3% shall be allocated

as remuneration of employees. Employees' salaries and remuneration are determined based on their academic experience, professional knowledge and skills, and personal performance. They do not differ based on employees' gender, race, religion, political stance, etc.

Employee performance evaluations are conducted twice every year, and are used as the basis for performance bonuses, remuneration of employees, etc., to reward employees and encourage employees to improve their work performance in order to gain higher rewards. In addition, the company has also established an intellectual property incentive system to encourage the company's employees' technological development and enable the company's intellectual property (patents, trademarks, copyrights, business secrets, etc.) to be continuously innovated and developed.

In addition to employee labor insurance and health insurance in accordance with regulations, the company also provides a comprehensive group insurance plan to provide additional care for employees and their families. Besides, The company also provides holiday bonuses, birthday gift certificates, and various wedding and funeral subsidies to reduce employees' life pressure.

The company provides free parking, books, newspapers and magazines, lactation rooms, restaurants, coffee bars, and employee dormitories to provide employees with convenient daily needs. In terms of taking care of the physical and mental health of employees, massage services, annual health examinations, on-site physician services, health lectures, etc. are arranged to provide employees with stress relief and health care.

Various activities are held every year, such as employee domestic and overseas travel, year-end eve, birthday parties, parent-child visit days, employee competitions, etc. By participating in various leisure activities, employees can release their daily work pressure, strengthen communication among colleagues, and unite employees' cohesion. We also hope that through parent-child activities, we can enhance employees' family members' sense of identification with the company. In order to expand the social areas of employees, the company encourages employees to organize and establish various clubs (currently there are mountaineering clubs, coffee clubs, etc.) and provides financial subsidies for club activities.

(B) Training and Development System and Implementation Status:

In order to implement the corporate sustainable management philosophy and enhance the career development of employees, various training and development activities are carried out for current employees to strengthen their expertise and capabilities, to achieve common organizational goals, and to create self-fulfillment. The Company provides a comprehensive annual education and training plan for employees, including new employee training, on-the-job professional training and other knowledge enhancement training. The needs for external training are first evaluated by each department based on employees' job requirements, and HR department integrates and executes the annual plan while tracking the progress and results of

completed training. In 2022, a total of 239 employees participated in external training.

(C) Retirement system and implementation status, divided into the old system and the new system:

- a) Old system: Employees who were employed before Jun. 30, 2005 can choose between the old and new retirement systems. The Company has a retirement plan for regular employees according to the Labor Standards Act. According to this plan, retirement pay is calculated based on years of service and the average salary of the last six months before retirement. The Company sets aside retirement reserve funds every month in accordance with regulations, which are managed by the Labor Pension Supervisory Committee and deposited in the Bank of Taiwan under its name.
- b) New system: The new retirement system applies to employees who joined after Jul. 1, 2005, and to those who joined beforehand but chose the new system. The Company deducts 6% of the employee's salary each month and deposits it into the employee's personal retirement account. Employees can also choose to contribute between 0% and 6% of their salary each month to their personal retirement account based on their personal preference, and the Company will deduct the contribution from the employee's salary each month.
- c) After the implementation of the Labor Pension Act, employees who choose to adopt the retirement pension system under the Labor Pension Act can retain their seniority before the implementation of the Labor Pension Act preserved. In 2022, 8 senior employees applied for retirement. Aside from assisting in the application for retirement pay, the Company also awarded them with a honor retirement medal presented by senior executives.

(D) Agreements between labor and management:

The Company upholds the concept of "labor-management unity" and "coexistence and prosperity", focusing on rational and humane management. We establish smooth communication channels through "open and frank" means to maintain a good relationship between labor and management, jointly create productivity, share profits, and establish a stable and harmonious labor-management relationship. Since its establishment, labor and management have been working together in solidarity and harmony to strive for the prosperity of the Company and the interests of shareholders. Therefore, we have never suffered losses due to labor disputes, and we consistently cooperate with each other only for professional development and employee welfare.

(E) Measures to protect employee rights:

In addition to establishing the Employee Welfare Committee, the Labor Retirement Reserve Supervision Committee and the Sexual Harassment Complaints Handling Committee based on the law, our Company also plans, allocates, safeguards, uses and handles other related matters in accordance with the law with regard to employee welfare funds and retirement

reserves. We rely on legal regulations to protect the various rights and execute welfare systems for our employees.

- (2) Losses suffered due to labor disputes (including violations of labor standards based on labor inspections) in the previous fiscal year up to the printing date of this annual report, as well as estimated amounts and corresponding measures for present and future occurrences: None.

6. Information Security Management

(1) Information Security Objectives and Scope

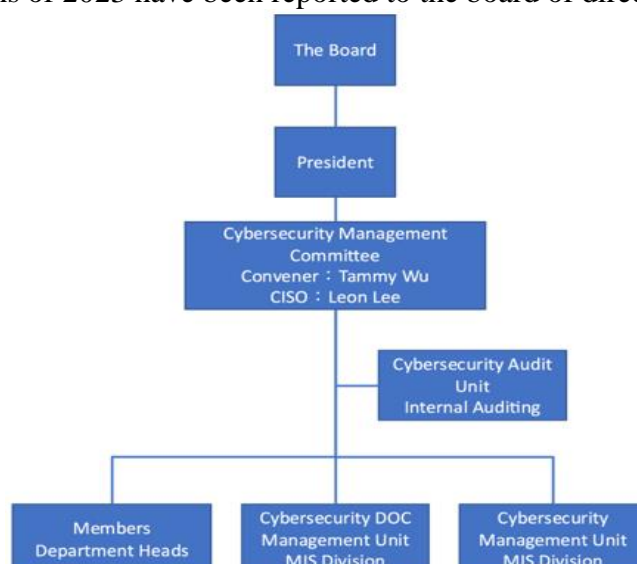
Objectives: Including employees, customers, suppliers, shareholders, and operational information technology equipment and software.

Scope: Applicable to security management of information machine room operation, business continuity operation system and website system maintenance. The Company has fully grasped the information operation and management process, and further met various security requirements and expectations. The main categories are as follows:

- (A) Information recording
- (B) Computer system
- (C) Personnel
- (D) Infrastructure services
- (E) Physical areas
- (F) Physical equipment

(2) Information Security Risk Framework

The Cybersecurity Management Committee was established by Vice President Tammy Wu of Administration Department. This committee is responsible for reviewing the implementation of cyber security policies to build cyber security defense capabilities and a strong awareness of cyber security among employees. The execution status of the cyber security policy and specific management plans of 2023 have been reported to the board of directors on December 29, 2023.



(3) Information Security Policy

In order to ensure the smooth operation of Apexbio's businesses and prevent unauthorized access, use, control, disclosure, destruction, alteration, or other forms of infringement on information or cyber systems, and to ensure confidentiality, integrity, and availability of the information, Apexbio established this policy for all employees to follow.

- (A) To protect the confidentiality and integrity of Apexbio's business activity information and avoid unauthorized access and modification.
- (B) In response to the changing landscape of cybersecurity threats, Apex staff should participate in cybersecurity-related training to enhance the company's awareness of cybersecurity.
- (C) To respect intellectual property rights and protect customer and company information.
- (D) To conduct regular internal and external audits to ensure the proper implementation of related operations.
- (E) To comply with relevant laws and regulations to achieve the goal of business continuity.

(4) Information Security Policy Objectives

- (A) Indirect employees of Apex should complete 1 hour of cybersecurity training annually.
- (B) Upon becoming aware of a cybersecurity incident, employees should be able to report, respond, and recover within the specified timeframe (number of major incidents per year \leq 1).
- (C) The number of unresolved issues identified in the previous internal audit should be \leq 2.
- (D) The email open rate and attachment click-through rate for social engineering exercises should be below 5% and 2%, respectively

(5) Information Security Controls

- (A) To conduct an annual inventory of the list of information assets, and to implement risk management measures according to the information security risk assessment.
- (B) To regularly conduct information security promotion and education, and to hold information security training for all employees annually. New employees must sign the confidentiality agreement.
- (C) All employees, outsourced vendors and their subcontractors must sign a confidentiality statement to ensure that those who use our company's information to provide information services or perform related information business have the responsibility and obligation to protect the information assets of the Company, in order to prevent unauthorized access, alteration, destruction or improper disclosure.
- (D) Important information systems or equipment should have appropriate backup or monitoring mechanisms established and regularly rehearsed to maintain their availability.
- (E) Personal computers should have antivirus software installed, and the virus code should be regularly checked and updated. Moreover, usage of unauthorized software should be prohibited.
- (F) Employee accounts, passwords and access should be well guarded, used properly and

regularly changed.

- (G) To develop standard procedures of responding to and reporting information security incidents, in order to handle information security incidents in a timely manner and to prevent existing harm from spreading.
- (H) In consideration of the uncertainties in information security risks, electronic mail social engineering drills are conducted regularly on an annual basis.
- (I) All employees should comply with the legal requirements and information security policy requirements. Supervisors should supervise the implementation of the information security system, and strengthen the awareness of information security and legal concepts of employees.

(6) Performance in 2023

- (A) No major deficiencies or significant cybersecurity incidents that violated information security, or resulted in customer information leakage or penalties this year.
 - (B) This year, we joined the Science Park Information Security Analysis Center (SP-ISAC) and the Taiwan Computer Emergency Response Team / Coordination Center (TW-CERT/CSIRT) Alliance (TW-ISAC) to receive real-time cybersecurity intelligence and respond promptly to incidents.
 - (C) Currently, there are a total of 17 members in the Cybersecurity Committee, including supervisors from various departments within the company (including Audit, Administration, R&D, Manufacturing, QA, and Finance).
 - (D) This year, we will hold regular meetings of the Cybersecurity Committee, totaling 2 times.
 - (E) A total of 11 information security training sessions (including new employees) were conducted this year, with 291 managers and employees participating in.
 - (F) This year, we commissioned an external cybersecurity firm to conduct 2 rounds of email social engineering exercises. In the first round, a total of 311 participants were involved, with an email open rate of 29% and an attachment click-through rate of 25%, exceeding the cybersecurity set targets. Following enhanced educational training, the second round saw a participation of 306 individuals, with an email open rate of 5% and an attachment click-through rate of 1%, showing a significant decrease. We will schedule such exercises annually.
 - (G) This year, we commissioned an external cybersecurity firm to conduct vulnerability scanning operations on Apex information systems. We have carried out vulnerability management and planned upgrades based on the results.
 - (H) A information system disaster recovery drill was completed in July 2023.
- (7) For the most recent fiscal year and up to the printing of the annual report, there were no loss, potential impacts due to significant cybersecurity incidents.

7. Material Contracts

Contract Type	litigant	Contract Start and Ending Dates	Main Content	Restrictions
Land Lease Agreement	Hsinchu Science Park Bureau, NSTC	Jan. 2024 to Dec. 2023	Hsinchu Science Park Bureau (NSTC) land lease	None
Product Co-development Contract	Italy Menarini Corp.	Jul. 2017 to Jun. 2027	Collaborative development of a severe ICU continuous blood glucose monitoring system	With an confidentiality and non-disclosure agreement

VI. Financial Information

1. Condensed Balance Sheet and Comprehensive Income Statement in the Most Recent Five Fiscal Years

(A) Condensed Balance Sheet and Comprehensive Income Statement

(1-1)) Condensed Balance Sheets - Consolidated

Unit: NT\$ thousands

Year Item		Financial Information for the Last Five Fiscal Years				
		2019	2020	2021	2022	2023
Current Assets		1,777,738	1,684,472	1,759,853	1,654,478	1,506,641
Property, Plant, and Equipment		736,297	707,239	664,029	641,370	604,355
Right-of-use Assets		125,963	120,567	130,092	124,709	116,234
Intangible Assets		4,515,801	128,920	69,140	69,141	44,219
Other Assets		17,350	10,244	10,015	25,003	25,555
Total Assets		2,814,149	2,651,442	2,670,467	2,514,701	2,297,004
Current Liabilities	Before Distribution	621,280	883,426	785,888	570,552	383,354
	After Distribution	731,225	992,741	915,823	710,482	493,299 (Note 1)
Non-current Liabilities		516,090	121,849	131,023	126,256	116,716
Total Liabilities	Before Distribution	1,137,370	1,005,275	916,911	696,808	500,070
	After Distribution	1,247,315	1,114,590	1,046,846	836,738	610,015 (Note 1)
Equity Attributable to Shareholders of the Parent		1,675,792	1,645,386	1,752,732	1,817,324	1,796,434
Share Capital		999,862	999,502	999,502	999,502	999,502
Capital Surplus		67,597	66,776	68,368	68,368	68,368
Retained Earnings	Before Distribution	601,531	586,904	682,344	739,947	718,873
	After Distribution	491,586	477,589	552,409	600,017	608,928 (Note 1)
Other Equity		7,983	4,450	2,518	9,507	9,691
Treasury Shares		(1,181)	(12,246)	—	—	—
Non-controlling Interests		987	781	824	569	500
Total Equity	Before Distribution	1,676,779	1,646,167	1,753,556	1,817,893	1,796,934
	After Distribution	1,566,834	1,536,852	1,623,621	1,677,963	1,686,989 (Note 1)

Note 1 : The amount approved by board of directors on March 13, 2024.

Note 2 : All data for the year above has been audited by CPAs.

(1-2) Condensed Statements of Comprehensive Income - Consolidated

Unit: NT\$ thousands

Year Item	Financial Information for the Last Five Fiscal Years				
	2019	2020	2021	2022	2023
Net Operating Revenue	2,198,862	2,005,337	2,131,656	2,244,176	1,676,537
Gross Profit	590,577	452,224	571,512	576,839	531,116
Income from Operations	203,276	103,328	204,949	176,560	141,716
Non-operating Income and Expenses	(40,336)	7,287	(20,013)	23,015	(754)
Income before Income Tax	162,940	110,615	184,936	199,575	140,962
Net Income from Continuing Operation	112,978	94,629	202,289	181,451	115,714
Income from Discontinued Operations	—	—	—	—	—
Net Income	112,978	94,629	202,289	181,451	115,714
Other Comprehensive Income, net of income tax	(3,318)	(3,050)	577	12,821	3,257
Total Comprehensive Income	109,660	91,579	202,866	194,272	118,971
Net Income Attributable to Shareholders of the parent	113,859	94,795	202,224	181,785	115,783
Net Income (loss) Attributable to Non-controlling interest	(881)	(166)	65	(334)	(69)
Comprehensive Income Attributable to Shareholders of the parent	110,559	91,785	202,823	194,527	119,040
Comprehensive Income Attributable to Non-controlling interest	(899)	(206)	43	(255)	(69)
Earnings Per Shar	1.14	0.95	2.03	1.82	1.16

Note 1 : All data for the year above has been audited by CPAs.

(2-1) Condensed Balance Sheet - Parent Company Only

Unit: NT\$ thousands

Year Item		Financial Information for the Last Five Fiscal Years				
		2019	2020	2021	2022	2023
Current Assets		1,723,672	1,713,336	1,752,630	1,631,420	1,481,772
Property, Plant, and Equipment		734,898	706,512	662,284	639,847	603,288
Right-of-use Assets		122,672	119,072	114,422	111,429	106,170
Intangible Assets		21,874	20,980	21,091	21,688	21,072
Other Assets		90,573	71,495	80,916	65,884	54,067
Total Assets		2,693,689	2,631,395	2,631,343	2,470,268	2,266,369
Current Liabilities	Before Distribution	503,607	864,651	760,110	536,860	360,215
	After Distribution	613,552	973,966	890,045	676,790	470,160 (Note 1)
Non-current Liabilities		514,290	121,358	118,501	116,084	109,720
Total Liabilities	Before Distribution	1,017,897	986,009	878,611	652,944	469,935
	After Distribution	1,127,842	1,095,324	1,008,546	792,874	579,880 (Note 1)
Equity Attributable to Shareholders of the Parent		1,675,792	1,645,386	1,752,732	1,817,324	1,796,434
Share Capital		999,862	999,502	999,502	999,502	999,502
Capital Surplus		67,597	66,776	68,368	68,368	68,368
Retained Earnings	Before Distribution	601,531	586,904	682,344	739,947	718,873
	After Distribution	491,586	477,589	552,409	600,017	608,928 (Note 1)
Other Equity		7,983	4,450	2,518	9,507	9,691
Treasury Shares		(1,181)	(12,246)	—	—	—
Non-controlling Interests		—	—	—	—	—
Total Equity	Before Distribution	1,675,792	1,645,386	1,752,732	1,817,324	1,796,434
	After Distribution	1,565,847	1,536,071	1,622,797	1,677,394	1,686,489 (Note 1)

Note 1 : The amount approved by board of directors on March 13, 2024.

Note 2 : All data for the year above has been audited by CPAs.

(2-2) Condensed Statements of Comprehensive Income - Parent Company Only

Unit: NT\$ thousands

Item \ Year	Financial Information for the Last Five Fiscal Years				
	2019	2020	2021	2022	2023
Net Operating Revenue	2,161,406	1,874,087	2,005,990	2,135,587	1,541,261
Gross Profit	547,017	393,645	489,938	494,269	441,976
Income from Operations	272,208	127,045	206,775	185,502	137,441
Non-operating Income and Expenses	(108,086)	(16,633)	(21,928)	14,154	3,290
Income before income tax	164,122	110,412	184,847	199,656	140,731
Net Income from Continuing Operations	113,859	94,795	202,224	181,785	115,783
Income from Discontinued Operation	—	—	—	—	—
Net Income	113,859	94,795	202,224	181,785	115,783
Other Comprehensive Income, net of income tax	(3,300)	(3,010)	599	12,742	3,257
Total Comprehensive Income	110,559	91,785	202,823	194,527	119,040
Net Income Attributable to Shareholders of the parent	113,859	94,795	202,224	181,785	115,783
Net Income Attributable to Non-controlling interest	—	—	—	—	—
Comprehensive Income Attributable to Shareholders of the parent	110,559	91,785	202,823	194,527	119,040
Comprehensive Income Attributable to Non-controlling interest	—	—	—	—	—
Earnings Per Share	1.14	0.95	2.03	1.82	1.16

Note : All data for the year above has been audited by CPAs.

(B) Independent Auditors' Opinions in the Most Recent Five Fiscal Years

Year	Name of CPA firm	Name of CPA	Audit opinions
2019	Deloitte & Touche	Tung Hui Yeh, Yih-Hsin Kao	An Unmodified Opinion
2020	Deloitte & Touche	Tung Hui Yeh, Yih-Hsin Kao	An Unmodified Opinion
2021	Deloitte & Touche	Tung Hui Yeh, Yih-Hsin Kao	An Unmodified Opinion
2022	Deloitte & Touche	Ya Yun Chang, Yu Feng Huang	An Unmodified Opinion
2023	Deloitte & Touche	Ya Yun Chang, Yu Feng Huang	An Unmodified Opinion

2. Financial Analysis for the Most Recent Five Fiscal Years

(A) Financial Analysis-IFRS

(1-1) Financial Analysis- Consolidated

Year		Financial analysis for the Most Recent Five fiscal years				
Items analyzed		2019	2020	2021	2022	2023
Financial Structure Analysis (%)	Debt ratio	40.42	37.91	34.34	27.71	21.77
	Long-term capital to property, plant and equipment ratio	254.32	213.58	237.32	253.78	265.57
Liquidity Analysis (%)	Current ratio	286.14	190.68	223.93	289.98	393.02
	Quick ratio	201.19	132.03	142.54	157.08	193.14
	Times interest earned (Times)	17.93	11.77	15.76	37.97	33.12
Operating performance Analysis	Accounts receivable turnover (times)	4.67	5.26	5.33	4.67	4.33
	Days Sales Outstanding	78	69	68	78	84
	Inventory turnover (times)	2.78	3.05	2.75	2.44	1.54
	Average payable turnover (times)	5.93	5.99	5.30	5.26	5.14
	Average Inventory turnover day	131	120	133	150	237
	Property, plant and equipment turnover (times)	2.71	2.37	2.63	2.88	2.26
	Total assets turnover (times)	0.82	0.73	0.80	0.87	0.70
Profitability Analysis	Return on total assets (%)	4.5	3.76	7.98	7.17	4.96
	Return on equity (%)	6.8	5.70	11.90	10.16	6.40
	Pre-tax income to paid-in capital ratio (%)	16.30	11.07	18.50	19.97	14.10
	Net income ratio (%)	5.14	4.72	9.49	8.09	6.90
	Basic earnings per share (NT\$)	1.14	0.95	2.03	1.82	1.16
Cash flow	Cash flow ratio (%)	74.45	31.76	22.89	4.66	60.10
	Cash flow adequacy ratio (%)	106.93	99.86	96.40	85.81	114.06
	Cash flow reinvestment ratio (%)	13.08	6.71	2.58	(3.59)	3.10
Leverage	Operating leverag	4.26	7.21	4.26	4.93	5.18
	Financial leverage	1.05	1.11	1.07	1.03	1.03

(1-2) Financial Analysis- : Parent Company Only

Year Items analyzed		Financial analysis for the most recent five fiscal years				
		2019	2020	2021	2022	2023
Financial Structure Analysis (%)	Debt ratio	37.79	37.47	33.39	26.43	20.74
	Long-term capital to property, plant and equipment ratio	255.38	214.00	240.92	257.35	268.68
Liquidity Analysis (%)	Current ratio	342.27	198.15	230.58	303.88	411.36
	Quick ratio	248.01	141.28	149.50	171.84	213.46
	Times interest earned (Times)	20.13	13.71	15.92	39.06	34.59
Operating Performance Analysis	Accounts receivable turnover (times)	4.44	4.74	4.93	4.41	3.87
	Days sales outstanding	82	77	74	83	94
	Inventory turnover (times)	2.98	3.16	2.79	2.53	1.59
	Average payable turnover (times)	6.11	5.98	5.35	5.43	5.26
	Average inventory turnover days	122	116	131	144	230
	Property, plant and equipment turnover (times)	2.67	2.23	2.50	2.80	2.11
	Total assets turnover (times)	0.83	0.70	0.76	0.84	0.65
Profitability Analysis	Return on total assets (%)	4.64	3.82	8.06	7.29	5.03
	Return on equity (%)	6.86	5.71	11.90	10.18	6.41
	Pre-tax income to paid-in capital ratio (%)	16.41	11.00	18.49	19.98	14.08
	Net income ratio (%)	5.27	5.06	10.08	8.51	7.51
	Basic earnings per share (NT\$)	1.14	0.95	2.03	1.82	1.16
Cash Flow	Cash flow ratio (%)	109.75	20.05	22.92	6.69	58.94
	Cash flow adequacy ratio (%)	113.32	93.92	88.94	82.68	111.52
	Cash flow reinvestment ratio (%)	16.23	2.40	2.31	(3.23)	2.47
Leverage	Operating leverage	3.22	5.54	3.98	4.41	4.90
	Financial leverage	1.03	1.07	1.06	1.03	1.03

Note 1 : Calculation formulas for financial ratios

1. Financial structure

(1) Debt Ratio = Total Liabilities / Total Assets.

(2) Long-term Capital to Property, Plant, and Equipment ratio = (Total Equity + Non current Liabilities) / Net

Property, Plant, and Equipment.

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities.
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
- (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

- (1) Receivables turnover rate (including accounts receivable and notes receivable arising from operations) =
 $\text{Net sales} / \text{Average Accounts Receivable (including accounts receivable and notes receivable arising from operation).}$
- (2) Days Sales Outstanding = $365 / \text{Receivables Turnover Rate.}$
- (3) Inventory Turnover Rate = $\text{Cost of Sales} / \text{Average Inventory.}$
- (4) Payables turnover rate (including accounts payable and notes payable arising from operations) = $\text{Cost of sales} / \text{Average accounts payable (including accounts payable and notes payable arising from operations).}$
- (5) Average Inventory Turnover Days = $365 / \text{Inventory Turnover Rate.}$
- (6) Property, Plant, and Equipment Turnover Rate = $\text{Net Sales} / \text{Average Net Property, Plant, and Equipment.}$
- (7) Total Asset Turnover Rate = $\text{Net Sales} / \text{Average Total Assets.}$

4. Profitability

- (1) Return on assets (ROA) = $[\text{Net income} + \text{Interest expenses} \times (1 - \text{tax rates})] / \text{Average total asset.}$
- (2) Return on Equity = $\text{Net Income} / \text{Average Total Equity.}$
- (3) Net Income ratio = $\text{Net Income} / \text{Net Sales.}$
- (4) Basic Earnings per Share = $(\text{Income Attributable to Owners of Parent Company} - \text{Dividends on Preferred Stock}) / \text{Weighted Average Number of Shares Issued. (Note 2).}$

5. Cash flow

- (1) Cash Flow Ratio = $\text{Net Cash Flow from Operating Activities} / \text{Current Liabilities.}$
- (2) Cash Flow Adequacy Ratio = $\text{Net cash flow from operating activities for the most recent five years} / (\text{capital expenditures} + \text{inventory increase} + \text{cash dividend}) \text{ for the most recent five years.}$
- (3) Cash flow Reinvestment Ratio = $(\text{Net cash flow from operating activities} - \text{cash dividend}) / (\text{gross property, plant, and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital}). \text{ (Note 3)}$

6. Leverage :

- (1) Operating Leverage = $(\text{Net Operating Revenue} - \text{Variable Operating Costs and Expenses}) / \text{Operating Income (Note 4).}$
- (2) Financial Leverage = $\text{Operating Income} / (\text{Operating Income} - \text{Interest Expenses}).$

Note 2 : Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. The calculation should be based on the weighted average shares of common stock, rather than the number of issued shares at the end of the year.
2. For any cash capital increase or transaction of treasury stock, the circulation period should be taken into consideration when calculating the weighted average number of shares.
3. For capital increase by retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings according to the ratio of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred share is a non-convertible cumulative preferred share, the dividend of the year (whether it is issued or not) shall be deducted from net income after tax (NIAT), or net loss after tax. If the preferred stock is non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax if the Company has net profit after tax. If the Company has a deficit, no adjustment is necessary.

Note 3 : Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is calculated only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
4. Cash dividends include cash dividends from ordinary shares and preferred stocks
5. The gross property, plant, and equipment refer to the total value of PP&E prior to accumulated depreciation.

Note 4 : The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment, the classification shall remain reasonable and consistent.

Note 5 : If the Company's shares have no par value or a par value other than NT\$10, this value shall be replaced in any calculations that involve the paid-in capital ratio with the equity ratio attributable to owners of parent Company as shown in the balance sheet.

3. Audit Committee's Review Report (Please refer to Page 114)
4. Financial Statements and Independent Auditors' Report –the Company & Subsidiaries(Please refer to Page 115~Page173)
5. Financial Statements and Independent Auditors' Report – Parent Company (Please refer to Page 174~Page245)
6. The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties: None.

The Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2023. Ya Yun Chang and Yu Feng Huang, Certified Public Accountants of Deloitte & Touche, have audited the Financial Statements. The 2023 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of ApexBio Corp. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

ApexBio Corp.

Chair of the Audit Committee

I-Tan, Chih

March 13, 2024

**Apex Biotechnology Corporation and
Subsidiaries**

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

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Apex Biotechnology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Apex Biotechnology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

APEX BIOTECHNOLOGY CORPORATION

By

Yen Shih Shen
Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Apex Biotechnology Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

For the year ended December 31, 2023, the net operating revenue was NT\$1,676,537 thousand, refer to notes 4 and 22 to the consolidated financial statements for the details of accounting policies and the related information about the recognition of revenue. Revenue is recognized as presumed risk based on Auditing Standards. Because the Company's customers were relatively stable, for customers whose transaction amount and gross margin change over the two years are obviously abnormal, recognition of their revenue was identified as a key audit matter.

We have performed the major audit procedures as follows:

1. Understand and examine the key internal control design of the sales revenue procedures and its execution effectiveness.
2. Examine sales revenue transactions. Extract samples from the bookkeeping records concerning the receipt and payment collection to ensure the correctness of sales revenue recognition for auditing purpose.

Other Matter

We have also audited the parent company only financial statements of Apex Biotechnology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and International Financial Reporting Standards(IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya Yun

Chang and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4,6	\$ 382,046	17	\$ 331,705	13	Short-term loans	16	\$ 30,000	1	\$ 50,000	2
Financial assets at fair value through profit or loss - current	4,7	61,868	3	65,829	3	Contract liabilities-current	4,22	6,595	-	29,043	1
Notes and accounts receivable, net	4,9,22,29	288,390	13	486,769	19	Notes payable	17	27,435	1	63,225	3
Other receivables	9	5,717	-	10,117	1	Accounts payable	17,29	128,782	6	226,460	9
Inventories	4,5,10	747,714	32	739,252	29	Other payables	18	123,721	6	142,968	6
Other current assets	15	20,906	1	20,806	1	Current tax liabilities	4,24	46,237	2	36,915	2
Total current assets		<u>1,506,641</u>	<u>66</u>	<u>1,654,478</u>	<u>66</u>	Current provisions	19	10,099	1	10,901	-
						Lease liabilities-current	4,13	7,200	-	8,014	-
						Other current liabilities	18	3,285	-	3,026	-
						Total current liabilities		<u>383,354</u>	<u>17</u>	<u>570,552</u>	<u>23</u>
Non-current assets						Non-current liabilities					
Financial assets at amortized cost - non-current	4,8,30	6,200	-	6,200	-	Deferred tax liabilities	4,24	43	-	3,103	-
Property, plant and equipment	4,12	604,355	26	641,370	26	Lease liabilities - non-current	4,13	116,196	5	122,668	5
Right-of-use assets	4,13	116,234	5	124,709	5	Guarantee deposits received		477	-	485	-
Intangible assets	4,5,14	44,219	-	69,141	-	Total non-current liabilities		<u>116,716</u>	<u>5</u>	<u>126,256</u>	<u>5</u>
Deferred tax assets	4,24	4,239	-	3,620	-						
Prepayments for business facilities		2,410	-	4,917	-	Total liabilities		<u>500,070</u>	<u>22</u>	<u>696,808</u>	<u>28</u>
Refundable deposits		4,130	-	4,109	-						
Net defined benefit asset, non-current	4,20	8,576	1	6,157	-	Equity attributable to shareholders of the parent	4,21				
Total non-current assets		<u>790,363</u>	<u>34</u>	<u>860,223</u>	<u>34</u>	Share capital		<u>999,502</u>	<u>44</u>	<u>999,502</u>	<u>40</u>
						Capital surplus		<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>
						Retained earnings					
						Legal reserve		516,208	22	497,454	20
						Unappropriated earnings		<u>202,665</u>	<u>9</u>	<u>242,493</u>	<u>9</u>
						Total retained earnings		<u>718,873</u>	<u>31</u>	<u>739,947</u>	<u>29</u>
						Other equity		<u>9,691</u>	<u>-</u>	<u>9,507</u>	<u>-</u>
						Equity attributable to shareholders of the parent		1,796,434	78	1,817,324	72
						Non-controlling interests	21	<u>-</u>	<u>-</u>	<u>569</u>	<u>-</u>
						Total equity		<u>1,796,934</u>	<u>78</u>	<u>1,817,893</u>	<u>72</u>
Total assets		<u>\$ 2,297,004</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,297,004</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>

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

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		<u>2023</u>		<u>2022</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET OPERATING REVENUE	4,22,29	\$ 1,676,537	100	\$ 2,244,176	100
OPERATING COSTS	4,10,23,29	<u>1,145,421</u>	<u>69</u>	<u>1,667,337</u>	<u>74</u>
GROSS PROFIT		<u>531,116</u>	<u>31</u>	<u>576,839</u>	<u>26</u>
OPERATING EXPENSES	9,23,29				
Selling and marketing expenses		104,269	6	116,054	5
General and administrative expenses		119,989	7	118,777	5
Research and development expenses		163,325	10	165,448	8
Impairment gain determined in accordance with IFRS 9		<u>1,817</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses		<u>389,400</u>	<u>23</u>	<u>400,279</u>	<u>18</u>
INCOME FROM OPERATIONS		<u>141,716</u>	<u>8</u>	<u>176,560</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES					
Interest income	23	1,782	-	577	-
Other income	4,23,26	4,383	-	2,600	-
Other gains and losses	4,5,23	(2,531)	-	25,236	1
Finance costs	23	<u>(4,388)</u>	<u>-</u>	<u>(5,398)</u>	<u>-</u>
Total non-operating income and expenses		<u>(754)</u>	<u>-</u>	<u>23,015</u>	<u>1</u>
INCOME BEFORE INCOME TAX		140,962		199,575	
INCOME TAX EXPENSE	4,24	<u>25</u>	<u>1</u>	<u>18,124</u>	<u>1</u>
NET INCOME		<u>115,7</u>	<u>7</u>	<u>181,451</u>	<u>8</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		<u>2023</u>		<u>2022</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME	4,20,21				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		\$ 3,073	-	\$ 5,753	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<u>184</u>	<u>-</u>	<u>7,068</u>	<u>1</u>
Other comprehensive income for the year, net of income tax		<u>3,257</u>	<u>-</u>	<u>12,821</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 118,971</u>	<u>7</u>	<u>\$ 194,272</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 115,783	7	\$ 181,785	8
Non-controlling interests		<u>()</u>	<u>-</u>	<u>(334)</u>	<u>-</u>
		<u>\$ 115,714</u>	<u>7</u>	<u>\$ 181,451</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 119,040	7	\$ 194,527	9
Non-controlling interests		<u>(69)</u>	<u>-</u>	<u>(255)</u>	<u>-</u>
		<u>\$ 118,971</u>	<u>7</u>	<u>\$ 194,2</u>	<u>9</u>
EARNINGS PER SHARE	25				
Basic		<u>\$ 1.16</u>		<u>\$ 1.82</u>	
Diluted		<u>\$ 1.15</u>		<u>\$ 1.81</u>	

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

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								
	Share Capital			Retained Earnings		Other Equity			
	Shares				Unappropriated	Exchange		Non-controlling	
	(In thousands)	Amount	Capital Surplus	Legal Reserve	Earnings	Differences on	Total	Interests	Total Equity
						Translation of			
						Foreign			
						Operations			
BALANCE AT JANUARY 1, 2022	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518	\$ 1,752,732	\$ 824	\$ 1,753,556
Appropriation of 2021 earnings									
Legal reserve	-	-	-	20,476	(20,476)	-	-	-	-
Cash dividends -\$1.30 per share	-	-	-	-	(129,935)	-	(129,935)	-	(129,935)
Net income (loss) in 2022	-	-	-	-	181,785	-	181,785	(334)	181,451
Other comprehensive income (loss) in 2022, net of Income tax	-	-	-	-	5,753	6,989	12,742	(79)	12,821
Total comprehensive income (loss) in 2022	-	-	-	-	187,538	6,989	194,527	(255)	194,272
BALANCE AT DECEMBER 31, 2022	99,950	999,502	68,368	497,454	242,493	9,507	1,817,324	569	1,817,893
Appropriation of 2022 earnings									
Legal reserve	-	-	-	18,754	(18,754)	-	-	-	-
Cash dividends -\$1.40 per share	-	-	-	-	(139,930)	-	(139,930)	-	(139,930)
Net income (loss) in 2023	-	-	-	-	115,783	-	115,783	(69)	115,714
Other comprehensive income (loss) in 2023, net of Income tax	-	-	-	-	3,073	184	3,257	-	3,257
Total comprehensive income (loss) in 2023	-	-	-	-	118,856	184	119,040	(69)	118,971
BALANCE AT DECEMBER 31, 2023	99,950	\$ 999,502	\$ 68,368	\$ 516,208	\$ 202,665	\$ 9,691	\$ 1,796,434	\$ 500	\$ 1,796,934

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

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 140,962	\$ 199,575
Adjustments for:		
Depreciation expense	65,153	69,623
Amortization expense	10,557	24,477
Expected credit loss	1,817	-
Net loss on financial assets at fair value through profit or loss	3,961	4,590
Finance costs	4,388	5,398
Interest income	(1,782)	(577)
Dividend income	(1,421)	(575)
Property, plant and equipment transferred to expenses	223	855
Impairment loss on non-financial assets	9,500	6,000
Impairment loss on intangible assets	17,778	24,887
Unrealized foreign exchange gain	(5,192)	(40,308)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	188,867	(1,380)
Other receivables	4,369	3,885
Inventories	(17,962)	(116,667)
Other current assets	(100)	(9,167)
Contract liabilities	(22,448)	(64,017)
Notes payable	(35,790)	4,492
Accounts payable	(96,221)	(59,508)
Other payables	(16,330)	1,353
Provisions	(802)	1,151
Other current liabilities	259	137
Net defined benefit assets	654	710
Cash generated from operations	250,440	54,934
Interest received	1,813	547
Dividend received	1,421	575
Interest paid	(4,388)	(5,398)
Income taxes paid	(18,895)	(24,042)

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Net cash generated from operating activities	\$ 230,391	\$ 26,616
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	-	(1,705)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,001
Acquisition of property, plant and equipment	(21,914)	(36,126)
Increase in refundable deposits	(25)	(7)
Acquisition of intangible assets	(3,065)	(4,074)
Decrease (Increase) in prepayments for business facilities	2,507	(455)
Net cash used in investing activities	(22,497)	(41,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	281,155	964,610
Decrease in short-term loans	(301,155)	(1,064,610)
Increase (Decrease) in guarantee deposits received	(16)	13
Payments of lease liabilities	(8,195)	(7,680)
Cash dividends paid	(139,930)	(129,935)
Net cash used in financing activities	(168,141)	(237,602)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>10,588</u>	<u>28,723</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,341	(223,629)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>331,705</u>	<u>555,334</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 382,046</u>	<u>\$ 331,705</u>

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

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Apex Biotechnology Corporation (“APEX”) was incorporated on December 2, 1997 and engages mainly in research, development, production, manufacturing and selling of biochemical testing instruments and its detection strips, and trade of products and components relevant to the core business.

APEX’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 19, 2001.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 13, 2024.

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

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of APEX and its subsidiaries (collectively as the “Company”).

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

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

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

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

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

- 1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

(Continued)

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2) (Concluded)

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents.

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of APEX and the entities controlled by APEX (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of APEX and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Notes 11 and 32 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets

acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, may be initially measured at fair value. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the financial statements of APEX and its foreign operations (including subsidiaries in other countries that are prepared using functional currencies which are different from the currency of APEX) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of APEX and non-controlling interests as appropriate).

g. Inventories

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

h. Property, plant and equipment

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

3)Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4)Derecognition of intangible assets

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

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

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

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

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

k. Financial instruments

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

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

1)Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends are recognized in other income, any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments

ii. Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, pledged deposits, notes and accounts receivable (including from related parties) at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of APEX's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of APEX's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of biochemical testing instruments and its detection strips. Sales of biochemical testing instruments and its detection strips are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the development services.

As the Company provides project development services, the related revenue is recognized when services are rendered.

n. Leases

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

1) The Company as lessor

All leases are classified as operating leases.

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

2) The Company as lessee

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

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

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

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

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

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and

liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3)Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations when making its critical accounting estimates on cash flow projections, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Impairment of intangible assets - customer relationships and trademarks

Determining whether customer relationships and trademarks are impaired requires an estimation of the value in use of the cash-generating units to which customer relationships and trademarks have been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The Company recognized impairment loss of NT\$ 17,778 thousand and NT\$24,887 thousand for the year ended December 31, 2023 and 2022, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 236	\$ 2,081
Checking accounts and demand deposits	381,810	278,952
Cash equivalents		
Time deposits with original maturities of less than 3 months	-	50,672
	<u>\$ 382,046</u>	<u>\$ 331,705</u>

The market rate intervals of cash in banks at the end of the year were as follows:

	December 31	
	2023	2022
Cash in banks	0.01% ~ 1.45%	0.01% ~ 3.25%
Time deposit	-	3.96% ~ 4.00%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL -current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	\$ 52,080	\$ 58,919
Domestic unlisted shares	9,788	6,910
	<u>\$ 61,868</u>	<u>\$ 65,829</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 6,200</u>	<u>\$ 6,200</u>

- a. The interest rates for time deposits with original maturities of more than 3 months were both 0.790%~1.065% per annum as of December 31,2023 and 2022.
- b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 4,596</u>	<u>\$ 5,151</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	285,617	481,650
Less: Allowance for impairment loss	<u>(1,823)</u>	<u>(32)</u>
	<u>283,794</u>	<u>481,618</u>
	<u>\$ 288,390</u>	<u>\$ 486,769</u>
<u>Other receivables</u>		
Tax receivable	\$ 5,677	\$ 10,028
Others	40	89
	<u>\$ 5,717</u>	<u>\$ 10,117</u>

Accounts receivable

The average credit period of sales of goods is 15 days to 150 days. No interest is charged on accounts receivable. To strengthen the credit risk management, small amount of credit limit is offered to the new client. Once the transaction is stable and the sales amount has reached a certain level, would entrust the professional credit investigation agency to determine the credit limit of the customer based on the

relevant reports, complimented with other supervision procedures to ensure appropriate actions has been taken to guarantee the collection of the overdue receivables. Moreover, the Company will double check the collectable amount of the account receivables on the balance sheet date as the assurance that the uncollectable account receivables has been listed and recognized as appropriate impairment loss.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. The Company uses different provision matrixes based on customer segments by credit rating, transaction type, and determines the expected credit loss rate by reference to past due days of accounts receivable.

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

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

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$257,195	\$ 26,855	\$ 1,562	\$ 5	\$ -	\$285,617
Loss allowance (Lifetime ECLs)	<u>(1)</u>	<u>(259)</u>	<u>(1,558)</u>	<u>(5)</u>	<u>-</u>	<u>(1,823)</u>
Amortized cost	<u>\$257,194</u>	<u>\$ 26,596</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$283,794</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$372,592	\$ 61,370	\$ 47,674	\$ 14	\$ -	\$481,650
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(14)</u>	<u>-</u>	<u>(32)</u>
Amortized cost	<u>\$372,592</u>	<u>\$ 61,370</u>	<u>\$ 47,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$481,618</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 32	\$ 29
Less: Net remeasurement of loss allowance	1,817	-
Foreign exchange gains and losses	(26)	3
Balance at December 31	<u>\$ 1,823</u>	<u>\$ 32</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	\$ 124,158	\$ 94,737
Work in progress	280,913	293,973
Raw materials	342,643	350,542
	<u>\$ 747,714</u>	<u>\$ 739,252</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT\$1,145,421 thousand and NT\$1,667,337 thousand, respectively. The cost of goods sold included inventory write-downs \$9,500 thousand and \$6,000 thousand, for 2023 and 2022 respectively.

11. SUBSIDIARIES

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31	2022	
APEX	Omnis Health LLC	Import and exports of medical equipment and its relevant business	99%	99%	-
	Apex Biotechnology (Suzhou) Corporation	Import and exports of medical equipment and its relevant business	96%	96%	-

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment under Acceptance	Total
Cost									
Balance at January 1, 2023	\$ 261,675	\$ 604,129	\$ 506,565	\$ 38,829	\$ 2,955	\$ 20,152	\$ 197,945	\$ 10,906	\$1,643,156
Additions	-	-	3,360	1,678	1,799	457	2,893	8,789	18,976
Disposals	-	-	(2,804)	(290)	(1,857)	(577)	(856)	(223)	(6,607)
Reclassification	-	-	5,797	2,393	757	-	843	(9,790)	-
Effects of exchange rate changes	-	-	1	-	-	3	(16)	-	(12)
Balance at December 31, 2023	<u>\$ 261,675</u>	<u>\$ 604,129</u>	<u>\$ 512,919</u>	<u>\$ 42,610</u>	<u>\$ 3,654</u>	<u>\$ 20,035</u>	<u>\$ 200,809</u>	<u>\$ 9,682</u>	<u>\$1,655,513</u>
Accumulated depreciation									
Balance at January 1, 2023	\$ -	\$ 337,248	\$ 445,738	\$ 25,962	\$ 2,432	\$ 16,184	\$ 174,222	\$ -	\$1,001,786
Depreciation expenses	-	22,999	15,192	3,867	341	1,350	12,021	-	55,770
Disposals	-	-	(2,804)	(290)	(1,857)	(577)	(856)	-	(6,384)
Effects of exchange rate changes	-	-	(4)	-	-	3	(13)	-	(14)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 360,247</u>	<u>\$ 458,122</u>	<u>\$ 29,539</u>	<u>\$ 916</u>	<u>\$ 16,960</u>	<u>\$ 185,374</u>	<u>\$ -</u>	<u>\$1,051,158</u>
Carrying amount at December 31, 2023	<u>\$ 261,675</u>	<u>\$ 243,882</u>	<u>\$ 54,797</u>	<u>\$ 13,071</u>	<u>\$ 2,738</u>	<u>\$ 3,075</u>	<u>\$ 15,435</u>	<u>\$ 9,682</u>	<u>\$ 604,355</u>
Cost									
Balance at January 1, 2022	\$ 261,675	\$ 601,955	\$ 489,106	\$ 38,246	\$ 2,314	\$ 19,198	\$ 195,330	\$ 10,052	\$1,617,876
Additions	-	1,671	10,425	-	614	1,239	2,066	22,434	38,476
Disposals	-	-	(11,753)	-	-	(353)	(465)	(855)	(13,426)
Reclassification	-	503	18,637	583	-	-	1,002	(20,725)	-
Effects of exchange rate changes	-	-	150	-	-	68	12	-	230
Balance at December 31, 2022	<u>\$ 261,675</u>	<u>\$ 604,129</u>	<u>\$ 506,565</u>	<u>\$ 38,829</u>	<u>\$ 2,955</u>	<u>\$ 20,152</u>	<u>\$ 197,945</u>	<u>\$ 10,906</u>	<u>\$1,643,156</u>
Accumulated depreciation									
Balance at January 1, 2022	\$ -	\$ 311,621	\$ 442,751	\$ 21,820	\$ 2,307	\$ 14,927	\$ 160,421	\$ -	\$ 953,847
Depreciation expenses	-	25,627	14,725	4,142	125	1,553	14,259	-	60,431
Disposals	-	-	(11,753)	-	-	(353)	(465)	-	(12,571)
Effects of exchange rate changes	-	-	15	-	-	57	7	-	79
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 337,248</u>	<u>\$ 445,738</u>	<u>\$ 25,962</u>	<u>\$ 2,432</u>	<u>\$ 16,184</u>	<u>\$ 174,222</u>	<u>\$ -</u>	<u>\$1,001,786</u>
Carrying amount at December 31, 2022	<u>\$ 261,675</u>	<u>\$ 266,881</u>	<u>\$ 60,827</u>	<u>\$ 12,867</u>	<u>\$ 523</u>	<u>\$ 3,968</u>	<u>\$ 23,723</u>	<u>\$ 10,906</u>	<u>\$ 641,370</u>

The Company's property, plant and equipment are all for self-use.

No impairment loss recognized or reversed for the years ended December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	21-47 years
Electronic equipment	2-16 years
Machinery equipment	1-11 years
Testing equipment	2-10 years
Transportation equipment	2-6 years
Office equipment	2-7 years
Miscellaneous equipment	2-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	\$ 105,290	\$ 109,050
Buildings	10,561	13,894
Transportation equipment	275	1,100
Office equipment	108	665
	<u>\$ 116,234</u>	<u>\$ 124,709</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	\$ <u>886</u>	\$ <u>2,370</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,760	\$ 3,755
Buildings	4,241	4,029
Transportation equipment	825	851
Office equipment	<u>557</u>	<u>557</u>
	\$ <u>9,383</u>	\$ <u>9,192</u>

Except for the aforementioned additions and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ <u>7,200</u>	\$ <u>8,014</u>
Non-current	\$ <u>116,196</u>	\$ <u>122,668</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.93%	2.93%
Buildings	0.86%-3.85%	0.86%-3.85%
Transportation equipment	5.69%	5.69%
Office equipment	5.69%	5.69%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 2~33 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>2,223</u>	\$ <u>2,505</u>
Total cash outflow for leases	\$ <u>(13,953)</u>	\$ <u>(13,887)</u>

The Company leases certain office buildings and equipment which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Software	Trademarks	Patents	Customer Relationship	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 22,892	\$ 151,726	\$ 27,281	\$ 98,886	\$ 300,785
Additions	1,701	402	962	-	3,065
Disposals	(5,375)	-	-	-	(5,375)
Effects of exchange rate changes	77	(24)	-	(16)	37
Balance at December 31, 2023	<u>\$ 19,295</u>	<u>\$ 152,104</u>	<u>\$ 28,243</u>	<u>\$ 98,870</u>	<u>\$ 298,512</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 17,652	\$ 102,723	\$ 12,383	\$ 98,886	\$ 231,644
Amortization expenses	1,524	7,274	1,759	-	10,557
Disposals	(5,375)	-	-	-	(5,375)
Impairment losses recognized	-	17,778	-	-	17,778
Effects of exchange rate changes	77	(372)	-	(16)	(311)
Balance at December 31, 2023	<u>\$ 13,878</u>	<u>\$ 127,403</u>	<u>\$ 14,142</u>	<u>\$ 98,870</u>	<u>\$ 254,293</u>
Carrying amounts at December 31, 2023	<u>\$ 5,417</u>	<u>\$ 24,701</u>	<u>\$ 14,101</u>	<u>\$ -</u>	<u>\$ 44,219</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 19,302	\$ 137,024	\$ 26,581	\$ 89,129	\$ 272,036
Additions	3,213	161	700	-	4,074
Disposals	(157)	-	-	-	(157)
Effects of exchange rate changes	534	14,541	-	9,757	24,832
Balance at December 31, 2022	<u>\$ 22,892</u>	<u>\$ 151,726</u>	<u>\$ 27,281</u>	<u>\$ 98,886</u>	<u>\$ 300,785</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 15,886	\$ 73,308	\$ 10,698	\$ 65,666	\$ 165,558
Amortization expenses	1,390	8,769	1,685	12,633	24,477
Disposals	(1,57)	-	-	-	(157)
Impairment losses recognized	-	12,255	-	12,632	(24,887)
Effects of exchange rate changes	533	8,391	-	7,955	16,879
Balance at December 31, 2022	<u>\$ 17,652</u>	<u>\$ 102,723</u>	<u>\$ 12,383</u>	<u>\$ 98,886</u>	<u>\$ 254,644</u>
Carrying amounts at December 31, 2022	<u>\$ 5,240</u>	<u>\$ 49,003</u>	<u>\$ 14,898</u>	<u>\$ -</u>	<u>\$ 69,141</u>

The customer relationship and the trademarks mainly come from the expected benefits of operating revenue growth in the America from Omnis. As some of customers purchase from the competitors, some customers purchase in decrease due to unsuccessful request price reduction, and given the discount offer to specific customers for the market competition, etc., led to the actual operating revenue's growth not as expected. Based on the revised estimation in 2023 and 2022, the collectable amount of Omnis was less than the carrying amount, thus the recognized impairment loss of NT\$17,778 thousand and NT\$ 24,887 thousand respectively.

The collectable amount of Omnis is determined based on the "value in use". The key assumption of the value in use included discount rate, the expected operating revenue, gross profit and net income after tax. Such assumption is referenced from the past operating status of the cash-generating unit and the forecast of the market from the management.

The estimation of the cashflow is based on 6-years and 7-years financial budget in 2023 and 2022, respectively, granted by the managerial of the Company, calculated with the annual discount rate of 11.8% and 13%, respectively.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trademarks	2-12.7 years
Patents	1-19 years
Software	1-10 years
Customer Relationship	1-6.7 years

15. OTHER CURRENT ASSETS

	December 31	
	2023	2022
Prepayments (Note)	\$ 18,508	\$ 18,998
Others	<u>2,398</u>	<u>1,808</u>
	<u>\$ 20,906</u>	<u>\$ 20,806</u>

Note : The prepayments were mainly for the prepayment of patents, trademarks, repairs and maintenance expenses, and insurance expenses, etc.

16. BORROWINGS

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Working capital loans	<u>\$ 30,000</u>	<u>\$ 50,000</u>
The interest rate on bank borrowing were 1.85% and 1.70% at December 31,2023 and 2022, respectively.		

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	<u>\$ 27,435</u>	<u>\$ 63,225</u>
<u>Accounts payable</u>		
Operating	<u>\$ 128,782</u>	<u>\$ 226,460</u>

The average credit period on purchases of certain goods was 30-90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
<u>Other payables</u>		
Payables for salaries and bonuses	\$ 58,068	\$ 66,970
Payables for employees' compensation and remuneration of directors	12,237	17,361
Payables for purchases of equipment	386	3,324
Others (Note)	<u>53,030</u>	<u>55,313</u>
	<u>\$ 123,721</u>	<u>\$ 142,968</u>
<u>Other liabilities</u>		
Receipts under custody	<u>\$ 3,285</u>	<u>\$ 3,026</u>

Note: The Others item refers to the payable for consumable expenses, utility bills and cleaning fees, etc. incurred by the Company due to operations.

19. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Employee benefits (Note)	\$ <u>10,099</u>	\$ <u>10,901</u>

Note : The provision for employee benefits represents vested service leave entitlements accrued.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

The amounts in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 70,583	\$ 73,533
Fair value of plan assets	<u>(79,159)</u>	<u>(79,690)</u>
Net defined benefit assets	<u>\$ (8,576)</u>	<u>\$ (6,157)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 75,623</u>	<u>(\$ 76,737)</u>	<u>(\$ 1,114)</u>
Service cost			
Current service cost	716	-	716
Net interest expense (income)	<u>454</u>	<u>(460)</u>	<u>(6)</u>
Recognized in profit or loss	<u>1,170</u>	<u>(460)</u>	<u>710</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,065)	(6,065)
Actuarial gain -Change in financial assumptions	(2,518)	-	(2,518)
Actuarial loss -Experience adjustments	<u>2,830</u>	<u>-</u>	<u>2,830</u>
Recognized in other comprehensive income(loss)	<u>312</u>	<u>(6,065)</u>	<u>(5,753)</u>
Benefits paid	<u>(3,572)</u>	<u>3,572</u>	<u>-</u>
Balance at December 31, 2022	<u>73,533</u>	<u>(79,690)</u>	<u>(6,157)</u>
Service cost			
Current service cost	728	-	728
Net interest expense (income)	<u>882</u>	<u>(956)</u>	<u>(74)</u>
Recognized in profit or loss	<u>1,610</u>	<u>(956)</u>	<u>654</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(739)	(739)
Actuarial gain -Experience adjustments	<u>(2,334)</u>	<u>-</u>	<u>(2,334)</u>
Recognized in other comprehensive income (loss)	<u>(2,334)</u>	<u>(739)</u>	<u>(3,073)</u>
Benefits paid	<u>(2,226)</u>	<u>2,226</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 70,583</u>	<u>(\$ 79,159)</u>	<u>(\$ 8,576)</u>

Through the defined benefit plans under the Labor Standards Act, APEX is exposed to the following risks:

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

3)Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate	1.2%	1.2%
Expected rate of salary increase	3%	3%

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

	December 31	
	2023	2022
Discount rate		
0.1% increase	\$ (353)	\$ (401)
0.1% decrease	\$ 358	\$ 407
Expected rate of salary increase		
0.1% increase	\$ 306	\$ 351
0.1% decrease	\$ (303)	\$ (347)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	4.9 years	5.4 years

21. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Authorized shares (in thousands)	200,000	200,000
Authorized capital	\$ 2,000,000	\$ 2,000,000
Issued and paid shares (in thousands)	99,950	99,950
Issued capital	\$ 999,502	\$ 999,502

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Conversion of convertible bonds	\$ 26,570	\$ 26,570
Treasury share transactions	1,592	1,592
Transfer in from shares option due to convertible bonds repayment	40,206	40,206
	<u>\$ 68,368</u>	<u>\$ 68,368</u>

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

c. Retained earnings and dividends policy

APEX passed a resolution in the shareholders' meeting on May 27, 2022 to amend its Articles of Incorporation, stipulating that the company authorizes a special resolution of the board of directors to distribute dividends and bonuses in cash and report to the shareholders' meeting.

According to the distribution policy of APEX's amended Articles of Incorporation, if there is a surplus in the annual final accounts, the tax payable should be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to APEX's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution. If all or part of the above-mentioned distribution of dividends and bonuses is made in the form of cash distribution, the board of directors shall be authorized to do so with the presence of more than two-thirds of the directors and the consent of more than half of the directors present, and report to the shareholders' meeting.

As the distribution policy before the amendment of APEX 's Articles of Incorporation, if there is a surplus in the annual final accounts, the tax payable shall be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to APEX's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution.

For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Based on the Articles of Incorporation of APEX, the dividend policy mainly takes the considerations of future expansion scale for operation and the demand for cash flow into account, and shareholders' interest, balance the dividend and long-term company financial planning, etc. The shareholder dividend shall be more than 50% of the accumulated distributed earnings, among which the cash dividend shall be not less than 20% of the total amount of the distributed dividend.

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

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2022	2021
Legal reserve	\$ 18,754	\$ 20,476
Cash dividends	\$ 139,930	\$ 129,935
Cash dividends per share (NT\$)	\$ 1.4	\$ 1.3

The above appropriations for cash dividends for 2022 was resolved by the Company's board of directors on March 10, 2023; the other proposed appropriations were resolved by the shareholders in their meeting on May 31, 2023. The appropriations for 2021 was resolved by the shareholders in their meeting on May 27, 2022.

The appropriation of earnings for 2023, which were proposed by APEX's board of directors on March 13, 2024, were as follows:

	For the Year
	Ended
	December 31,
	2023
Legal reserve	\$ 11,886
Cash dividends	\$ 109,945
Cash dividends per share (NT\$)	\$ 1.1

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on April 30 in 2024.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 9,507	\$ 2,518
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>184</u>	<u>6,989</u>
Balance at December 31	<u>\$ 9,691</u>	<u>\$ 9,507</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 569	\$ 824
Share in loss for the year	(69)	(334)
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign entities	<u>-</u>	<u>79</u>
Balance at December 31	<u>\$ 500</u>	<u>\$ 569</u>

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,644,070	\$ 2,220,841
Other operating revenue	<u>32,467</u>	<u>23,335</u>
	<u>\$ 1,676,537</u>	<u>\$ 2,244,176</u>

a. Contract information

Revenue from the sale of goods

The Company estimates the discount amount based on the range of price discounts given in the past, using the most probable amount. However, taking into the account that major competitors provide more favorable discounts than the estimated amount, the Company determines the revenue recognition amount based on the favorable discount. The remaining products are sold at a fixed price as agreed in the contract.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 9)	<u>\$ 283,794</u>	<u>\$ 481,618</u>	<u>\$ 467,703</u>
Contract liabilities			
Sale of goods	<u>\$ 6,595</u>	<u>\$ 29,043</u>	<u>\$ 93,060</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	\$ <u>25,408</u>	\$ <u>91,209</u>

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
USA	\$ 683,986	\$ 898,352
Italy	537,878	661,249
Austria	142,137	365,422
Taiwan	73,852	93,466
Others	<u>238,684</u>	<u>225,687</u>
	<u>\$ 1,676,537</u>	<u>\$ 2,244,176</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ <u>1,782</u>	\$ <u>577</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 1,547	\$ 1,323
Dividends	1,421	575
Grant income (Note 26)	110	42
Others	<u>1,305</u>	<u>660</u>
	<u>\$ 4,383</u>	<u>\$ 2,600</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 18,968	\$ 54,713
Impairment loss	(17,778)	(24,887)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(3,961)	(2,885)
Financial liabilities held for trading	-	(1,705)
Others	240	-
	<u>(\$ 2,531)</u>	<u>\$ 25,236</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 3,535	\$ 3,702
Interest on bank loans	853	1,696
	<u>\$ 4,388</u>	<u>\$ 5,398</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 42,048	\$ 43,565
Operating expenses	23,105	26,058
	<u>\$ 65,153</u>	<u>\$ 69,623</u>
An analysis of amortization by function		
Operating costs	\$ 748	\$ 660
Selling and marketing expenses	3,434	17,724
General and administrative expenses	4,111	3,999
Research and development expenses	2,264	2,094
	<u>\$ 10,557</u>	<u>\$ 24,477</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 500,426	\$ 555,042
Post-employment benefits		
Defined contribution plan	16,076	16,742
Defined benefit plans (Note 20)	654	710
Total employee benefits expense	<u>\$ 517,156</u>	<u>\$ 572,494</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 293,478	\$ 350,240
Operating expenses	223,678	222,254
	<u>\$ 517,156</u>	<u>\$ 572,494</u>

g. Compensation of employees and remuneration of directors

According to the APEX's Articles of Incorporation, APEX accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 1%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the board of directors on March 13, 2024 and March 10, 2023, respectively, are as follows:

	<u>Accrual rate</u>	
	For the Year Ended December 31	
	2023	2022
Compensation of employees	7.00%	7.00%
Remuneration of directors	1.00%	1.00%

	<u>Amount</u>			
	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 10,708	\$ -	\$ 15,191	\$ -
Remuneration of directors	1,529	-	2,170	-

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

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 47,644	\$ 103,971
Foreign exchange losses	(28,676)	(49,258)
	<u>\$ 18,968</u>	<u>\$ 54,713</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 36,193	\$ 42,717
Adjustments for prior years	(7,266)	(21,622)
Deferred tax		
In respect of the current year	(3,679)	(2,967)
Exchange difference on foreign operations	-	(4)
Income tax expense recognized in profit or loss	<u>\$ 25,248</u>	<u>\$ 18,124</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 140,962</u>	<u>\$ 199,575</u>
Income tax expense calculated at the statutory rate	\$ 28,446	\$ 40,184
Non-deductible expenses in determining taxable income	2,776	6,810
Unrecognized deductible temporary differences	1,292	(7,248)
Adjustments for prior years' tax	<u>(7,266)</u>	<u>(21,622)</u>
Income tax expense recognized in profit or loss	<u>\$ 25,248</u>	<u>\$ 18,124</u>

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 46,237</u>	<u>\$ 36,915</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets (Liabilities)	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized foreign exchange loss (gain)	(\$ 3,050)	\$ 4,177	\$ 1,127
Deferred revenue	17	4	21
Unrealized profit (loss) from sales	824	(548)	276
Others	<u>2,726</u>	<u>46</u>	<u>2,772</u>
	<u>\$ 517</u>	<u>\$ 3,679</u>	<u>\$ 4,196</u>

For the year ended December 31, 2022

Deferred Tax Assets (Liabilities)	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized foreign exchange loss (gain)	\$ 1,437	(\$ 4,487)	(\$ 3,050)
Deferred revenue	6	11	17
Unrealized profit (loss) from sales	391	433	824
Others	(<u>4,284</u>)	<u>7,010</u>	<u>2,726</u>
	(<u>\$ 2,450</u>)	<u>\$ 2,967</u>	<u>\$ 517</u>

d. Income tax assessments

APEX's income tax returns through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ <u>1.16</u>	\$ <u>1.82</u>
Diluted earnings per share	\$ <u>1.15</u>	\$ <u>1.81</u>

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

Net Income for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Income for the year attributable to shareholders of the parent	<u>\$ 115,783</u>	<u>\$ 181,785</u>

Number of shares (in thousands)

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,950	99,950
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>376</u>	<u>721</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,326</u>	<u>100,671</u>

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

26. GOVERNMENT GRANTS

For the year ended December 31, 2023, the Company obtained the subsidy of NT\$110 thousand from the Ministry of Economy Affairs on Dubai, Thailand and Dusseldorf International Medical Exhibition. The amount has been included in the Other Income item.

For the year ended December 31, 2022, the Company has obtained the subsidy for the Middle aged and Elders stable employment training program from the Department of Labors and the subsidized funding for International Medical Equipment Fair in Singapore with the total amount of NT\$42 thousand. The amount has been included in the Other Income item.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of equity attributable to owners of the Company (comprising share capital, capital surplus, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, or the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial assets and financial liabilities that not measured at fair value were approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ -	\$ -	\$ 52,080	\$ 52,080
Domestic unlisted shares	-	-	9,788	9,788
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,868</u>	<u>\$ 61,868</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ -	\$ -	\$ 58,919	\$ 58,919
Domestic unlisted shares	-	-	6,910	6,910
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,829</u>	<u>\$ 65,829</u>

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) Partial domestic emerging market shares equity investment adopts market method, which refers to the price base of the benchmark stock and consider the differences between the evaluated target and the benchmark stock, adding on the value of the appropriate multiply to the evaluation target. The major unobservable of the asset input value is listed as below. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	December 31	
	2023	2022
Discount for lack of marketability	11.10%	15.35%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2023	2022
Discount for lack of marketability		
1% increase	\$ (586)	\$ (696)
1% decrease	\$ 586	\$ 696

- b) Part of the unlisted equity investment adopts an asset-based approach to evaluate the total value of the individual asset and individual liabilities of the target to reflect the total value of the company or business. The major unobservable input value is listed as follows. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	December 31	
	2023	2022
Discount for lack of marketability	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2023	2022
Discount for lack of marketability		
1% increase	\$ (122)	\$ (86)
1% decrease	\$ 122	\$ 86

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 61,868	\$ 65,829
Financial assets at amortized cost (Note 1)	680,806	828,872
 <u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	236,914	398,807

Note 1 : The balances include financial assets at amortized cost, which comprise cash and cash equivalents, pledged deposits, notes receivable and accounts receivable (including from related parties), other receivables and refundable deposits.

Note 2 : The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including from related parties), other payables (including from related parties) and guarantee deposits received.

d. Financial risk management objectives and policies

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

The corporate treasury function reports quarterly to the Company's management, that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

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

The following table details the Company's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 2,400	\$ 2,822	\$ 294	\$ 195

	EUR Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 2,892	\$ 4,197	\$ 8	\$ 1

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 6,200	\$ 56,872
Financial liabilities	153,396	180,682
Cash flow interest rate risk		
Financial assets	381,802	278,944

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate assets, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$382 thousand and NT\$279 thousand, respectively, which was

mainly a result of variable-rate of net assets.

c) Other price risk

The Company was exposed to price risk through equity investments. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. The Company's price risk is mainly concentrated in equity investment in Taiwan.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$3,093 thousand and NT\$3,291 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparties to discharge its obligation by the Company, comes from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the financial positions of customers.

The Company's credit risk is mainly concentrated in the Company's top three customers, as of December 31, 2023 and 2022, the total accounts receivable from the aforementioned customer's ratio of 74% and 79%, respectively.

3) Liquidity risk

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

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 10,549	\$ 30,306	\$ 135,009
Notes payable	27,435	-	-
Accounts payable	128,782	-	-
Other payables	123,721	-	-
Fixed interest rate liabilities	30,000	-	-
	<u>\$ 320,487</u>	<u>\$ 30,306</u>	<u>\$ 135,009</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Fixed interest rate liabilities	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>10,549</u>	<u>30,306</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>46,959</u>
	<u>\$40,549</u>	<u>\$30,306</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$46,959</u>

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,541	\$ 34,228	\$ 140,879
Notes payable	63,225	-	-
Accounts payable	226,460	-	-
Other payables	142,968	-	-
Fixed interest rate liabilities	50,000	-	-
	<u>\$ 494,194</u>	<u>\$ 34,228</u>	<u>\$ 140,879</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Fixed interest rate liabilities	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>11,541</u>	<u>34,228</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>52,829</u>
	<u>\$61,541</u>	<u>\$34,228</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$52,829</u>

b) Financing facilities

		December 31	
		2023	2022
Uncollateralized Bank loan facilities			
Amount used		\$ 30,000	\$ 50,000
Amount unused		<u>554,230</u>	<u>587,810</u>
		<u>\$ 584,230</u>	<u>\$ 637,810</u>
Collateralized Bank loan facilities			
Amount used		\$ -	\$ -
Amount unused		<u>70,622</u>	<u>92,130</u>
		<u>\$ 70,622</u>	<u>\$ 92,130</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between APEX and its subsidiaries, which are related parties of APEX, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and related parties are disclosed as below.

a. Related party name and category

Related Party Name	Relationship with the Company
METERTECH INC.	Others

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Others	<u>\$ 472</u>	<u>\$ 269</u>

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Cost of goods sold	Others	<u>\$ 5,752</u>	<u>\$ 6,374</u>

The Company has no comparable counterparties to compare with the sales and purchase prices of related parties. The payment terms for sales and purchases of related parties and unrelated parties were 30 to 150 days after monthly closing.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Notes receivable and accounts receivable	Others	\$ <u>64</u>	\$ <u>64</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Others	\$ <u>197</u>	\$ <u>2,035</u>

The outstanding accounts payable from related parties are unsecured and will be settled in cash.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating expenses	Others	\$ <u>6</u>	\$ <u>257</u>

The Company has no comparable counterparties to compare with the operating expenses of related parties.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 20,193	\$ 19,015
Post-employment benefits	<u>270</u>	<u>268</u>
	\$ <u>20,463</u>	\$ <u>19,283</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged as collateral for land lease from the Hsinchu Science Park Bureau.

	December 31	
	2023	2022
Pledged time deposits (classified as financial assets at amortized cost)	\$ <u>6,200</u>	\$ <u>6,200</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
		30.705	
USD	\$ 8,501	(USD:NTD)	\$ 261,023
USD	68	7.083 (USD:RMB)	2,084
EUR	8,510	33.980	289,170
RMB	6,989	4.327	30,241
JPY	10,132	0.2172	<u>2,201</u>
			<u>\$ 584,719</u>
<u>Financial liabilities</u>			
Monetary items			
USD	752	30.705	\$ 23,090
RMB	187	4.327	809
JPY	6,509	0.2172	<u>1,414</u>
			<u>\$ 25,313</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
		30.710	
USD	\$ 11,598	(USD:NTD)	\$ 356,175
USD	20	6.983 (USD:RMB)	614
EUR	12,826	32.720	419,667
RMB	4,427	4.408	19,514
JPY	7,112	0.2324	<u>1,653</u>
			<u>\$ 797,623</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,428	30.710	\$ 74,564
GBP	81	37.090	3,004
JPY	6,830	0.2324	<u>1,587</u>
			<u>\$ 79,155</u>

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
USD	30.705 (USD : NTD)	(\$ 3,931)	30.710 (USD : NTD)	\$ 2,539
EUR	33.980 (EUR : NTD)	(1,616)	32.720 (EUR : NTD)	12,696
RMB	4.327 (RMB : NTD)	(121)	4.408 (RMB : NTD)	12
JPY	0.2172 (JPY : NTD)	(6)	0.2324 (JPY : NTD)	(72)
GBP	39.150 (GBP : NTD)	-	37.090 (GBP : NTD)	37
CHF	36.485 (CHF : NTD)	39	33.205 (CHF : NTD)	36
		(\$ 5,635)		\$ 15,248

32. SEPARATELY DISCLOSED ITEMS

Except for items (a) to (g), there are no other significant transactions, information on investees, and information on investment in mainland China that should be disclosed.

a. Financing provided to others

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	APEX	Omnis	Other receivables - related parties	Yes	\$61,410 (USD2,000 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	1.07%~5.01%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$538,930	\$718,573
		Omnis	Other receivables - related parties	Yes	61,410 (USD2,000 thousand)	61,410 (USD2,000 thousand)	39,917 (USD1,300 thousand)	4.30%~5.30%	The need for short-term financing	-	Operating capital	-	-	-	538,93	718,57

Note 1 : Financing limit for each borrower in the Group, which APEX directly or indirectly owns more than 20% of its voting shares, shall not exceed 30% of APEX's net equity as stated in latest financial statements.

Note 2 : The aggregate financing limit shall not exceed 40% of APEX's net equity as stated in latest financial statements.

b. Endorsements/guarantees provided

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	APEX	Omnis	Subsidiary	\$ 359,286	\$ 76,763 (USD 2,500 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	\$ -	-	\$ 898,217	Yes	No	No

Note 1 : Limit on endorsements/guarantees given on behalf of each party shall not exceed 20% of APEX's net equity as stated in latest financial statements.

Note 2 : The aggregate endorsements/guarantees limit shall less than 50% of APEX's net equity as stated in latest financial statements.

c. Marketable securities held

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
APEX	Shares : Lytone Enterprise, Inc.	—	FVTPL- current	2,131,800	\$ 52,080	12	\$ 52,080
	Shares : Ascendax Venture Capital Corporation	—	FVTPL- current	785,400	9,788	2	9,788
	H2 INC.	—	FVTPL- current	899,646	-	1	-
	Shares : Shieh-tai Biochemical Technology Co., Ltd.	—	FVTPL- current	372,000	-	1	-

Note : The marketable securities listed above were not pledged, guarantees or otherwise restricted by contract as of December 31, 2023.

d. Intercompany relationships and significant transactions

For the Year Ended December 31, 2023

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 2)	% to Total Revenues or Assets
0	APEX	APEX(Suzhou)	1	Sales	\$ 20,879	—	1.25%
				Net receivable from related parties	10,100	—	0.44%
				Purchase	3,262	—	0.19%
				Accounts payable-from related parties	810	—	0.04%
		Omnis	1	Sales	75,745	—	4.52%
				Net receivable from related parties	35,951	—	1.57%
				Interest revenue	1,943	—	0.12%
				Other receivables to related parties	41,443	—	1.80%
1	APEX(Suzhou)	Omnis	2	Sales	6,791	—	0.41%

Note 1 : The transactions from the parent company to the subsidiary are denoted as 1. The transactions between two subsidiaries are denoted as 2.

Note 2 : The Company has no comparable counterparties to compare with the sales prices of subsidiaries. The payment terms for sales with subsidiaries were 120 to 150 days after monthly closing.

e. Information on investees

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	(%)	Carrying Amount			
APEX	Omnis	USA	Wholesale of medical consumable and medical equipment	\$ 526,613	\$ 526,613	70,312,094	99	\$ 25,027	(\$ 18,621)	(\$ 18,413)	—

f. Information on investment in mainland China

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
APEX (Suzhou)	Wholesale of medical consumable and medical equipment	\$ 35,394 (RMB 7,000 thousand)	(Note)	\$ 33,975 (RMB 6,700 thousand)	\$	\$	\$ 33,975 (RMB 6,700 thousand)	\$3,257	96%	\$3,117	\$4,523	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$33,975 (RMB 6,700 thousand)	\$33,975 (RMB 6,700 thousand)	\$1,077,860

Note : Direct investment in mainland China.

g. Information of major shareholders

Name of shareholders with ownership of 5% or greater, amount and proportion of shareholding.

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Yen Shih Shen	9,744,579	9.74%
SANYANG MOTOR CO., LTD.	5,023,000	5.02%

33. SEGMENT INFORMATION

The decision makers of the operation for the Company make decisions based on the product category information for resource allocation and the evaluation of the department performances. Thus, each product has similar economic characteristics and through the centralized sales approach. Thus, the Company combines the financial report as one single operation report. Besides, the information provided for the decision makers to double check is the same as the evaluation base as the financial statements. Thus, the reported department revenue and operating result in 2023 and 2022 can take the reference of the comprehensive income statement in 2023 and 2022. The assets of the department required for reporting can take the reference in the consolidated balance sheets in each period.

a. Revenue from major products and services

The following is an analysis of the Company's revenue from its major products and services.

	For the Year Ended December 31	
	2023	2022
Strip	\$ 1,108,080	\$ 1,380,952
Electrode	253,441	268,345
Meter	229,524	500,186
Others	<u>85,492</u>	<u>94,693</u>
	<u>\$ 1,676,537</u>	<u>\$ 2,244,176</u>

b. Geographical information

The Company's operating revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 73,852	\$ 93,466	\$ 732,940	\$ 777,881
USA	683,986	898,352	33,002	60,804
Italy	537,878	661,249	-	-
Austria	142,137	365,422	-	-
China	47,834	55,119	1,276	1,452
Others	<u>190,850</u>	<u>170,568</u>	<u>-</u>	<u>-</u>
	<u>\$1,676,537</u>	<u>\$2,244,176</u>	<u>\$ 767,218</u>	<u>\$ 840,137</u>

Non-current assets exclude financial instruments, refundable deposits, net defined benefit assets and deferred tax assets.

c. Information about major customers

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

	For the Year Ended December 31	
	2023	2022
Customer A	\$ 537,878	\$ 661,249
Customer B	Note	365,421
Customer C	352,758	363,372
Note : Revenue less than 10% of the Company's revenue.		

Stock Code :1733

Apex Biotechnology Corporation

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

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Apex Biotechnology Corporation

Opinion

We have audited the accompanying parent company only financial statements of Apex Biotechnology Corporation (the “Company”) which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

For the year ended December 31, 2023, the net operating revenue was NT\$1,541,261 thousand, refer to notes 4 and 22 to the parent company only financial statements for the details of accounting policies and the related information about the recognition of revenue. Revenue is recognized as presumed risk based on Auditing Standards. Because the Company's customers were relatively stable, for customers whose transaction amount and gross margin change over the two years are obviously abnormal, recognition of their revenue was identified as a key audit matter.

We have performed the major audit procedures as follows:

1. Understand and examine the key internal control design of the sales revenue procedures and its execution effectiveness.
2. Examine sales revenue transactions. Extract samples from the bookkeeping records concerning the receipt and payment collection to ensure the correctness of sales revenue recognition for auditing purpose.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya Yun Chang and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

APEX BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4,6	\$ 351,190	15	\$ 314,191	13	Short-term loans	16	\$ 30,000	2	\$ 50,000	2
Financial assets at fair value through profit or loss-current	4,7	61,868	3	65,829	2	Contract liabilities-current	4,22	6,595	-	27,923	1
Notes and accounts receivable, net	4,9,22	260,399	11	466,373	19	Notes payable	17	27,435	1	63,225	3
Notes and accounts receivable from related parties, net	4,29	46,115	2	23,583	1	Accounts payable	17,29	120,034	5	208,558	9
Other receivables	9	5,684	-	10,063	-	Other payables	18	113,266	5	132,126	5
Other receivables from related parties	29	41,443	2	41,158	2	Current tax liabilities	4,24	46,237	2	36,915	2
Inventories	4,5,10	695,446	31	691,030	28	Current provisions	19	10,099	1	10,901	-
Other current assets	15	19,627	1	19,193	1	Lease liabilities-current	4,13	3,391	-	4,187	-
Total current assets		<u>1,481,772</u>	<u>65</u>	<u>1,631,420</u>	<u>66</u>	Other current liabilities	18	3,158	-	3,025	-
						Total current liabilities		<u>360,215</u>	<u>16</u>	<u>536,860</u>	<u>22</u>
Non-current assets						Non-current liabilities					
Financial assets at amortized cost-noncurrent	4,8,30	6,200	-	6,200	-	Deferred tax liabilities	4,24	3	-	3,064	-
Investments accounted for using equity method	4,5,11	29,550	1	41,922	2	Lease liabilities-noncurrent	4,13	109,690	5	112,993	4
Property, plant and equipment	4,12	603,288	27	639,847	26	Guarantee deposits received		27	-	27	-
Right-of-use assets	4,13	106,170		111,429		Total non-current liabilities		<u>109,720</u>	<u>5</u>	<u>116,084</u>	<u>4</u>
Intangible assets	4,14	21,072	1	21,688	1	Total liabilities		<u>469,935</u>	<u>21</u>	<u>652,944</u>	<u>26</u>
Deferred tax assets	4,24	4,239	-	3,620	-						
Prepayments for business facilities		2,410		4,917							
Refundable deposits		3,092	-	3,068	-	Equity	4,21				
Net defined benefit asset, non-current	4,20	8,576	1	6,157	-	Share capital		<u>999,502</u>	<u>44</u>	<u>999,502</u>	<u>41</u>
Total non-current assets		<u>784,597</u>	<u>35</u>	<u>838,848</u>	<u>34</u>	Capital surplus		<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>
						Retained earnings					
						Legal reserve		516,208	23	497,454	20
						Unappropriated retained earnings		<u>202,665</u>	<u>9</u>	<u>242,493</u>	<u>10</u>
						Total retained earnings		<u>718,873</u>	<u>32</u>	<u>739,947</u>	<u>30</u>
						Other equity		<u>9,691</u>	<u>-</u>	<u>9,507</u>	<u>-</u>
						Total equity		<u>1,796,434</u>	<u>79</u>	<u>1,817,324</u>	<u>74</u>
Total assets		<u>\$ 2,266,369</u>	<u>100</u>	<u>\$ 2,470,268</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,266,369</u>	<u>100</u>	<u>\$ 2,470,268</u>	<u>100</u>

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

APEX BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

			<u>2023</u>		<u>2022</u>
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET OPERATING REVENUE	4,22,29	\$ 1,541,261	100	\$ 2,135,587	100
OPERATING COSTS	4,10,23,29	<u>1,102,025</u>	<u>71</u>	<u>1,639,157</u>	<u>77</u>
GROSS PROFIT		439,236	29	496,430	23
REALIZED (UNREALIZED) PROFIT FROM SALES	4	<u>2,740</u>	<u>-</u>	<u>(2,161)</u>	<u>-</u>
REALIZED GROSS PROFIT		<u>441,976</u>	<u>29</u>	<u>494,269</u>	<u>23</u>
OPERATING EXPENSES	23,29				
Selling and marketing expenses		56,738	4	58,686	3
General and administrative expenses		84,472	5	84,633	4
Research and development expenses		<u>163,325</u>	<u>11</u>	<u>165,448</u>	<u>7</u>
Total operating expenses		<u>304,535</u>	<u>20</u>	<u>308,767</u>	<u>14</u>
INCOME FROM OPERATIONS		<u>137,441</u>	<u>9</u>	<u>185,502</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES					
Interest income	23,29	3,709	-	1,589	-
Other income	4,23,26	4,139	-	2,444	-
Other gains and losses	4,23	14,928	1	50,039	2
Finance costs	23	(4,190)	-	(5,246)	-
Share of profit (loss) of subsidiaries accounted for using equity method	4,5,11	<u>(15,296)</u>	<u>(1)</u>	<u>(34,672)</u>	<u>(2)</u>
Total non-operating income and expenses		<u>3,290</u>	<u>-</u>	<u>14,154</u>	<u>-</u>
INCOME BEFORE INCOME TAX		140,7	9	199,656	9
INCOME TAX EXPENSE	4,24	<u>24,948</u>	<u>1</u>	<u>17,871</u>	<u>1</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

			<u>2023</u>		<u>2022</u>
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET INCOME		<u>\$ 115,783</u>	<u>8</u>	<u>\$ 181,785</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)	4,20,21				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans			-		-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<u>184</u>	<u>-</u>	<u>6,989</u>	<u>1</u>
Other comprehensive income(loss) for the year, net of income tax		<u>3,257</u>	<u>-</u>	<u>12,742</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 119,040</u>	<u>8</u>	<u>\$ 194,527</u>	<u>9</u>
EARNINGS PER SHARE	25				
Basic		<u>\$ 1.16</u>		<u>\$ 1.82</u>	
Diluted		<u>\$ 1.15</u>		<u>\$ 1.81</u>	

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

(Concluded)

APEX BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	<u>Share Capital</u>			<u>Retained Earnings</u>		<u>Other Equity</u> <u>Exchange Differences</u> <u>on</u> <u>Translation of</u> <u>Foreign</u> <u>Operations</u>	<u>Total Equity</u>
	<u>Shares</u> <u>(In Thousands)</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>		
BALANCE AT JANUARY 1, 2022	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518	\$ 1,752,732
Appropriation of 2021 earnings							
Legal reserve	-	-	-	20,476	(20,476)	-	-
Cash dividends – \$1.3 per share	-	-	-	-	(129,935)	-	(129,935)
Net income in 2022	-	-	-	-	181,785	-	181,785
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	5,753	6,989	12,742
Total comprehensive income in 2022	-	-	-	-	187,538	6,989	194,527
BALANCE AT DECEMBER 31, 2022	99,950	999,502	68,368	497,454	242,493	9,507	1,817,324
Appropriation of 2022 earnings							
Legal reserve	-	-	-	18,754	(18,754)	-	-
Cash dividends – \$1.4 per share	-	-	-	-	(139,930)	-	(139,930)
Net income in 2023	-	-	-	-	115,783	-	115,783
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	3,073	184	3,257
Total comprehensive income in 2023	-	-	-	-	118,856	184	119,040
BALANCE AT DECEMBER 31, 2023	<u>99,950</u>	<u>\$ 999,502</u>	<u>\$ 68,368</u>	<u>\$ 516,208</u>	<u>\$ 202,665</u>	<u>\$ 9,691</u>	<u>\$ 1,796,434</u>

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

APEX BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 140,731	\$ 199,656
Adjustments for:		
Depreciation expense	60,638	65,279
Amortization expense	3,681	3,477
Net loss on financial assets at fair value through profit or loss	3,961	4,590
Finance costs	4,190	5,246
Interest income	(3,709)	(1,589)
Dividend income	(1,421)	(575)
Share of loss of subsidiaries accounted for using equity method	15,296	34,672
Property, plant and equipment transferred to expenses	223	855
Impairment loss on non-financial assets	9,500	6,000
Unrealized (realized) loss from sales	(2,740)	2,161
Unrealized foreign exchange gain	(3,627)	(44,242)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	198,279	(5,954)
Notes receivable and accounts receivable from related parties	(24,169)	4,911
Other receivables	4,348	3,939
Other receivables from related parties	1,024	8,191
Inventories	(13,916)	(90,761)
Other current assets	(434)	(8,636)
Contract liabilities	(21,328)	(64,968)
Notes payable	(35,790)	4,492
Accounts payable	(87,047)	(64,940)
Other payables	(15,875)	193
Provisions	(802)	1,151
Other current liabilities	133	137
Net defined benefit assets	654	710
Cash generated from operations	231,800	63,995
Interest received	2,213	605

(Continued)

APEX BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2023	2022
Dividend received	\$ 1,421	\$ 575
Interest paid	(4,228)	(5,210)
Income taxes paid	(18,895)	(24,042)
Net cash generated from operating activities	<u>212,311</u>	<u>35,923</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	-	(1,705)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,001
Acquisition of property, plant and equipment	(21,886)	(35,984)
Increase in refundable deposits	(24)	(163)
Acquisition of intangible assets	(3,065)	(4,074)
Decrease (increase) in prepayments for business facilities	2,507	(455)
Net cash used in investing activities	<u>(22,468)</u>	<u>(41,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	250,000	905,000
Decrease in short-term loans	(270,000)	(1,005,000)
Payments of lease liabilities	(4,194)	(4,084)
Cash dividends paid	<u>(139,930)</u>	<u>(129,935)</u>
Net cash used in financing activities	<u>(164,124)</u>	<u>(234,019)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>11,280</u>	<u>30,067</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,999	(209,409)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>314,191</u>	<u>523,600</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 351,190</u>	<u>\$ 314,191</u>

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

(Concluded)

APEX BIOTECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Apex Biotechnology Corporation (The “Company”) was incorporated on December 2, 1997 and engages mainly in research, development, production, manufacturing and selling of biochemical testing instruments and its detection strips, and trade of products and components relevant to the core business.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 19, 2001.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors and authorized for issue on March 13, 2024.

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

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

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

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

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

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback

transactions entered into after the date of initial application of IFRS 16.

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

- 1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2) (Concluded)

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

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

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

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

b. Basis of preparation

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, credit balance of investments accounted for using equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents.

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

Any excess of the cost of an acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the

acquisition is recognized immediately in profit or loss.

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

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

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

3)Derecognition of intangible assets

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends are recognized in other income, any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments

ii. Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including from related parties) at amortized cost, other receivables (including from related parties), pledged deposits and

refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as

equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of biochemical testing instruments and its detection strips. Sales of biochemical testing instruments and its detection strips are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the development services.

As the Company provides project development services, the related revenue is recognized when services are rendered.

m. Leases

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

1) The Company as lessor

All leases are classified as operating leases.

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

2) The Company as lessee

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

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

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

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

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

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the Income Tax Act in the ROC.

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations when making its critical accounting estimates on cash flow projections, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. The Impairment in subsidiary investment

The Company invest in its subsidiary Omnis Health LLC due to the disadvantageous changes in the market where assets are in. Relevant assets have shown impairment loss and the carrying value of the subsidiary investment may not be recoverable. The Company immediately evaluates all the relevant asset impairment relating to investment in the subsidiaries from the collective viewpoint of financial reports. The management of the Company makes the prediction based on the future cash flow generated from the relevant assets, including the estimated assumptions of sales growth rate, productivity utilization rate, and determine the appropriate discount rate for the calculation of the present value for impairment loss evaluation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 214	\$ 287
Checking accounts and demand deposits	350,976	263,232
Cash equivalents (Time deposits with original maturities of less than 3 months)	-	50,672
	<u>\$ 351,190</u>	<u>\$ 314,191</u>

The market rate intervals of cash in banks at the end of the year were as follows:

	December 31	
	2023	2022
Cash in banks	0.01% ~ 1.45%	0.01% ~ 1.05%
Time deposit	-	3.96% ~ 4.00%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL -current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	\$ 52,080	\$ 58,919
Domestic unlisted shares	9,788	6,910
	<u>\$ 61,868</u>	<u>\$ 65,829</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 6,200</u>	<u>\$ 6,200</u>

- The interest rates for time deposits with original maturities of more than 3 months were both 0.790%~1.065% per annum as of December 31,2023 and 2022.
- Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 4,596</u>	<u>\$ 5,151</u>

	December 31	
	2023	2022
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 255,804	\$ 461,223
Less: Allowance for impairment loss	(1)	(1)
	<u>255,803</u>	<u>461,222</u>
	<u>\$ 260,399</u>	<u>\$ 466,373</u>
<u>Other receivables</u>		
Tax receivable	\$ 5,677	\$ 10,028
Others	7	35
	<u>\$ 5,684</u>	<u>\$ 10,063</u>

Accounts receivable

The average credit period of sales of goods is 15 days to 150 days. No interest is charged on accounts receivable. To strengthen the credit risk management, small amount of credit limit is offered to the new client. Once the transaction is stable and the sales amount has reached a certain level, would entrust the professional credit investigation agency to determine the credit limit of the customer based on the relevant reports, complimented with other supervision procedures to ensure appropriate actions has been taken to guarantee the collection of the overdue receivables. Moreover, the Company will double check the collectable amount of the account receivables on the balance sheet date as the assurance that the uncollectable account receivables has been listed and recognized as appropriate impairment loss.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. The Company uses different provision matrixes based on customer segments by credit rating, transaction type, and determines the expected credit loss rate by reference to past due days of accounts receivable.

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

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

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$231,454	\$ 24,346	\$ 4	\$ -	\$ -	\$255,804
Loss allowance (Lifetime ECLs)	(1)	-	-	-	-	(1)
Amortized cost	<u>\$231,453</u>	<u>\$ 24,346</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$255,803</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$353,957	\$ 59,849	\$ 47,417	\$ -	\$ -	\$461,223
Loss allowance (Lifetime ECLs)	-	-	(1)	-	-	(1)
Amortized cost	<u>\$353,957</u>	<u>\$ 59,849</u>	<u>\$ 47,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$461,222</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	<u>\$ 1</u>	<u>\$ 1</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	\$ 71,891	\$ 46,515
Work in progress	280,913	293,973
Raw materials	<u>342,642</u>	<u>350,542</u>
	<u>\$ 695,446</u>	<u>\$ 691,030</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT\$1,102,025 thousand and NT\$1,639,157 thousand, respectively. The cost of goods sold included inventory write-downs NT\$9,500 thousand and NT\$6,000 thousand, for 2023 and 2022 respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Omnis Health LLC	\$ 25,027	\$ 40,706
Apex Biotechnology (Suzhou) Corporation	4,523	1,216
	<u>\$ 29,550</u>	<u>\$ 41,922</u>

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
<u>Name of Subsidiary</u>	<u>2023</u>	<u>2022</u>
Omnis Health LLC	99%	99%
Apex Biotechnology (Suzhou) Corporation	96%	96%

For the year ended December 31, 2023 and 2022, the Company evaluated the recoverable amount of the Company's interest in Omnis Health LLC, and recognized impairment loss of NT\$17,778 thousand and NT\$24,887 thousand, respectively, listed as Non-operating income and expenses item that under the share of profit and loss of subsidiaries accounted for using equity method.

12. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Testing Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Equipment under Acceptance</u>	<u>Total</u>
<u>Cost</u>									
Balance at January 1, 2023	\$261,675	\$604,129	\$505,054	\$ 38,829	\$ 2,955	\$ 19,194	\$197,100	\$ 10,906	\$1,639,842
Additions	-	-	3,360	1,678	1,799	429	2,893	8,789	18,948
Disposals	-	-	(2,742)	(290)	(1,857)	-	(856)	(223)	(5,968)
Reclassification	-	-	5,797	2,393	757	-	843	(9,790)	-
Balance at December 31, 2023	<u>\$261,675</u>	<u>\$604,129</u>	<u>\$511,469</u>	<u>\$ 42,610</u>	<u>\$ 3,654</u>	<u>\$ 19,623</u>	<u>\$199,980</u>	<u>\$ 9,682</u>	<u>\$1,652,822</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	\$ -	\$337,248	\$445,375	\$ 25,962	\$ 2,432	\$ 15,404	\$173,574	\$ -	\$999,995
Depreciation expenses	-	22,999	14,887	3,867	341	1,261	11,929	-	55,284
Disposals	-	-	(2,742)	(290)	(1,857)	-	(856)	-	(5,745)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$360,247</u>	<u>\$457,520</u>	<u>\$ 29,539</u>	<u>\$ 916</u>	<u>\$ 16,665</u>	<u>\$184,647</u>	<u>\$ -</u>	<u>\$1,049,534</u>
Carrying amount at December 31, 2023	<u>\$261,675</u>	<u>\$243,882</u>	<u>\$ 53,949</u>	<u>\$ 13,071</u>	<u>\$ 2,738</u>	<u>\$ 2,958</u>	<u>\$ 15,333</u>	<u>\$ 9,682</u>	<u>\$603,288</u>
	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Testing Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Equipment under Acceptance</u>	<u>Total</u>
<u>Cost</u>									
Balance at January 1, 2022	\$261,675	\$601,955	\$487,745	\$ 38,246	\$ 2,314	\$ 18,408	\$194,497	\$ 10,052	\$1,614,892
Additions	-	1,671	10,425	-	641	1,097	2,066	22,434	38,334
Disposals	-	-	(11,753)	-	-	(311)	(465)	(855)	(13,384)
Reclassification	-	503	18,637	583	-	-	1,002	(20,725)	-
Balance at December 31, 2022	<u>\$261,675</u>	<u>\$604,129</u>	<u>\$505,054</u>	<u>\$ 38,829</u>	<u>\$ 2,955</u>	<u>\$ 19,194</u>	<u>\$197,100</u>	<u>\$ 10,906</u>	<u>\$1,639,842</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2022	\$ -	\$311,621	\$442,696	\$ 21,820	\$ 2,307	\$ 14,237	\$159,927	\$ -	\$952,608
Depreciation expenses	-	25,627	14,432	4,142	125	1,478	14,112	-	59,916
Disposals	-	-	(11,753)	-	-	(311)	(465)	-	(12,529)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$337,248</u>	<u>\$445,375</u>	<u>\$ 25,962</u>	<u>\$ 2,432</u>	<u>\$ 15,404</u>	<u>\$173,574</u>	<u>\$ -</u>	<u>\$999,995</u>
Carrying amount at December 31, 2022	<u>\$261,675</u>	<u>\$266,881</u>	<u>\$ 59,679</u>	<u>\$ 12,867</u>	<u>\$ 523</u>	<u>\$ 3,790</u>	<u>\$ 23,526</u>	<u>\$ 10,906</u>	<u>\$639,847</u>

The Company's property, plant and equipment are all for self-use.

No impairment loss recognized or reversed for the years ended December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	21-47 years
Electronic equipment	2-16 years
Machinery equipment	1-11 years
Testing equipment	2-10 years
Transportation equipment	2-6 years
Office equipment	2-7 years
Miscellaneous equipment	2-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 105,290	\$ 109,050
Buildings	497	614
Transportation equipment	275	1,100
Office equipment	108	665
	<u>\$ 106,170</u>	<u>\$ 111,429</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 95</u>	<u>\$ 2,370</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,760	\$ 3,755
Buildings	212	200
Transportation equipment	825	851
Office equipment	557	557
	<u>\$ 5,354</u>	<u>\$ 5,363</u>

Except for the aforementioned additions and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 3,391</u>	<u>\$ 4,187</u>
Non-current	<u>\$ 109,690</u>	<u>\$ 112,993</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.93%	2.93%
Buildings	2.65~3.44%	2.93%
Transportation equipment	5.69%	5.69%
Office equipment	5.69%	5.69%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 2~33 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 1,986	\$ 2,201
Total cash outflow for leases	\$ (9,594)	\$ (9,820)

The Company leases certain office buildings and equipment which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Software	Trademarks	Patents	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 17,593	\$ 4,357	\$ 27,281	\$ 49,231
Additions	1,701	402	962	3,065
Balance at December 31, 2023	<u>\$ 19,294</u>	<u>\$ 4,759</u>	<u>\$ 28,243</u>	<u>\$ 52,296</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 12,354	\$ 2,806	\$ 12,383	\$ 27,543
Amortization expenses	1,524	398	1,759	3,681
Balance at December 31, 2023	<u>\$ 13,878</u>	<u>\$ 3,204</u>	<u>\$ 14,142</u>	<u>\$ 31,224</u>
Carrying amounts at December 31, 2023	<u>\$ 5,416</u>	<u>\$ 1,555</u>	<u>\$ 14,101</u>	<u>\$ 21,072</u>
	Software	Trademarks	Patents	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 14,380	\$ 4,196	\$ 26,581	\$ 45,157
Additions	3,213	161	700	4,074
Balance at December 31, 2022	<u>\$ 17,593</u>	<u>\$ 4,357</u>	<u>\$ 27,281</u>	<u>\$ 49,231</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 11,002	\$ 2,366	\$ 10,698	\$ 24,066
Amortization expenses	1,352	440	1,685	3,477
Balance at December 31, 2022	<u>\$ 12,354</u>	<u>\$ 2,806</u>	<u>\$ 12,383</u>	<u>\$ 27,543</u>
Carrying amounts at December 31, 2022	<u>\$ 5,239</u>	<u>\$ 1,551</u>	<u>\$ 14,898</u>	<u>\$ 21,688</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trademarks	2-12 years
Patents	1-19 years
Software	1-10 years

15. OTHER CURRENT ASSETS

	December 31	
	2023	2022
Prepayments (Note)	\$ 17,403	\$ 17,824
Others	<u>2,224</u>	<u>1,369</u>
	<u>\$ 19,627</u>	<u>\$ 19,193</u>

Note : The prepayments were mainly for the prepayment of patents, trademarks, repairs and maintenance expenses, and insurance expenses, etc.

16. BORROWINGS

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Working capital loans	<u>\$ 30,000</u>	<u>\$ 50,000</u>

The interest rate on bank borrowing were 1.85% and 1.70% at December 31,2023 and 2022, respectively.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	<u>\$ 27,435</u>	<u>\$ 63,225</u>
<u>Accounts payable</u>		
Operating	<u>\$ 120,034</u>	<u>\$ 208,558</u>

The average credit period on purchases of certain goods was 30-90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 54,567	\$ 63,734
Payables for employees' compensation and remuneration of directors	12,237	17,361
Payables for purchases of equipment	386	3,324
Others (Note)	<u>46,076</u>	<u>47,707</u>
	<u>\$ 113,266</u>	<u>\$ 132,126</u>

Other liabilities

Receipts under custody	<u>\$ 3,158</u>	<u>\$ 3,025</u>
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Note : The Others item refers to the payable for consumable expenses, utility bills and cleaning fees, etc. incurred by the Company due to operations.

19. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Employee benefits (Note)	<u>\$ 10,099</u>	<u>\$ 10,901</u>

Note : The provision for employee benefits represents vested service leave entitlements accrued.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the

Company has no right to influence the investment policy and strategy.

The amounts in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 70,583	\$ 73,533
Fair value of plan assets	<u>(79,159)</u>	<u>(79,690)</u>
Net defined benefit assets	<u>\$ (8,576)</u>	<u>\$ (6,157)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 75,623</u>	<u>(\$ 76,737)</u>	<u>(\$ 1,114)</u>
Service cost			
Current service cost	716	-	716
Net interest expense (income)	<u>454</u>	<u>(460)</u>	<u>(6)</u>
Recognized in profit or loss	<u>1,170</u>	<u>(460)</u>	<u>710</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,065)	(6,065)
Actuarial gain -Change in financial assumptions	(2,518)	-	(2,518)
Actuarial loss -Experience adjustments	<u>2,830</u>	<u>-</u>	<u>2,830</u>
Recognized in other comprehensive income(loss)	<u>312</u>	<u>(6,065)</u>	<u>(5,753)</u>
Benefits paid	<u>(3,572)</u>	<u>3,572</u>	<u>-</u>
Balance at December 31, 2022	<u>73,533</u>	<u>(79,690)</u>	<u>(6,157)</u>
Service cost			
Current service cost	728	-	728
Net interest expense (income)	<u>882</u>	<u>(956)</u>	<u>(74)</u>
Recognized in profit or loss	<u>1,610</u>	<u>(956)</u>	<u>654</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(739)	(739)
Actuarial gain -Experience adjustments	(2,334)	-	(2,334)
Recognized in other comprehensive income (loss)	<u>(2,334)</u>	<u>(739)</u>	<u>(3,073)</u>
Benefits paid	<u>(2,226)</u>	<u>2,226</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 70,583</u>	<u>(\$ 79,159)</u>	<u>(\$ 8,576)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

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

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

	December 31	
	2023	2022
Discount rate	1.2%	1.2%
Expected rate of salary increase	3%	3%

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

	December 31	
	2023	2022
Discount rate		
0.1% increase	\$ (353)	\$ (401)
0.1% decrease	\$ 358	\$ 407
Expected rate of salary increase		
0.1% increase	\$ 306	\$ 351
0.1% decrease	\$ (303)	\$ (347)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	4.9 years	5.4 years

21. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>99,950</u>	<u>99,950</u>
Issued capital	<u>\$ 999,502</u>	<u>\$ 999,502</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Conversion of convertible bonds	\$ 26,570	\$ 26,570
Treasury share transactions	1,592	1,592
Transfer in from shares option due to convertible bonds repayment	<u>40,206</u>	<u>40,206</u>
	<u>\$ 68,368</u>	<u>\$ 68,368</u>

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

c. Retained earnings and dividends policy

The Company passed a resolution in the shareholders' meeting on May 27, 2022 to amend its Articles of Incorporation, stipulating that the company authorizes a special resolution of the board of directors to distribute dividends and bonuses in cash and report to the shareholders' meeting.

According to the distribution policy of the Company's amended Articles of Incorporation, if there is a surplus in the annual final accounts, the tax payable should be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to the Company's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders'

meeting for resolution on distribution. If all or part of the above-mentioned distribution of dividends and bonuses is made in the form of cash distribution, the board of directors shall be authorized to do so with the presence of more than two-thirds of the directors and the consent of more than half of the directors present, and report to the shareholders' meeting.

As the distribution policy before the amendment of the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, the tax payable shall be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to the Company's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution.

For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Based on the Articles of Incorporation of the Company, the dividend policy mainly takes the considerations of future expansion scale for operation and the demand for cash flow into account, and shareholders' interest, balance the dividend and long-term company financial planning, etc. The shareholder dividend shall be more than 50% of the accumulated distributed earnings, among which the cash dividend shall be not less than 20% of the total amount of the distributed dividend.

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

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2022	2021
Legal reserve	\$ 18,754	\$ 20,476
Cash dividends	\$ 139,930	\$ 129,935
Cash dividends per share (NT\$)	\$ 1.4	\$ 1.3

The above appropriations for cash dividends for 2022 was resolved by the Company's board of directors on March 10, 2023; the other proposed appropriations were resolved by the shareholders in their meeting on May 31, 2023. The appropriations for 2021 was resolved by the shareholders in their meeting on May 27, 2022.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 13, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 11,886
Cash dividends	\$ 109,945
Cash dividends per share (NT\$)	\$ 1.1

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on April 30 in 2024.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31 2023	2022
Balance at January 1	\$ 9,507	\$ 2,518
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	184	6,989
Balance at December 31	<u>\$ 9,691</u>	<u>\$ 9,507</u>

22. REVENUE

	For the Year Ended December 31 2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,509,248	\$ 2,112,553
Other operating revenue	32,013	23,034
	<u>\$ 1,541,261</u>	<u>\$ 2,135,587</u>

a. Contract information

Revenue from the sale of goods

The Company estimates the discount amount based on the range of price discounts given in the past, using the most probable amount. However, taking into the account that major competitors provide more favorable discounts than the estimated amount, the Company determines the revenue recognition amount based on the favorable discount. The remaining products are sold at a fixed price as agreed in the contract.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 9)	<u>\$ 255,803</u>	<u>\$ 461,222</u>	<u>\$ 442,971</u>
Contract liabilities			
Sale of goods	<u>\$ 6,595</u>	<u>\$ 27,923</u>	<u>\$ 92,891</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	<u>\$ 24,291</u>	<u>\$ 91,069</u>

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
USA	\$ 570,373	\$ 814,016
Italy	537,878	661,249
Austria	142,137	365,422
Taiwan	73,852	93,466
Others	<u>217,021</u>	<u>201,434</u>
	<u>\$ 1,541,261</u>	<u>\$ 2,135,587</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 1,765	\$ 563
Others	<u>1,944</u>	<u>1,026</u>
	<u>\$ 3,709</u>	<u>\$ 1,589</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	\$ 1421	\$ 575
Rental income	1,323	1,323
Grant income (Note 26)	110	42
Others	<u>1,285</u>	<u>504</u>
	<u>\$ 4,139</u>	<u>\$ 2,444</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 18,897	\$ 54,629
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(3,961)	(2,885)
Financial liabilities held for trading	-	(1,705)
Others	<u>(8)</u>	<u>-</u>
	<u>\$ 14,928</u>	<u>\$ 50,039</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 3,414	\$ 3,535
Interest on bank loans	<u>776</u>	<u>1,711</u>
	<u>\$ 4,190</u>	<u>\$ 5,246</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 42,048	\$ 43,564
Operating expenses	<u>18,590</u>	<u>21,715</u>
	<u>\$ 60,638</u>	<u>\$ 65,279</u>
An analysis of amortization by function		
Operating costs	\$ 748	\$ 661
Selling and marketing expenses	471	507
General and administrative expenses	198	215
Research and development expenses	<u>2,264</u>	<u>2,094</u>
	<u>\$ 3,681</u>	<u>\$ 3,477</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 459,743	\$ 516,999
Post-employment benefits		
Defined contribution plan	16,076	16,742
Defined benefit plans (Note 20)	654	740
Total employee benefits expense	<u>\$ 476,473</u>	<u>\$ 534,451</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 293,478	\$ 350,240
Operating expenses	182,995	184,211
	<u>\$ 476,473</u>	<u>\$ 534,451</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 1%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the board of directors on March 13, 2024 and March 10, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	7.00%	7.00%
Remuneration of directors	1.00%	1.00%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 10,708	\$ -	\$ 15,191	\$ -
Remuneration of directors	1,529		2,170	

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

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

Information on the compensation of employees and remuneration of directors resolved by the

Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 47,427	\$ 103,808
Foreign exchange losses	<u>(28,530)</u>	<u>(49,179)</u>
	<u>\$ 18,897</u>	<u>\$ 54,629</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 35,894	\$ 42,463
Adjustments for prior years	(7,266)	(21,622)
Deferred tax		
In respect of the current year	<u>(3,680)</u>	<u>(2,970)</u>
Income tax expense recognized in profit or loss	<u>\$ 24,948</u>	<u>\$ 17,871</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 140,731</u>	<u>\$ 199,656</u>
Income tax expense calculated at the statutory rate	28,146	39,931
Non-deductible expenses in determining taxable income	2,776	6,810
Unrecognized deductible temporary differences	1,292	(7,248)
Adjustments for prior years' tax	<u>(7,266)</u>	<u>(21,622)</u>
Income tax expense recognized in profit or loss	<u>\$ 24,948</u>	<u>\$ 17,871</u>

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 46,237</u>	<u>\$ 36,915</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets (Liabilities)	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized foreign exchange loss (gain)	(\$ 3,050)	\$ 4,177	\$ 1,127
Deferred revenue	17	4	21
Unrealized profit (loss) from sales	824	(548)	276
Others	(2,765)	47	2,812
	<u>\$ 556</u>	<u>\$ 3,680</u>	<u>\$ 4,236</u>

For the year ended December 31, 2022

Deferred Tax Assets (Liabilities)	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized foreign exchange loss (gain)	\$ 1,437	(\$ 4,487)	(\$ 3,050)
Deferred revenue	6	11	17
Unrealized profit (loss) from sales	391	433	824
Others	(4,248)	7,013	2,765
	<u>(\$ 2,414)</u>	<u>\$ 2,970</u>	<u>\$ 556</u>

d. Income tax assessments

The income tax returns through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.16</u>	<u>\$ 1.82</u>
Diluted earnings per share	<u>\$ 1.15</u>	<u>\$ 1.81</u>

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

Net Income for the Year

	For the Year Ended December 31	
	2023	2022
Income for the year	\$ <u>115,783</u>	\$ <u>181,785</u>

Number of shares (in thousands)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,950	99,950
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>376</u>	<u>721</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,326</u>	<u>100,671</u>

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

26. GOVERNMENT GRANTS

For the year ended December 31, 2023, the Company obtained the subsidy of NT\$110 thousand from the Ministry of Economy Affairs on Dubai, Thailand and Dusseldorf International Medical Exhibition. The amount has been included in the Other Income item.

For the year ended December 31, 2022, the Company has obtained the subsidy for the Middle aged and Elders stable employment training program from the Department of Labors and the subsidized funding for International Medical Equipment Fair in Singapore with the total amount of NT\$42 thousand. The amount has been included in the Other Income item.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of equity (comprising share capital, capital surplus, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, or the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial assets and financial liabilities that not measured at fair value were approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ -	\$ -	\$ 52,080	\$ 52,080
Domestic unlisted shares	-	-	9,788	9,788
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,868</u>	<u>\$ 61,868</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ -	\$ -	\$ 58,919	\$ 58,919
Domestic unlisted shares	-	-	6,910	6,910
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,829</u>	<u>\$ 65,829</u>

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) Partial domestic emerging market shares equity investment adopts market method, which refers to the price base of the benchmark stock and consider the differences between the evaluated target and the benchmark stock, adding on the value of the appropriate multiply to the evaluation target. The major unobservable of the asset input value is listed as below. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	December 31	
	2023	2022
Discount for lack of marketability	11.10%	15.35%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2023	2022
Discount for lack of marketability		
1% increase	\$ (586)	\$ (696)
1% decrease	\$ 586	\$ 696

- b) Part of the unlisted equity investment adopts an asset-based approach to evaluate the total value of the individual asset and individual liabilities of the target to reflect the total value of the company or business. The major unobservable input value is listed as follows. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	December 31	
	2023	2022
Discount for lack of marketability	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2023	2022
Discount for lack of marketability		
1% increase	\$ (122)	\$ (86)
1% decrease	\$ 122	\$ 86

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 61,868	\$ 65,829
Financial assets at amortized cost (Note 1)	708,446	854,608
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	220,762	372,841

Note 1 : The balances include financial assets at amortized cost, which comprise cash and cash equivalents, pledged deposits, notes receivable and accounts receivable (including from related parties), other receivables (including from related parties) and refundable deposits.

Note 2 : The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including from related parties), other payables (including from related parties) and guarantee deposits received.

d. Financial risk management objectives and policies

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

The corporate treasury function reports quarterly to the Company's management, that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 31.

Sensitivity analysis

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

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Profit or loss	\$ 2,379	\$ 2,816	\$ 294	\$ 195

	EUR Impact		JPY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Profit or loss	\$ 2,892	\$ 4,197	\$ 8	\$ 1

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 6,200	\$ 56,872
Financial liabilities	143,081	167,180
Cash flow interest rate risk		
Financial assets	350,968	263,224

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate assets, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$351 thousand and NT\$263 thousand, respectively, which was mainly a result of variable-rate of net assets.

c) Other price risk

The Company was exposed to price risk through equity investments. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. The Company's price risk is mainly concentrated in equity investment in Taiwan.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$3,093 thousand and NT\$3,291 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparties to discharge its obligation by the Company, comes from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the financial positions of customers.

The Company's credit risk is mainly concentrated in the Company's top three customers, as of December 31, 2023 and 2022, the total accounts receivable from the aforementioned customer's ratio were both 82%.

3) Liquidity risk

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

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 6,657	\$ 23,745	\$ 135,009
Notes payable	27,435	-	-
Accounts payable	120,034	-	-
Other payables	113,266	-	-
Fixed interest rate liabilities	<u>30,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 297,392</u>	<u>\$ 23,745</u>	<u>\$ 135,009</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Fixed interest rate liabilities	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>6,657</u>	<u>23,745</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>46,959</u>
	<u>\$ 36,657</u>	<u>\$ 23,745</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 46,959</u>

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 7,600	\$ 24,441	\$ 140,879
Notes payable	63,225	-	-
Accounts payable	208,558	-	-
Other payables	132,126	-	-
Fixed interest rate liabilities	<u>50,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 461,509</u>	<u>\$ 24,441</u>	<u>\$ 140,879</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Fixed interest rate liabilities	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>7,600</u>	<u>24,441</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>52,829</u>
	<u>\$ 57,600</u>	<u>\$ 24,441</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 52,829</u>

b) Financing facilities

	December 31	
	2023	2022
Uncollateralized Bank loan facilities		
Amount used	\$ 30,000	\$ 50,000
Amount unused	<u>554,230</u>	<u>587,810</u>
	<u>\$ 584,230</u>	<u>\$ 637,810</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Relationship with the Company
Omnis Health LLC	Subsidiary
Apex Biotechnology (Suzhou) Corporation	Subsidiary
METERTECH INC.	Others

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Subsidiaries	\$ 96,624	\$ 95,816
	Others	<u>472</u>	<u>269</u>
		<u>\$ 97,096</u>	<u>\$ 96,085</u>

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Cost of goods sold	Others	\$ 5,752	\$ 6,374
	Subsidiaries	<u>3,262</u>	<u>4,438</u>
		<u>\$ 9,014</u>	<u>\$ 10,812</u>

The Company has no comparable counterparties to compare with the sales and purchase prices of related parties. The payment terms for sales and purchases of related parties and unrelated parties were 30 to 150 days after monthly closing.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Notes and accounts receivable from related parties	Subsidiaries	\$ 46,051	\$ 23,519
	Others	64	64
		<u>\$ 46,115</u>	<u>\$ 23,583</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Subsidiaries	\$ 810	\$ -
	Others	197	2,035
		<u>\$ 1,007</u>	<u>\$ 2,035</u>

The outstanding accounts payable from related parties are unsecured and will be settled in cash.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating expenses	Others	\$ 6	\$ 257

The Company has no comparable counterparties to compare with the operating expenses of related parties.

g. Financing provided to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Subsidiaries		
	Omnis Health LLC	<u>\$ 41,443</u>	<u>\$ 41,158</u>
Interest income	Subsidiaries		
	Omnis Health LLC	<u>\$ 1,943</u>	<u>\$ 1,026</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 18,806	\$ 19,015
Post-employment benefits	270	268
	<u>\$ 19,076</u>	<u>\$ 19,283</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged as collateral for land lease from the Hsinchu Science Park Bureau.

	December 31	
	2023	2022
Pledged time deposits (classified as financial assets at amortized cost)	\$ 6,200	\$ 6,200

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,501	30.705	\$ 261,023
EUR	8,510	33.980	289,170
RMB	6,989	4.327	30,241
JPY	10,132	0.2172	2,201
			<u>\$ 582,635</u>
<u>Financial liabilities</u>			
Monetary items			
USD	752	30.705	23,090
RMB	187	4.327	809
JPY	6,509	0.2172	1,414
			<u>\$ 25,313</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,598	30.710	\$ 356,175
EUR	12,826	32.720	419,667
RMB	4,427	4.408	19,514
JPY	7,112	0.2324	1,653
			<u>\$ 797,009</u>

Financial liabilities

Monetary items			
USD	2,428	30.710	74,564
JPY	6,830	0.2324	1,587
GBP	81	37.090	3,004
			<u>\$ 79,155</u>

The significant unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31					
2023			2022		
Foreign Currency	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	
USD	30.705 (USD : NTD)	(\$ 3,931)	30.710 (USD : NTD)	\$ 2,539	
EUR	33.980 (EUR : NTD)	(1,616)	32.720 (EUR : NTD)	12,696	
RMB	4.327 (RMB : NTD)	(121)	4.408 (RMB : NTD)	12	
JPY	0.2172 (JPY : NTD)	(6)	0.2324 (JPY : NTD)	(72)	
GBP	39.150 (GBP : NTD)	-	37.090 (GBP : NTD)	37	
CHF	36.485 (CHF : NTD)	39	33.205 (CHF : NTD)	36	
		(\$ 5,635)		<u>\$ 15,248</u>	

32. SEPARATELY DISCLOSED ITEMS

Except for items (a) to (f), there are no other significant transactions, information on investees, and information on investment in mainland China that should be disclosed.

a. Financing provided to others

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	The Company	Omnis	Other receivables - related parties	Yes	\$ 61,410 (USD2,000 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	1.07%~5.01%	The need for short-term financing	\$	Operating capital	\$ -	-	\$ -	\$ 538,930	\$ 718,573
		Omnis	Other receivables - related parties	Yes	61,410 (USD2,000 thousand)	61,410 (USD2,000 thousand)	39,917 (USD1,300 thousand)	4.3%~5.30%	The need for short-term financing	-	Operating capital	-	-	-	538,930	718,57

Note 1 : Financing limit for each borrower in the Group, which the Company directly or indirectly owns more than 20% of its voting shares, shall not exceed 30% of the Company's net equity as stated in latest financial statements.

Note 2 : The aggregate financing limit shall not exceed 40% of the Company's net equity as stated in latest financial statements.

b. Endorsements/guarantees provided

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Omnis	Subsidiary	\$359,286	\$ 76,763 (USD2,500 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	\$ -	-	\$898,217	Yes	No	No

Note 1 : Limit on endorsements/guarantees given on behalf of each party shall not exceed 20% of the Company net equity as stated in latest financial statements.

Note 2 : The aggregate endorsements/guarantees limit shall less than 50% of the Company's net equity as stated in latest financial statements.

c. Marketable securities held

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Shares : Lytone Enterprise, Inc.	—	FVTPL- current	2,131,800	\$ 52,080	12	\$ 52,0
	Shares : Ascendax Venture Capital Corporation	—	FVTPL- current	785,400	9,788	2	
	H2 INC.	—	FVTPL- current	899,646	-	1	
	Shares : Shieh-tai Biochemical Technology Co., Ltd.	—	FVTPL- current	372,000	-	1	

Note : The marketable securities listed above were not pledged, guarantees or otherwise restricted by contract as of December 31, 2023.

d. Information on investees

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	(%)	Carrying Amount			
The Company	Omnis	USA	Wholesale of medical consumable and medical equipment	\$ 526,613	\$ 526,613	70,312,094	99	\$ 25,027	(\$18,621)	(\$18,413)	—

e. Information on investment in mainland China

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
APEX (Suzhou)	Wholesale of medical consumable and medical equipment	\$ 35,394 (RMB 7,000 thousand)	(Note)	\$ 33,975 (RMB 6,700 thousand)	\$	\$	\$ 33,975 (RMB 6,700 thousand)	\$3,257	96%	\$3,117	\$4,523	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$33,975 (RMB 6,700 thousand)	\$33,975 (RMB 6,700 thousand)	\$1,077,860

Note : Direct investment in mainland China.

f. Information of major shareholders

Name of shareholders with ownership of 5% or greater, amount and proportion of shareholding.

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Yen Shih Shen	9,744,579	9.74%
SANYANG MOTOR CO., LTD.	5,023,000	5.02%

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STATEMENT 1**APEX BIOTECHNOLOGY CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash on hand	Including : NTD105 thousand 、 RMB11 thousand @4.327 、 JPY37 thousand@ 0.2172 、 EUR1 thousand @ 33.980 and USD1 thousand @ 30.705	\$ 214
Cash in banks		
Foreign currency deposits	Including : USD2,633 thousand @30.705 、 JPY10,095 thousand @0.2172 、 EUR4,386 thousand @33.980 、 RMB4,643 thousand @4.327 and CHF97 thousand @36.485	255,785
Checking accounts and demand deposits		<u>95,191</u>
		<u>\$ 351,190</u>

APEX BIOTECHNOLOGY CORPORATION

**STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Investees	Balance at the beginning of the year		Increase in the year		Decrease in the year		Unrealized gains (losses) on financial assets	Balance at the end of the year	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount		Number of shares (in thousands)	Amount
Domestic emerging market shares									
Lytone Enterprise, Inc.	2,030	\$ 58,919	102	\$ -	-	\$ -	(\$ 6,839)	2,132	\$ 52,080
Unlisted shares									
Ascendax Venture Capital Corporation	785	\$ 6,910	-	\$ -	-	\$ -	\$ 2,878	785	\$ 9,788
H2 Inc.	900	-	-	-	-	-	-	900	-
Shieh-tai Biochemical Technology Co., Ltd	372	-	-	-	-	-	-	372	-
		\$ 6,910		\$ -		\$ -	\$ 2,878		\$ 9,788

Note1 : Above financial assets were not pledged as security.

Note2 : The increase refers to the number of shares distributed by the investees' surplus for capital increase.

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
NOTES RECEIVABLE	
Client A	\$ 4,112
Others (Note 1)	<u>484</u>
	<u>4,596</u>
ACCOUNTS RECEIVABLE	
Client B	102,247
Client C	69,730
Client D	37,864
Client E	21,745
Others (Note 1)	<u>24,218</u>
	<u>255,804</u>
Less: Allowance for doubtful accounts	(<u>1</u>)
	<u>\$ 260,399</u>

Note 1 : The amount of individual client in others does not exceed 5% of the account balance.

Note 2 : There are no accounts receivable that are past due over 1 year.

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Cost	Amount Net Realizable Value
Finished goods and merchandise	\$ 71,891	\$ 108,087
Work in process	280,913	395,379
Raw materials	<u>342,642</u>	<u>344,372</u>
Total	<u>\$ 695,446</u>	<u>\$ 847,838</u>

APEX BIOTECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance at the beginning of the year		Increase in the year		Decrease in the year		Realized profit on sales	Investment income (loss)	Exchange differences on translation of financial statements of foreign operations	Balance at the end of the year			Net equity	Pledge status	Remarks
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				Shares (In Thousands)	Shareholding %	Amount			
Unlisted shares															
Omnis Health LLC	70,312	\$ 40,706	-	\$ -	-	\$ -	\$ 2,475	(\$ 18,413)	\$ 259	70,312	99	\$ 25,027	\$ 26,468	-	Note
Apex Biotechnology (Suzhou) Corporation	6,700	<u>1,216</u>	-	<u>-</u>	-	<u>-</u>	<u>265</u>	<u>3,117</u>	(<u>75</u>)	6,700	96	<u>4,523</u>	<u>4,463</u>	-	Note
		<u>\$ 41,922</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 2,740</u>	(<u>\$ 15,296</u>)	<u>\$ 184</u>			<u>\$ 29,550</u>	<u>\$ 30,931</u>		

Note : The net value was based on audited financial statements for the same period.

APEX BIOTECHNOLOGY CORPORATION
STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
Cost					
January 1, 2023	\$ 124,034	\$ 966	\$ 1,650	\$ 2,415	\$ 129,370
Additions	<u>-</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>95</u>
December 31, 2023	<u>124,034</u>	<u>1,061</u>	<u>1,650</u>	<u>2,415</u>	<u>129,160</u>
Accumulated					
January 1, 2023	14,984	352	550	1,750	17,636
Additions	<u>3,760</u>	<u>212</u>	<u>825</u>	<u>557</u>	<u>5,354</u>
December 31, 2023	<u>18,744</u>	<u>564</u>	<u>1,375</u>	<u>2,307</u>	<u>22,990</u>
Carrying amount at					
December 31, 2023	<u>\$ 105,290</u>	<u>\$ 497</u>	<u>\$ 275</u>	<u>\$ 108</u>	<u>\$ 106,170</u>

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

	Vendor Name	Amount
Vendor A		\$ 5,269
Vendor B		3,384
Vendor C		2,633
Vendor D		1,850
Vendor E		1,603
Others (Note)		<u>12,696</u>
Total		<u>\$ 27,435</u>

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

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

	Vendor Name	Amount
Vendor D		\$ 11,756
Vendor F		10,438
Vendor A		8,506
Vendor G		7,368
Vendor E		6,281
Others (Note)		<u>75,685</u>
		<u>\$ 120,034</u>

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

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Rental Period	Discount Rate	Amount
Land	2019.01 - 2051.12	2.93%	\$ 112,051
Buildings	2021.01 - 2025.12	2.65%~3.44%	515
Transportation equipment	2022.05 - 2024.05	5.69%	288
Office equipment	2019.04 - 2024.03	5.69%	<u>227</u>
Total			113,081
Less: Lease liabilities - current			(<u>3,391</u>)
Lease liabilities - non-current			<u>\$ 109,690</u>

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Shipments (In thousands)	Unit	Amount
Strip	654,222	Pcs	\$ 990,841
Electrode	4,670	Row	253,441
Meter	1,085	EA	233,984
Others	674	-	<u>66,090</u>
			1,544,356
Less : Sales returns and discounts			(<u>3,095</u>)
			<u>\$ 1,541,261</u>

APEX BIOTECHNOLOGY CORPORATION
STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct materials	
Balance, beginning of year	\$ 350,542
Raw material purchased	606,381
Expenses transferred in and others	200
Raw materials, end of year	(342,642)
Raw materials sold	(<u>2,335</u>)
Raw materials used	612,146
Direct labor	176,478
Manufacturing expenses	<u>331,529</u>
Manufacturing costs	1,120,153
Work in process, beginning of year	293,973
Work in process, end of year	(280,913)
Transferred to expenses and others	(25,624)
Work in process sold	(<u>458</u>)
Cost of finished goods	1,107,131
Finished goods and merchandise, beginning of year	46,515
Finished goods purchased	974
Expenses transferred in and others	16,060
Finished goods and merchandise, end of year	(<u>71,891</u>)
Cost of goods sold	1,098,789
Raw materials sold	2,335
Work in process sold	458
Cost of services	<u>443</u>
Operating costs	<u>\$ 1,102,025</u>

APEX BIOTECHNOLOGY CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and related expense	\$ 22,492	\$ 51,869	\$ 79,440
Advertisement expense	5,627	47	-
Import and export expense	4,243	6	151
Travel expense	4,195	795	833
Shipping expenses	3,822	43	156
Insurance expense	3,194	5,356	8,361
Validation and test expense	3,031	3,596	5,435
Indirect material	383	2	18,393
Depreciation expense	353	2,622	15,615
Service fees	-	4,810	510
Others (Note)	<u>9,398</u>	<u>15,326</u>	<u>34,431</u>
	<u>\$ 56,738</u>	<u>\$ 84,472</u>	<u>\$ 163,325</u>

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

APEX BIOTECHNOLOGY CORPORATION

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

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 239,414	\$ 151,991	\$ 391,405	\$ 293,471	\$ 153,940	\$ 447,411
Labor and health insurance	29,934	15,355	45,289	31,086	14,457	45,543
Pension	9,210	7,520	16,730	10,231	7,221	17,452
Board compensation	-	1,810	1,810	-	2,455	2,455
Others	14,920	6,319	21,239	15,452	6,138	21,590
Total	<u>\$ 293,478</u>	<u>\$ 182,995</u>	<u>\$ 476,473</u>	<u>\$ 350,240</u>	<u>\$ 184,211</u>	<u>\$ 534,451</u>
Depreciation	<u>\$ 42,048</u>	<u>\$ 18,590</u>	<u>\$ 60,638</u>	<u>\$ 43,564</u>	<u>\$ 21,715</u>	<u>\$ 65,279</u>
Amortization	<u>\$ 748</u>	<u>\$ 2,933</u>	<u>\$ 3,681</u>	<u>\$ 661</u>	<u>\$ 2,816</u>	<u>\$ 3,477</u>

Note 1 : As of December 31, 2023 and 2022, the Company had 710 and 723 employees, respectively. There were 4 and 4 non-employee directors, respectively.

Note 2 : Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

- (1) Average labor cost for the year ended December 31, 2023 was \$672 thousand (“Total labor cost for the current year - Total directors’ remuneration” / “Number of employees for the current year - Number of directors who did not also serve as employees”).

Average labor cost for the year ended December 31, 2022 was \$740 thousand (“Total labor cost for the previous year - Total directors’ remuneration“ / “Number of employees for the previous year - Number of directors who did not also serve as employees“).

- (2) Average salary and bonus for the year ended December 31, 2023 was \$554 thousand (“Total salary and bonus for the current year” / “Number of employees for the current year - Number of directors who did not also serve as employees”).

Average salary and bonus for the year ended December 31, 2022 was \$622 thousand (“Total salary and bonus for the previous year” / “Number of employees for the previous year - Number of directors who did not serve as employees”).

- (3) Changes in the average salary and bonus adjustment -10.93% (“Average salary and bonus for the current year - Average salary and bonus for the previous year”/ Average salary and bonus for the previous year).

- (4) The Company has established an audit committee in 2018, so it has no supervisor in 2023 and 2022.

- (5) The Company's relevant salary and remuneration policies are formulated and serve in accordance with the Company's Personnel Management Regulations.

VII 、 Financial Status, Operating Results and Status of Risk Management

1. Financial Status

Table of comparative analysis into financial status

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	1,506,641	1,654,478	(147,837)	-8.94%
Financial assets at amortized cost – non-current	6,200	6,200	0	0.00%
Property, Plant and Equipment	604,355	641,370	(37,015)	-5.77%
Right-of-use Assets	116,234	124,709	(8,475)	-6.80%
Intangible Asset	44,219	69,141	(24,922)	-36.05%
Other non-current assets	19,355	18,803	552	2.94%
Total Assets	2,297,004	2,514,701	(217,697)	-8.66%
Current Liabilities	383,354	570,552	(187,198)	-32.81%
Lease liabilities - non-current	116,196	122,668	(6,472)	-5.28%
Other non-current liabilities	520	3,588	(3,068)	-85.51%
Total Liabilities	500,070	696,808	(196,738)	-28.23%
Share Capital	999,502	999,502	0	0.00%
Capital Surplus	68,368	68,368	0	0.00%
Retained Earnings	718,873	739,947	(21,074)	-2.85%
Other Equity	9,691	9,507	184	1.94%
Non-controlling Interests	500	569	(69)	-12.13%
Total Equity	1,796,934	1,817,893	(20,959)	-1.15%
If the difference in comparison with the previous period exceeds 20%, and the main reason and the impact are analyzed as follows:				
(1) Intangible Asset : Mainly due to recognition of impairment loss and amortization.				
(2) Current Liabilities : Mainly due to the decrease in notes payable, accounts payable and contract liabilities.				
(3) Other non-current assets : Mainly due to the decrease in deferred tax liabilities.				

2. Operating Results

Table of comparative analyses on the result of business operation

Unit: NT\$ thousands

Item	2023	2022	Difference	Increase/Decrease%
Operating Revenue	1,676,537	2,244,176	(567,639)	-25.29%
Operating Costs	1,145,421	1,667,337	(521,916)	-31.30%
Gross Profit	531,116	576,839	(45,723)	-7.93%
Operating Expenses	389,400	400,279	(10,879)	-2.72%
Income from Operation	141,716	176,560	(34,844)	-19.73%
Non-operating Income and Expenses	(754)	23,015	(23,769)	-103.28%
Net Income before Tax	140,962	199,575	(58,613)	-29.37%
Income Tax Expenses	25,248	18,124	7,124	39.31%
Net Income for the Year	115,714	181,451	(65,737)	-36.23%
Other Comprehensive Income	3,257	12,821	(9,564)	-74.60%
Total Comprehensive Income for the year	118,971	194,272	(75,301)	-38.76%
Analysis of any increase/decrease in ratio exceeding 20% :				
(1) Operating Revenue : Mainly for customers destocking have not as expected that led to in a decrease in their purchase order.				
(2) Operating Costs : Mainly due the the decrease in operating revenue.				
(3) Non-operating Income and Expenses: Mainly due to the decrease in net foreign exchange gains.				
(4) Income Tax Expenses : Mainly due to the difference in adjustments for prior years.				
(5) Other Comprehensive Income: Mainly due to the decrease in exchange differences arising on translation of foreign operations.				

3. Cash Flow Analysis

Liquidity analysis

Item \ Year	2023	2022	Increase/Decrease%
Cash flow ratio (%)	60.10	4.66	1189.70%
Cash flow adequacy ratio (%)	114.06	85.81	32.92%
Cash flow reinvestment ratio (%)	3.10	-3.59	186.35%
Analysis of any increase/decrease in ratio exceeding 20% :			
(1) Cash flow ratio : Mainly due to the increase in net cash flow from operating activities due to the decrease in accounts receivable and inventories.			
(2) Cash flow adequacy ratio : Mainly due to the increase in net cash inflow generated from operating activities and the decrease in inventories.			
(3) Cash flow reinvestment ratio : Mainly due to the increase in net cash inflow generated from operating activities.			

Cash Flow Projection for Next Year:

Unit: NT\$ thousands

Beginning cash balance A	Net cash flow from operating activities anticipated in entire year B	Net Cash used C	Cash Balance A + B – C	Remedy for Liquidity Sortfall	
				Investing Plan	Financing Plan
382,046	258,753	234,983	405,816	-	-
Note : 1. Cash Flow Projection for Next Year : (1) Mainly due to net income, depreciation expense and amortization expense. (2) Investing activities : Mainly due to the acquisition of property, plan and equipment. (3) Financing activities : Mainly due to cash dividends paid. 2. Remedial Actions for Liquidity shortfall: Not applicable.					

4. Major Capital Expenditures and Impact on Financial and Business in the Most Recent Fiscal Year

(1) Capital Expenditure and Source of Funds : No major capital expenditure in 2023.

(2) Expected Benefits : No major capital expenditure plan.

Expected increase in production and sales volume, value and gross profit : Not applicable.

Other expected Benefits : Not applicable.

5. Recent Reinvestment Policy, Major Reasons for Profits or Loses, Improvement Plan and Investment Plan for the Following Year

The Company's re-invested policy was designed for the needs of operation as well as medium and long-term development strategies. Recently, the overall performances of Chinese and the US subsidiaries have been improved, and they are expected to continue their commitment to Increase product diversity, developing new customers and cutting down operating costs. Based on these methods, the Company's operation is anticipated to make progress, showing better investment efficacy.

December 31, 2023 ; Unit: NT\$ thousands

Investee Company	Shareholding %	Policy	Major Reasons for Profits or Loses	Improvement Plan	Investment Plan for the Following Year
Omnis Health LLC	99%	The US market channel building	Stable Gross Margin	Increase product diversity, to strengthen customer development, new products promotion and to streamline operating costs.	—

Investee Company	Shareholding %	Policy	Major Reasons for Profits or Losses	Improvement Plan	Investment Plan for the Following Year
Apex Biotechnology (Suzhou) Corporation	96%	China market channel building	The revenue increased 7% in 2023 and the business performance grew up through strengthening product promotion and sales expense control.	Increase product diversity, to strengthen customer development, new products promotion and to streamline operating costs.	—

6. Analysis of Risk Management in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(A) The impacts of the changes in interest rates : The interest income of the Company and subsidiaries of 2023 is 1,782,000 NTD; the interest expense is 4,388,000 NTD, so the net interest expense is 2,606,000 NTD, accounting for 1.84% of the operating profit. The interest expense mainly consisted of interest of lease liabilities and bank borrowings. The Company and subsidiaries will maintain regular examination on the impact of interest rate changes on profit and loss, and take countermeasures in response to actual needs.

(B) The impacts of the changes in exchange rates : To avoid the foreign exchange risk on net assets or net liabilities denominated in foreign currencies, the Company and its subsidiaries hedged by purchasing and selling forward exchange contracts.

(C) The impacts from inflation : No significant inflation in 2023.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Loans of funds to Others or Endorsement Guarantees, and Derivatives Transactions

(A) The company did not engage in transactions related to high-risk, high-leverage investments in 2023.

(B) The Company's policy of lending funds to other parties or endorsements and guarantees of 2023 was conducted according to "the Procedure of Lending Funds to Other Parties" and "the Procedure of Endorsements and Guarantees". Up to the printing date of the annual report, the targets of the Company's fund lending and endorsements and guarantees are all our subsidiaries. Apart from those mentioned above, the Company and subsidiaries have no other fund lending or endorsements and guarantees cases.

(C) The derivative transactions our Company has been engaged in are purchasing and selling forward exchange contracts. The main purpose is to avoid the foreign exchange risk on net assets or net liabilities denominated in foreign currencies. The operation procedure is conducted according to “the Procedure of Asset Acquisition or Disposition”.

(3) The future research & development plans and the expenses anticipated to be invested into reresearch & development

Research & Development Plans :

- (A) Remote data transmission monitoring systems
- (B) Multifunctional medical biochemical testing kit
- (C) A multiparameter blood lipid monitoring system
- (D) A Continuous Glucose Monitor (CGM) for home use
- (E) Rapid test reagent kits.

The estimated R&D expenditure for next 2 years is approximately NT\$ 350 million.

(4) Changes in Domestic and Overseas Policies and Laws That Have an Impact on the Company's Financial and Business and the Countermeasures:

1. The impact of changes in domestic and overseas policies and laws on the company's financial and business in the recent year : : So far no impact.
2. Countermeasures: To strengthen patent portfolio management; to keep track of domestic and foreign policies, as well as the changes of financial markets.

(5) Impact of Changes in Technology and Industry to the Company's Finance and Business and the Countermeasures: Technological advancement and changes can stimulate product development, which is why it has no negative influence on our financial status.

(6) Impact of Corporate Image Change on Risk Management and Response Measures: In recent years, the Company has been constantly developing new products and technologies, as well as controlling our product quality to comply with international regulations and to meet customers' standards for the promotion of our public image. Hence, there has been no negative change of our corporate image.

(7) Expected Benefits and Potential Risks of Merger and Acquisition : Not applicable.

(8) Expected Benefits, Potential Risks, and Countermeasures of Factory Expansion : Not applicable.

(9) Risks Relating to the Concentration of Purchasing or Sales and the Countermeasures : Centralized procurement: Our main concern is the feature of containing confidential technology of the products, and to maintain effective control of the quality and delivery time.

High customer concentration risk: In 2023, customer A, B and C accounted for 8.48%, 32.08% and 21.04% of the Company's total sales. The Company is now planning to continue developing new customers and new products in 2024, which could help adjust the situation.

(10) The Impact of Mass Transfer or Change of Equity by Directors, or Shareholders Holding More than 10% of Shares on the Company, Associated Risks and Response Measures: Not applicable.

(11) The Impact of Change of Operating Rights on the Company, Associated Risk and Response Measures: Not applicable.

(12) Litigious or Non-litigious Events :

(A) Final judgments or pending litigation, non-litigation or administrative proceedings in most recent year and as of the date of printing of this Report which may have a material impact on shareholders' interests or stock price: None

(B) Final judgment, ongoing major litigation, non-litigation or administrative proceedings involving Company directors, supervisors, general manager, substantial representative, and shareholders that hold more than 10% of the Company's stock and affiliated companies up to the publication date of this Annual Report that can have a material impact on shareholders' interest or stock price: None

(13) Other Major Risk and Response Measures : None.

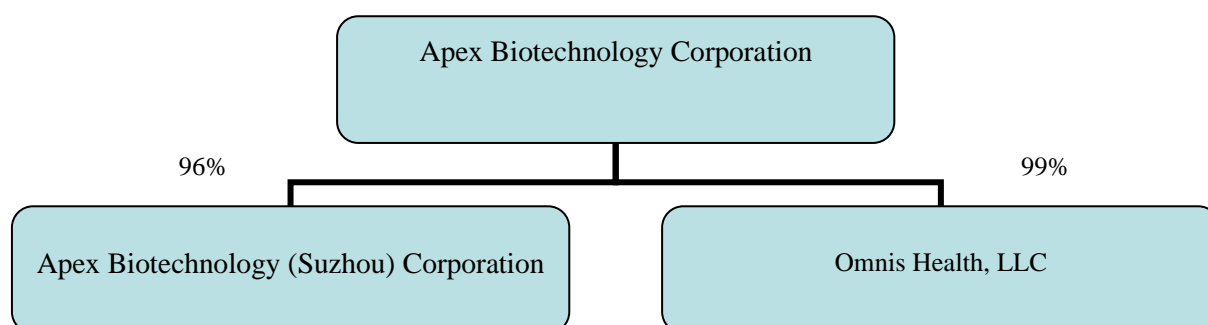
7. Other Material Events: None.

VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated Business Report

(A) Corporate Affiliation Chart



(B) Basic Information of Affiliated Companies

Company Name	Establishment Date	Address	Paid-in Capital	December 31, 2023
				Primary Business or Production
Apex Biotechnology (Suzhou) Corporation	101.08	R106, 2F, No.2, Ke Cheng Rd., Suzhou Industrial Park	RMB7,000,000	Wholesale of medical consumable and medical equipment
Omnis Health, LLC	96.12	1740 River Hills Drive, Nashville, TN 37210 U.S.A.	USD33,868,413.87	Wholesale of medical consumable and medical equipment

(C) Presumed to be in Effective Control of the Same Shareholder Information with the Affiliate: None.

(D) Businesses operated by Affiliated Companies and their Relationship with each other

Primary Business or Production	Affiliated Company Name	December 31, 2023
		Relationship
Wholesale of medical consumable and medical equipment	Apex Biotechnology (Suzhou) Corporation	None
Wholesale of medical consumable and medical equipment	Omnis Health, LLC	None

(E) Directors, Supervisors, and President in all Affiliated Companies

December 31, 2023

Company Name	Title	Name or Representative	Shares Held	
			Number of Shares	Percentage of Shares
Apex Biotechnology (Suzhou) Corporation	Representative	Apex Biotechnology Corporation (Representative : Thomas Shen)	(Note)	96%
Omnis Health, LLC	CEO	Apex Biotechnology Corporation (Representative : Ben Shen)	70,312,094	99%

Note : There are only capital contributions and no shareholding as it is a limited company.

(F) Overview of subsidiaries's operations

December 31, 2023 ; Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Income from Operation	Net Profit (Loss) (after tax)	Earnings per Share (NT\$) (after tax)
Apex Biotechnology (Suzhou) Corporation	35,394	18,543	13,881	4,662	52,648	2,936	3,257	Note
Omnis Health, LLC	1,011,647	131,326	104,559	26,768	189,358	7,265	(18,621)	(0.26)

Note1 : There are only capital contributions and no shareholding as it is a limited company.

(2) Consolidated Financial Statements of affiliates

The entities that are required to be included in the combined financial statements of Apex Biotechnology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Apex Biotechnology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

(3) Affiliation Report: None

2. Private Placement Securities of the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report : None
3. Holding or Disposition of the Company Stocks by Subsidiaries in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report : None.
4. Other Necessary Supplements : None.
5. Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act : None.

Apex Biotechnology Corporation

Chairman & President: Thomas Shen