Stock Code:6499

Medeon Biodesign, Inc.

2022 Annual Report

2022 annual report is available at:
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This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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I. Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen,

First and foremost, we would like to thank our shareholders for their support and encouragement over the past year. We would like to report to all shareholders the consolidated business results for 2022, the outline of business plan for 2023, future development strategies, as well as the impact of the external competitive environment, regulatory environment and general business environment as follows.

1. Consolidated Business Results for 2022

(1) Overview of Business Policies and Implementation

Medeon specializes in the development of Class II and Class III medical devices with high market value. Our product development is focused on minimally invasive surgeries such as laparoscopic procedures, orthopedics, urology and advanced cardiovascular surgeries as our main areas of research and development at the present stage. Since the end of 2021, the Company entered and actively pursues Contract Development and Manufacturing Organization (CDMO) market, and has acquired MediBalloon, a medical balloon manufacturer with top-notch technology, Second Source Medical, a CDMO firm in Silicon Valley of the USA. The Company also integrated Medeonbio, a subsidiary specialized in advanced catheter technology to create a one-stop shopping CDMO group.

Medeon has entered the 10th year of operation. In the area of the research and development of medical devices, Cross-Seal™ - large bore vascular closure system (IVC-C01) has been licensed to Terumo for US$50 million in the 1st quarter of 2018. As of the end of 2022, the Company has received US$20 million for upfront payment and US$10 million for milestone payment. The Company has received the “PMA Approvable Letter” from the US FDA at the end of 2021, which we expected to receive premarket approval after the FDA cGMP on-site inspection in 2023. The Company will continue to work with Terumo to bring the product to market as the primary objective of securing the remaining US$20 million of milestone payments. The Urocross™ Expander system- treatment for lower urinary tract symptoms (LUTS) associated with Benign Prostatic Hyperplasia (BPH) (URO-T01) in development has been approved by the US FDA to conduct IDE study in mid-2022, and started the patient enrollment in the 3rd quarter of 2022. The enrollment of the clinical study is in progress. The Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01) in development has been prepared for the application of First-in-man clinical trial in the USA in 2022. It is expected that the First-In-Man Study will be conducted in the USA in the first half of 2023. For the products obtained regulatory approval for ClickClean™ - in-situ cleaning device for laparoscopic surgery (LAP-A01), AbClose™ - port site closure system and PUMA™ - Trauma Internal Fixation Device (ORP-T01), we are actively seeking licensing or commercial partnerships and will spare no efforts to complete the deal.

The Company's subsidiary Medeologix has already completed the merger and acquisitions with US-based MediBalloon, Second Source Medical and integrated MedeonBio in 2022. As the mass production base, Medeologix will continue to enhance our capacity in the assembly and manufacturing of advanced medical balloon, catheters, semi-finished medical devices, and final-assembly to provide full-range one-stop service in medical devices to our customers with a wide array of choices in components and finished products, from research and development to manufacturing.

Medeon has pioneered a novel business model for the medical devices industry in Taiwan, focusing on the front end of value chain by identifying the clinical unmet needs, determining design specifications, and verifying safety and efficacy through pre-clinical animal studies and clinical trials (Feasibility Studies) to create added value for products. While certain objective achieved for each product under development, the Company immediately initiated the negotiation with global top medical device companies and seek opportunities for licensing or strategic partnership. Through successful licensing, the Company is able to obtain licensing revenues and return to shareholders. In 2023, the Company will continue to develop its advanced medical device CDMO business. Besides proactively developing potential customers, the Company also provides contract manufacturing services to its licensing business partners, to generate steady cash flow on top of the licensing returns.

(2) Results of business plan implementation and budget execution

The consolidated revenue of the Company amounted to $298,317 thousand in 2022 mainly from the service and the milestone payments upon completion of Phase 2B of Cross-Seal™ - large bore vascular closure system (IVC-C01). It also contains the revenue of production and project development from CDMO services of advanced medical devices. Net loss in 2022 amounted to $496,900 thousand.

(3) Income statement and profitability analysis

A. Income Statement

(Unit: NT$ thousand dollar)

Item	2021	2022
Sales revenue	68,957	298,317
Net operating margin	28,631	186,812
Operating expenses	(524,220)	(674,649)
Non-Operating income and expense	(18,318)	48,722
Profit from discontinued operations	2,617,810	-
Profit (Loss) for the year	2,031,446	(496,900)
Profit (Loss) for the year-attributable to the parent	2,078,192	(433,758)

B. Profitability analysis

(Unit: %)

Item	2021	2022
Return on assets (ROA)	52.94	(11.72)
Return on equity (ROE)	59.35	(12.66)
Net income before tax (Note) as a percentage of paid-in capital	(70.17)	(49.99)
Net profit rate	2,945.96	(166.57)
EPS (NT$)	23.78	(4.95)

Note: Excluding the profit from discontinued operations.

(4) Research and development status

The Company's major projects under development are outlined as follows.

A. Urocross™ Expander system - treatment for lower urinary tract symptoms (LUTS) associated with Benign Prostatic Hyperplasia (BPH) **(URO-T01)**

The primary function of this product is a solution addressing to the problem of the narrow urinary duct and problem in urination caused by benign prostatic hyperplasia. The product is intended to provide minimally invasive treatment to patients, effectively alleviating clinical symptoms and improving patients' quality of life. In the fourth quarter of 2016, the Company started to design and develop various prototypes for the product. In 2017, the Company even conducted multiple animal studies to prove the effectiveness of the product in relieving symptoms caused by benign prostatic hyperplasia. The First-in-Man Study was initiated in the 4th quarter of 2018, and the US FDA approved Urocross to conduct the IDE study in the US in mid 2022. By the end of 2022, the company has enrolled more than 30 cases. Clinical trial is actively recruiting and ongoing now.

B. Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01)

This product aims at Thoracic Aortic Repair procedure. The main objective is to reduce the complexity of the surgery as well as the operative time, which provides competitive advantages. The project was officially launched in the second quarter of 2018 and has gone through the process of project planning, physician interviews, defining market and product specifications, product design, patent application and other development activities. In 2021, multiple animal studies with at least six-month follow-up have been completed, with results presented at the European Association for Cardio-Thoracic Surgery. By the 3rd quarter of 2022, we have two meetings with the US FDA, and continue to push forward to the First-in-Human Study in the USA.

C. PUMA™- Trauma Internal Fixation Device (ORP-T01)

This product is a medical device designed for internal fixation of limb trauma, which involves the shoulder, elbow, wrist or ankle in internal fixation. The product not only provides continuous and effective internal fixation at trauma sites, but also allows patients to move their joints naturally while recovering without the risk of breaking or displacing

the fixation, thus reducing the chance of a secondary surgery for implant removal. The Company initiated the project in 2017 and started the product design, prototyping and testing, application for regulatory approval as well as other development activities, and obtained 510(k) from the US FDA in the first quarter of 2018. We are looking for licensing and commercial partners for the time being.

D. ClickClean™ - in-situ cleaning device for laparoscopic surgery (LAP-A01)

This product is a medical device developed to solve the burden of removing contamination from the lens. It is designed to be easy to use and allows surgeons to clean the lens quickly during surgery, avoiding interruptions and reducing the risk to patients. In addition to receiving FDA 510(k) in the third quarter of 2015, the product has also been granted additional FDA Special 510(k) in the first quarter of 2016 and the first quarter of 2017, respectively. Currently, the Company is seeking licensing or commercial partners.

E. AbClose™ - in-port site closure system (LAP-C01)

This product is a medical device developed to address the problem of needle puncture or inadvertent injury to intraperitoneal organs or blood vessels at the end of laparoscopic surgical procedures, and to facilitate easy and rapid closure of the wounds. The product has been granted FDA 510(k) marketing approval in the third quarter of 2016; we are now seeking licensing or commercial partners.

2. Overview of Business Plan for 2023

(1) Business policies

A. We will continue to drive product development forward and generate revenue from projects, including licensing and milestone payments:

In 2023, we will continue to support Terumo in obtaining PMA approval for IVC-C01 (Cross-Seal), and obtain milestone payments for 1B, 2A-2, and 3A. With respect to the Urocross™ Expander system – treatment for ower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01) and the Duett™ – Vascular Graft System for Aortic Dissection Repair (CVS-T01), the Company will spare no effort in moving forward the development progress. The URO-T01 has obtained the approval from US FDA to conduct IDE study in US at Mid-2022. We will continue the patient recruitment and follow-ups for URO-T01 and continue to prepare the application of US clinical study for CVS-T01 in 2023.

B. Continue to generate revenue from CDMO business:

Our subsidiary Medeologix has completed the merger and acquisition of MediBalloon, Second Source Medical and MedeonBio of the USA in 2022. The Company will actively seek expansion of its customer base in 2023 and enhance the mass production line in Taiwan to meet the demand from customers. Moreover, the Company will also actively recruit high-end manufacturing talents and upgrade core technology to satisfy the strong demand for advanced medical devices and ultimately generate steady cash flow for the Group.

C. We will continue to expand our footprint in medical device CDMO market. Through the

synergistic effect with partners, we will enhance the overall quality and efficiency for medical device manufacturing and bring in advanced technologies into Taiwan, to meet international standards and competency.

D. We will continue to strengthen our capabilities in product design and manufacturing of advanced medical devices and cultivate local talents in R&D, production and business management for the advanced medical device industry.

(2) Expected sales volumes and their basis

The Company usually starts the conversation with top global medical device manufacturers for licensing deals as soon as the product development enters into a certain stage. Moving forward, we will strive to generate licensing revenue by licensing our projects to global medical device manufacturers. The licensing fees are estimated based on the market size, such as procedure volume, compound annual growth rate, usage of the product, end user price and market share, etc.

On March 2, 2018, the Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement with Terumo Medical Corporation, a subsidiary of Terumo Corporation, for a total consideration of $50 million for Cross-Seal™ - large bore vascular closure system (IVC-C01). The upfront payment of US$20 million was received on the date of the transaction. An additional US$10 million has been received so far. It is expected that the on-site inspection of FDA cGMP will be accomplished in 2023 and to receive official PMA Approval from FDA. The Company will provide support for Terumo and spare no effort in launching products of the next generation to market for collecting the remaining milestone payment of US$20 million as the primary goal.

As for the CDMO business, the objective of 2023 will be to continuously enhance of the production and assembly of advanced medical balloon, catheters, semi-finished items and final-assembly to provide solutions in one-stop shopping service for a greater variety of parts and components of the medical devices firms all over the world. Medeologix will provide prototyping in the preliminary stage of development and pilot run service to local customers in the USA through subsidiaries MediBalloon, Second Source Medical, and Medeonbio, and continue to broaden the customer base. The Company will assist the customers in product development for generating revenue from these outsourced research and development service. The mass production center of Medeologix in Taiwan will support the mass production in line with the progress of product development for generating revenue from contract manufacturing. In addition, Medeologix expects to increase its capital expenditures in 2023 for the procurement of machine and equipment to meet the need of mass production from subsequent purchase orders. Medeologix will actively construct its complete marketing and sale system to enhance its visibility in the international market and penetrate into the global medical device supply ecosystem for broadening customer base and increase the size of revenue, and assure a steady cash flow for the Group for the future.

(3) Major production and marketing policies

A. In 2018, the Company transferred the global intellectual property assets of IVC-C01 to Terumo. In 2022, the Company received Phase 2B milestone payments. We will continue to work with Terumo to bring the product to market and realize the remaining milestone payments.
B. We are actively pursuing the limited launch strategy to bring regulatory approved products to market, and to expedite the discussion of partnership with potential licensing or commercialization partners.
C. We will continue to evaluate potential value-added medical devices projects for future development and new product lines in order to expand our revenue sources.
D. We are actively expanding our CDMO business by integrating component and finished product manufacturing footprint. In addition to creating new sources of stable revenue, we are leveraging on the synergies with our partners to provide high quality products to top multinational medical device companies through our high efficiency and quality manufacturing capabilities and talents in Taiwan.

3. Future Corporate Development Strategies

The Company's business model encompasses medical device innovation and Contract Development and Manufacturing Organization (CDMO) and related services, with the primary objective of achieving long-term and stable positive cash flow.

(1) Development and licensing of innovative medical devices

Through a comprehensive project selection strategy, the Company is committed to developing innovative products that address unmet medical needs and have strong market potential. The selection criteria cover clinical needs, market value, other marketable products, technical feasibility, product development timeline, clinical and regulatory, reimbursement, patent strategies, return on investment, etc. to reduce product development risks and protect shareholders' interests. Since incorporated, the Company has been accumulating R&D experience in the fields of minimally invasive cardiovascular surgery, laparoscopic surgery, orthopedics and urology, etc. Over the years, the company has built up professional medical knowledge and physician connections. In addition, the Company has developed a network of global clients and regularly interacted with international regulatory bodies. Our team has considerable experience and achievements in obtaining regulatory approval, quality management systems and product development. In the future, we will allocate resources appropriately and apply our past successful experience in our R&D projects to ensure the maximum effectiveness of the resources invested and enhance the return on investment.

The Company's medical device projects under development are all aimed at the ultimate goal of licensing. We will expand our partner network and reach out to suitable international licensees. In recent years, those multinational companies have become increasingly cautious in their acquisition strategies for innovative products, preferring to participate in the product development process of their target companies by investing in them upfront, and to initiate the acquisition process only after the target companies have generated revenue. In this regard, the team of the Company's investment will conduct clinical trials and limited launch activities in

target markets as soon as possible, depending on the regulatory requirements of the target market. We will actively accumulate clinical case experiences to further validate the efficacy and safety of the products with end-users and enhance the visibility and market value of our products.

(2) Entering the CDMO market for advanced medical devices

In order to support the development of innovative medical devices as well as to generate long-term and stable positive cash flow, the Company is actively entering the field of CDMO services for advanced medical devices, working with its partners to build a complete supply chain from medical device design and prototyping all the way to mass production. In this way, the Group could continue to provide manufacturing services after the successful licensing of the products, aiming to create more value for the Company and its shareholders. Medeon has successfully acquired MediBalloon, Second Source Medical, and Medeonbio of USA and hence acquired the customer network and manufacturing technologies of the acquirees in the past few years. Medeologix has emerged as a conglomerate of advanced medical balloon, catheter and sub/final assembly. With the wealth of experience and capability in research and development accumulated over time, Medeon has created the business model of "Taking orders in the USA, conducting pilot production in place, and mass production in Taiwan" where the US team will provide service to nearby US based global medical device companies while the facilities in Taiwan will respond to the demand of mass production. With the efficient use of resources, Medeologix provides these top medical devices companies in Europe and USA a vertically integrated one-stop shopping service. This also stimulates the development of surrounding industries and yields synergy to the research and development business of our own, which benefits the Group in the long run.

4. Impact of the External Competitive Environment, Regulatory Environment and General Business Environment

The medical device industry is a high value-added industry that is growing rapidly. With the trend of internationalization and globalization, many competitors have emerged as well. At the same time, in order to develop the global market and increase sales, top global medical device companies have sought to acquire innovative technologies to save development time and huge R&D expenses by means of mergers and acquisitions as well as strategic alliances in recent years, making the business environment of the industry increasingly complicated. When introducing new technologies or initiating new R&D projects, the company goes through a comprehensive strategic analysis, including intellectual property strategies, competitors, selling prices, market share, design strengths and weaknesses, in order to develop competitive products. All products currently under development are regularly tested and discussed with physicians by the R&D team to develop product specifications. This is to ensure the uniqueness of our products. At the same time, the innovative technologies developed by the Company are protected by intellectual property rights, such as patents and trade secrets, to prevent competitors from entering the market with similar technologies and products. In addition, through attending professional lectures, national and international medical conferences, as well as regular visits to medical and academic institutions,

the team keeps track of R&D trends and regulatory policies, taking immediate action on any issues that may affect the industry as a whole and the Company's products.

As regulatory authorities in various countries have been increasingly stringent, coupled with the fact that both the public and private health insurance sectors share the goal of reducing medical costs, the regulatory and marketing hurdles are rising rapidly. As a result, top global medical device companies are focusing their resources on the downstream of the medical device value chain activities, including product regulatory approval, reimbursement, and global sales channels, in order to consolidate their advantages. As an emerging company in Taiwan, we have the flexibility, fast execution and innovative technologies, and focus on product design and development, pre-clinical animal studies, human clinical trials, regulatory approval, etc. We can be a close partner to these top global medical device manufacturers in the development stage of their products.

The outlook for the future of the medical device industry remains positive. According to a research report by BMI Research, the size of the global medical device market reached US$454.3 billion in 2021 and is estimated to grow to US$535.2 billion in 2026, with a compound annual growth rate of approximately 5.6% from 2021 to 2026. Since 2009, Taiwan's government has been promoting the "Diamond Action Plan for Biotech Takeoff", "Biotech Industry Takeoff Action Plan", and "Taiwan Bioeconomy Industry Development Plan". In addition, the development of the biomedical industry is also one of the key areas of the government's "5+2 Innovative Industries Plan", which drives the value of production, corporate investment, capital markets, and innovative R&D in the biotech and medical industries. In light of the innovative landscape of the biomedical industry, the Executive Yuan's Bio Taiwan Committee (BTC) meeting in September 2018 recommended that Taiwan should capitalize on the strengths of its information and communications industry while structuring its digital medical data platform to keep pace with international standards so as to drive the development of biomedical fields such as pharmaceuticals, medical devices, health and welfare, and precision medicine. In addition, Taiwan should encourage the development of digital health and related industries to enhance the international competitiveness of Taiwan's biomedical and digital health industries. Also, the Ministry of Economic Affairs (MOEA) passed the "Act for the Development of Biotech and Pharmaceutical Industry" at the end of 2021. This amendment included for the first time the scope of contract development and manufacturing organization (CDMO), promoting Taiwan's medical industry to move towards the dual emphasis of "R&D and manufacturing" and "contract development and manufacturing organization". With the advent of the post-epidemic era, the expansion of applications and demand in the fields of digital health, telemedicine and artificial intelligence for epidemic prevention and public safety has further boosted the market demand for medical device innovation and medical device product prototyping, manufacturing and mass production. Overall, the Group of Medeon has the capacity for innovative R&D as well as small to large volume manufacturing. With the encouraging policies and resources from the Taiwan government, the Company is expected to ride on this momentum to continue its positive and rapid development to play an important role in the global medical devices value chain.

II. Company Profile

1. Date of Incorporation: Dec. 22, 2012.

2. Company History

Year	Milestone
Dec. 2012	Medeon Biodesign, Inc. was established with a paid-in capital of NT$15,000,000.
eb. 2013	Headquartered in Hougang Street, Shilin District, Taipei
Apr. 2013	Cash capital increase of NT$45,000,000, paid-in capital of NT$60,000,000
Jul. 2013	Invested in the establishment of Samoan subsidiary Medeon International, Inc.
Aug. 2013	Invested in U.S. subsidiary MedeonBio, Inc.
Sep. 2013	Cash capital increase of NT$11,259,000, paid-in capital of NT$71,259,000
Dec. 2013	Eligible for tax incentives programs under the Act for the Development of Biotech and New Pharmaceutical Industry, Minister of Economic Affairs
Dec. 2013	Cash capital increase of NT$185,773 thousand, paid-in capital of NT$254,978 thousand
Apr. 2014	Received approval letter from the Ministry of Economic Affairs for a new drug investment program, and the investing shareholders received a 5-year investment credit
Oct. 2014	Turned public in compliance with regulations governed by Securities and Futures Bureau of Financial Supervisory Committee
Dec. 2014	Stock trading on Emerging Stock Board of Taipei Exchange
Mar. 2015	Approved by the Securities and Futures Bureau of the FSC to issue 5,000,000 common shares in cash, with paid-in capital of NT$439,828 thousand.
Aug. 2015	U.S. Food and Drug Administration 510(k) clearance for ClickClean™ (LAP-A01) Laparoscope Lens Shield Device
Nov. 2015	Successful First-in-Man Studies for XPro™ (IVC-C01, now Cross-Seal™) Large Bore Suture-Mediated Vascular Closure Device
May. 2016	Publicly listed (IPO) on Taipei Exchange
Jul. 2016	Issued 6,000,000 shares of common stock with paid-in capital of NT$500,883,000 through over-the-counter (OTC) approval and listed on the stock exchange.
Sep. 2016	U.S. Food and Drug Administration 510(k) clearance for AbClose™(LAP-C01) Trocar Wound Closure Device
Oct. 2016	Invested in Prodeon to develop the Mercury Project (URO-T01) for treatment of Benign Prostatic Hyperplasia (BPH)
Nov. 2016	Invested in Delta Asia International Co. to enrich manufacturing capability

Year	Milestone
Mar. 2017	Invested in Panther Orthopedics to develop PUMA™ System, the novel “dynamic fixation” solution to treat orthopedic extremity injuries
May. 2017	Incepted the CE studies for XPro™ System (IVC-C01, now Cross-Seal™) Large Bore Suture-Mediated Vascular Closure Device
Mar. 2018	Entered into an Asset Purchase Agreement with Terumo for XPro™ System (IVC-C01, now Cross-Seal™) Large Bore Suture-Mediated Vascular Closure Device
Mar. 2018	Panther Orthopedics, Inc. Received FDA 510(k) Clearance for the PUMA™ System
Apr. 2018	Invested in Aquedeon Medical to develop the thoracic aortic repair device
Dec. 2018	Successful clinical use of the PUMA™ System of Panther Orthopedics, Inc.
Jan. 2019	Successful secondary public offering (SPO) at Taipei Exchange
Jun. 2019	Subsidiary Panther Orthopedics completed new round of financing and expanded clinical use
Jul. 2019	Led the completion of two capital increase projects for Panther Orthopedics and Prodeon Medical
Oct. 2019	ClickClean™ - in-situ cleaning device for laparoscopic surgery continued to expand its scope of clinical use
Sep. 2020	The PUMA System™ (ORP-T01), an orthopedic internal fixation material for limb trauma, has successfully demonstrated excellent clinical results.
Dec. 2020	Obtained milestone payment No. 1A-1 of NT$2.5 million for Cross-Seal (IVC-C01) contract
Jan. 2021	Urocross™ Expander system - treatment for benign prostatic hyperplasia (BPH)" (URO-T01), from the subsidiary, Prodeon Medical, was used in First-in-Man Studies with more than 30 patients, demonstrating its safety and efficacy
Jun. 2021	Completed Cross-Seal (IVC-C01)US FDA cGMP audit preparation ahead of schedule and received milestone payment No. 2A-1 of US$1 million
Jun. 2021	Transferred part of the Delta’s shareholding to Tainet and other investment partners
Aug. 2021	Subsidiary, Aquedeon Medical, ranked in the Top 10 Emerging Cardiovascular Medical Device Companies in 2021 by Medtech Outlook, a leading US medical technology magazine
Sep. 2021	Subsidiary, Panther Orthopedics, Inc., successfully applied the PUMA System™ orthopedic internal fixation minimally invasive medical device (ORP-T01) in minimally invasive bunion correction surgery

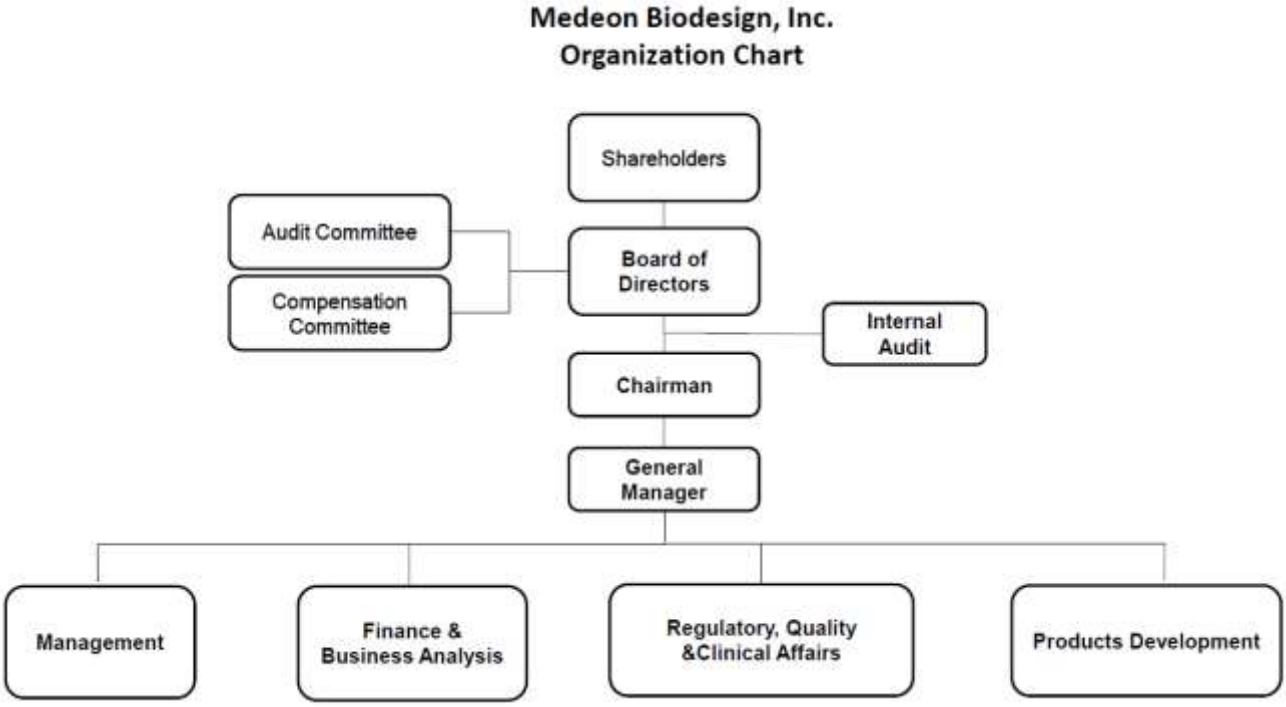
Year	Milestone
Sep. 2021	The mid-term analysis results of the EXPANDER-1 clinical trial of URO-T01 for benign prostatic hypertrophia were presented at the American Urological Association Annual Meeting (AUA) and successfully demonstrated its excellent safety and efficacy.
Dec. 2021	Cross-Seal obtained a PMA Approvable Letter from the U.S. FDA.
Dec. 2021	Established a subsidiary, Medeologix, and used it to acquire all the shares of MediBalloon, Inc., a California-based special medical balloon design company, to muscle into the global medical balloon contract development and manufacturing (CDMO) market shares
Jan. 2022	Obtained milestone payment No. 2B-2 of NT$2.5 million for Cross-Seal (IVC-C01) contract
Apr. 2022	Subsidiary, Medeologix, acquired all shares of Second Source Medical, a leading medical device contract development and manufacturing company in Silicon Valley, USA, to expand its CDMO business.
May. 2022	Urocross™ Expander system – treatment for lower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01) was approved by the US FDA for Investigational Device Exemption (IDE)
Oct. 2022	First Randomization in the IDE Clinical Study Evaluating the Company's Investigational Treatment for Lower Urinary Tract Symptoms Associated to Benign Prostatic Hyperplasia
Dec. 2022	Scheduled for the US FDA Cross-Seal (IVC-C01) cGMP on-site inspection
Mar. 2023	Completed the US FDA cGMP on-site inspection as scheduled

III. Corporate Governance Report

1. Organization

(1) Organization

Apr. 30, 2023



(2) Major Corporate Functions

Department	Major Functions
General Manager's Office	Implementation of the Company's business goals, internal control and budget system planning, implementation, and business performance review. Responsible for compiling industry market information and executing product and technology licensing agreements. Monitor competitors' market information, and be responsible for developing product specifications and guiding product development direction.
Products Development Department	Responsible for the product design and development of various R&D projects. Perform product testing, manufacturing and sales for various R&D projects.

Department	Major Functions
Regulatory, Quality & Clinical Affairs Department	Responsible for the quality management planning and execution control of each R&D project. Assist in regulatory assessment and product inspection and registration for various R&D projects. Responsible for design and development process compliance, and design verification and validation. Responsible for clinical trial planning and execution.
Finance & Business Analysis Dept.	Responsible for the evaluation, investment introduction and post-investment management of new projects. Responsible for finance, accounting, and procurement operations, budget planning and operational performance review.
Management Department	Responsible for domestic and international regulatory compliance, business contracts and litigation. Responsible for the management of patents and other intellectual property rights, etc. Responsible for human resources, administration, and information.
Internal Audit Dept.	Responsible for internal auditing of the company.

2.Information on the directors, supervisors, general managers, deputy general managers, associate managers, department and branch managers

(1) Directors and Supervisors

A. Directors and Supervisors

April 21, 2023

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	United States of America	Representative: Yue Teh Jang	male 70~79	July 16, 2021	3	Dec. 22, 2012	-	-	-	-	-	-	-	-	**Education** Ph.D. in Materials Science, University of Utah. B.S. in Materials Science, National Tsing-Hua University **Experience** General Partner, The Vertical Group Co-Founder & CEO, Integrated Vascular Systems Co-Founder & CEO, Ensure Medical CEO, Kyphon CEO, Embol-X Vice president of R&D, Boston Scientific Vice president of R&D, CVIS	Director, Medeon International, Inc. Chairman & CEO, MedeonBio, Inc. GM, Medeon Biodesign, Inc. Chairman, Medeon, Inc.(USA) Chairman & GM, Prodeon Medical Corporation Director, Prodeon Medical, Inc. Chairman & CEO, Aquedeon Medical, Inc. Chairman, Medeologix, Inc. Chairman, Mediballoon, Inc.	none	none	none	Note 1
	United States of America	Medeon, Inc.(Note 5)	-	-	-	-	7,540,392	11.33%	9,953,317	11.33%	-	-	-	-	-	-	-	-	-	

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Representative: Jung Chin Lin	male 60~69	July 16, 2021	3	Jan. 14, 2014	-	-	-	-	87,712	0.12%	-	-	**Education** Honorary Doctorate, Taipei Medical University Bachelor, School of Pharmacy, Taipei Medical University **Experience** Chairman, Medeon Biodesign, Inc. Chairman, PharmaEngine, Inc. Chairman, TOT BIOPHARM International Company Limited Chairman, Center Laboratories, Inc.	Legal Representative Director/President/CEO, Lumosa Therapeutics Co. Ltd. Director, BioGend Therapeutics Co., Ltd. Legal Representative Director, Adimmue Corporation Chairman (Legal Representative), GLAC Biotech Co., Ltd. Chairman (Legal Representative), Krisan Biotech Co., Ltd. Chairman (Legal Representative), Cytoengine Co., Ltd. Chairman (Legal Representative), BioEngine Capital Inc. Chairman (Legal Representative), BioEngine Technology Development Inc. Chairman (Legal Representative), BRIM Biotechnology, Inc. Chairman, Royal Foods Co., Ltd. Chairman (Legal Representative), Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation Director (Legal Representative), Youluck International Inc. Director, A2+ Biotech Consulting Co., Ltd. Director, Beijing Shundu Pharmaceutical Research Institute Co., Ltd. Director, Shanghai Bio Pharmaceuticals Co., Ltd. Director, Centergene Pharmaceuticals Co., Ltd. Director, Scindy Pharmaceutical (SuZhou), Ltd. Legal Representative Director, Bioflag International Corporation (Cayman) Chairman, Center Biotherapeutics Inc Chairman, Centerlab Investment Holding Limited (HK) Chairman, Center Laboratories Limited(HK)Chairman, Center Venture I Holding Limited (HK) Chairman, Center Venture II Holding Limited (HK)	none	none	none	Note 2
	Republic of China	Center Laboratories, Inc.	-	-	-	-	19,772,252	29.71%	26,102,187	29.71%	-	-	-	-	-	Director and Chairman, Mycenax Biotech Inc. Director and Chairman, Lumosa Therapeutics Co.,Ltd. Director, BioGend Therapeutics Co., Ltd. Director, Ever Supreme Bio Technology Co., Ltd. Director, Ever Fortune. AI Co., Ltd. Director, Cytoengine Co., Ltd. Chairman, Krisan Biotech Co., Ltd. Director, Efficient Biomedical Corp. Director, BIOFLAG INTERNATIONAL CORPORATION (Cayman)	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Representative: Chih Hsiung Wu	male 70~79	July 16, 2021	3	Jan 8, 2016	21,998	0.03%	29,036	0.03%	-	-	-	-	**Education** Ph.D. of First Department Surgery, Dokkyo Medical University Bachelor of Medicine, school of medicine, Taipei Medical University **Academic Experience** Chairman, school of medicine, Taipei Medical University Professor of Department of Surgery, school of medicine, Taipei Medical University **Experience** Superintendent, En Chu Kong Hospital CEO, En Chu Kong Hospital Chairman, Taipei Medical University-Shuang Ho Hospital, Ministry of Health and Welfare Chairman, Taipei Medical University Hospital Director, Taiwan Hospital Association Director, New Taipei City Medical Association	Independent Director, Lumosa Therapeutics Co. Ltd. Chairman, V-Check, Inc.	none	none	none	-
	Republic of China	Center Laboratories, Inc.	-	-	-	-	19,772,252	29.71%	26,102,187	29.71%	-	-	-	-	-	Director and Chairman, Mycenax Biotech Inc. Director and Chairman, Lumosa Therapeutics Co., Ltd. Director, BioGend Therapeutics Co., Ltd. Director, Ever Supreme Bio Technology Co., Ltd. Director, Ever Fortune. AI Co., Ltd. Director, Cytoengine Co., Ltd. Chairman, Krisan Biotech Co., Ltd. Director, Efficient Biomedical Corp. Director, BIOFLAG INTERNATIONAL CORPORATION (Cayman)	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Hong Jen Chang	male 60~69	July 16, 2021	3	Jan.14, 2014	61,000	0.09%	80,520	0.09%	-	-	-	-	Education Master of Health Policy and Management, Harvard School of Public Health Master of Science, Public Health from National Taiwan University Bachelor of Medicine, National Yang-Ming Medical College Academic Experience Adjunct Professor, Institute of Public Health, National Yang Ming Chiao Tung University Experience Deputy Minister, Ministry of Health and Welfare President & CEO, The Bureau of National Health Insurance Minister, Taiwan Centers for Disease Control Chief, Department of Information Management, Ministry of Health and Welfare Deputy Minister, Taiwan Food and Drug Administration	Vice President, Taiwan Research-based Biopharmaceutical Manufacturers Association(TRPMA) Chairman and CEO, YFY Biotech Management Company Director Representative, TaiGen Biopharmaceuticals Holdings Limited Director Representative, TaiGen Biotechnology Co., Ltd. Director Representative, Medeon International, Inc. Chairman, MiCareo, Inc. Chairman, Micareo Taiwan Co., Ltd. Director, Excelsior Biopharma Inc. Chairman and CEO, Eusol Biotech Co., Ltd. Director, Abprotix Inc. Director Representative, Acepodia Biotechnologies, Limited Director, Acepodia, Inc. (KY) Director, Lifemax Healthcare International Corporation Director Representative, Taiwania Capital Management Corporation Director Representative, Taiwania Capital Biotechnology Corporation Director Representative, KCI Biotech (SUZHOU) Inc. Director Representative, Jiangsu KMQ biotech Inc. Independent Director, TOT Biopharm Company Limited Director Representative, Sequential Medicine Limited Chairman, A2+ Biotech Consulting Co., Ltd. Director, Formosa Pharmaceuticals, Inc.	none	none	none	Note 3

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Hsin Yuan Fang	male 50~59	July 16, 2021	3	June 14, 2018	21,998	0.03%	29,036	0.03%	-	-	-	-	Education Bachelor of Medicine, School of Medicine, Kaohsiung Medical College Master of National Taiwan University College of Medicine Ph.D. of National Taiwan University College of Medicine Academic Experience Professor and Director, Department of Surgery, China Medical University Experience Deputy Director, Department of Education, China Medical University Hospital Director, Surgical Intensive Care Unit, China Medical University Hospital Director of OSCE, Department of Education, China Medical University Hospital Director Secretary, China Medical University Hospital Director, Thoracic Surgery, China Medical University Hospital Medical Research of Lung Transplantation, University of Pittsburgh Medical Center Director,Surgical Intensive Care Unit, Changhua Christian Hospital	Professor and Director, Department of Surgery, China Medical University Vice Superintendent of Department of Surgery, China Medical University Hospital Director of Surgery Department, China Medical University Hospital Director of OSCE, Department of Education, China Medical University Hospital Director, 3D Printing Medical Reserch Center Attending Physician, Thoracic Surgery, China Medical University Hospital Director, Ever Young BioDimension Corporation	none	none	none	Note 4
Independent Director	Republic of China	Chi Hang Yang	male 70~79	July 16, 2021	3	Apr. 20, 2015	-	-	-	-	-	-	-	-	Education Master and Ph.D. degree, Electronics and Computer Science, Southampton University in the UK Academic Experience Associate Professor, Department of Communications Engineering, National Yang Ming Chiao Tung University Chairman, Department of Computer Science and Information Engineering, Tamkang University President, Chung Chou University of Science and Technology Dean of academic affairs, National Kaohsiung University of Science and Technology Vice president, National Kaohsiung University of Science and Technology Experience Executive Assistant, Fusheng Co., Ltd. & Vice President, Top Information Technologies Co., Ltd. Dean, Office of Science and Technology Advisors, Minister of Transportation and Communications, R.O.C. Director general, Department of International Programs, National Science Council (now Ministry of Science and Technology) Director, Science and Technology Division, TECO in San Francisco Secretary, , National Science Council (now Ministry of Science and Technology)	Director, Taiwan Cultural and Creativity Development Foundation Chairman, SVT Investment Co., Ltd Independent Director, ACE Pillar CO., LTD.	none	none	none	-

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Chia Ying Ma	male 60~69	July 16, 2021	3	Apr. 20, 2015	-	-	-	-	-	-	-	-	Education Ph.D., Business and Economics, Lehigh University, USA Academic Experience Dean, the Office of Research Development, Soochow University Secretary of President, Soochow University Professor, Department of Accounting, Soochow University Chairperson, Department of Accounting, Soochow University Adjunct Professor, National ChengChi University Adjunct Professor, Department of Accounting and Information Technology, National Chung Cheng University Adjunct Professor, Department of Biological Science and Technology, National Yang Ming Chiao Tung University Professional Organization Experience Member, Enterprise Accounting Standards Committee, Accounting Research and Development Foundation in Taiwan Member, Auditing Standards Committee, Accounting Research and Development Foundation in Taiwan Directorate-General of Budget for Accounting and Statistics Certifications CPA ROC CPA New Jersey State Licensed CPA	Independent Director, TSC Auto ID Technology Co., Ltd. Independent Director, RichWave Director (Legal Representative),Union Insurance Company Independent director, Hiyes International Co., Ltd. Professor, Department of Accounting , Soochow University	none	none	none	-
Independent Director	Republic of China	Jerome Shen	male 50~59	July 16, 2021	3	Apr. 20, 2015	-	-	-	-	-	-	-	-	Education Ph.D., Chemical Engineering, University of Wisconsin, Madison Experience President, Allgenesis Biotherapeutics Inc. Director, Twi Pharmaceuticals, Inc. Independent Director, Lotus Pharmaceutical CO., Ltd. Presiden, XinChen Ventures Director and GM of Biotechnology Business, Cheng Xin Ventures Capital Group Managing Director, Cheng Xin Venture Group.	Chairman, Taiwania Capital Biotechnology Corporation Director, Annji Pharmaceutical CO., Ltd. Chairman, Taiwania Capital Biotechnology III Corporation General Partner and Head of Life Science Investments, Taiwania Capital Management Corporation Director, AmMax Bio, Inc. Chairman, Taiwania Capital Biotechnology VII Corporation	none	none	none	-

Note 1: The Chairman and general manager of the Company are the same person. Dr. Jang, as a world famous investor and an entrepreneur in advanced medical devices, has already lead many novel medical device projects to improve the quality of medical treatment, and also has brought the benefit to the patients all around the world for over 30 years. Thus, under the leadership of Chairman Jang, the Company consolidates Taiwan's technology and talents to provide pioneering solutions for international medical devices field and create gold medical standards for the next generation. Except the Chairman, the other Directors of the Company are not the Company's employees or managers concurrently. Also, the Company intends to add one more independent director in 2023 Annual Shareholders' Meeting.

Note 2: On Jan 14, 2014, Jung Chin Lin was elected as the representative of juristic-person director for the first time. On Jan 8. 2016, Chih Hsiung Wu was designated as the representative by Center Laboratories, Inc.. After the election of directors held at the Annual General Meeting on July 16. 2021, Jung Chin Lin was elected as the representative of Center Laboratories, Inc. for the 5th Session of Directors.

Note 3: The juristic-person director, Taiwan Global BioFund (TGB), resigned on Apr. 23, 2021, and the representative, Hong Jen Chang, also resigned at the same time. After the election of directors held at the Annual General Meeting on July 16, 2021, Hong Jen Chang was elected as the director of the 5th Session of Directors.

Note 4: The Company held the election of directors at the Annual General Meeting on 14 June 2018, Hsin Yuan Fang was elected as the representative of Center Laboratories, Inc. of the 4th Session of Directors. After the election of directors held at the Annual General Meeting on 16 July 2021, Hsin Yuan Fang was elected as the director for the 5th Session of Directors

Note 5: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

A. Major shareholders of the institutional shareholders

List of Major shareholders of the institutional shareholders (A)

Apr. 21, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Center Laboratories, Inc.	Li Rong Technology Co., Ltd. (8.77%), Royal Foods Co., Ltd. (6.04%), Jason Technology Co., Ltd. (2.39%), Farglory Life Insurance Inc. (1.64%), You De Investment Consulting Co., Ltd. (1.48%), Bioengine Technology Development Inc. (1.32%), MasterLink Securities Corp. (1.08%), Mumaozi Investment Co., Ltd. (1.04%), Yong Lian Co., Ltd. (1.03%), Wei Chen Investment Co., Ltd. (0.90%)
Medeon, Inc. (US) (Note)	Yue Teh Jang (100%)

Note: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

Table (A) Major shareholders of the Company's major institutional shareholders

Apr. 21, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Li Rong Technology Co., Ltd.	Jason Technology Co., Ltd. (92.07%), Jung Chin Lin (7.857%), Li Zhu Ou (0.059%), Hong Xian Lin (0.005%), Jia-Ling Lin (0.005%), Wei-Xuan Lin (0.004%)
Royal Foods Co., Ltd.	Li Rong Technology Co., Ltd. (92.31%), Jason Technology Co., Ltd. (7.67%), Jung Chin Lin (0.02%)
Jason Technology Co., Ltd.	Hong Xian Lin (35.83%), Jia-Ling Lin (25.97%), Wei-Xuan Lin (25.69%), Li Zhu Ou (12.25%), Jung Chin Lin (0.26%)
You De Investment Consulting Co., Ltd.	Su Chi Wang (75%), You En Lin (25%)
Farglory Life Insurance Inc.	Xinyu Investment Co., Ltd. (19.00%), Far East Construction Co., Ltd. (12.48%), Yuan-Jian Investment Co., Ltd. (8.91%), Teng Xiong Zhao (8.49%), Hafo International Investment Co., Ltd. (6.71%), Ruiqi International Investment Co., Ltd. (6.43%), Farglory International Investment Co., Ltd. (6.43%), Jun Yao Yeh (5.96%), Yu Nu Zhao (5.77%), Dong Yuan Construction Engineering Co., Ltd. (5.63%)
Bioengine Technology Development Inc.	Center Laboratories, Inc. (30.91%), Li Rong Technology Co., Ltd. (18.45%), Jason Technology Co., Ltd. (17.30%), Far East Construction Co., Ltd. (6.88%), Baichang Investment Co., Ltd. (5.13%), Royal Foods Co., Ltd. (4.24%), LCL Capital Inc. (4.08%), Jingxing Investment Co., Ltd. (3.60%), Ji-Fu China Co., Ltd. (2.11%), Bioengine Capital Inc. (1.66%)
MasterLink Securities Corp.	Shin Kong Financial Holding Co., Ltd. (100%)
Yong Lian Co., Ltd.	Yu Fen Chang(30.34%), Wen Ti Cheng (16.74%), Wen Yu Cheng (16.74%)
Mumozi Inc.	Jun Yao Lin (99.997%), Ming Yue Zheng (0.003%)
Wei Chen Investment Co., Ltd.	Chuan Yi Chou (98.33%), Pei Chen Tsai (1.67%)

C. The disclosure for Director's professional qualification and the independence criteria of independent director:

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		1	2	3	4	5	6	7	8	9	10	11	12	
Medeon, Inc. (Note 3) Representative: Yue Teh Jang	Dr. Yue Teh Jang He is a well-known serial entrepreneur and venture capitalist in high-end medical devices. He has been involved in the biomedical industry for over 30 years and has created many innovative medical devices to improve the quality of care for patients around the world. Not been a person of any conditions defined in Article 30 of the Company Act.	—	—	✓	—	—	✓	—	✓	✓	✓	✓	—	0
Center Laboratories, Inc. Representative: Jung Chin Lin	Director Jung Chin Lin is currently the Chairman of Center Laboratories, Inc. and Yusheng Biotech Investment, and also serves on the board of directors of dozens of biotech and pharmaceutical companies. He has a significant influence in the biotech industry and is a highly respected entrepreneur in Taiwan, and is known as the "Ekoka of Biotech". In the past, he has successfully improved the corporate structure of several companies, assisted them in positioning and planning their business strategies. Not been a person of any conditions defined in Article 30 of the Company Act.	✓	✓	✓	✓	—	✓	✓	✓	✓	✓	✓	—	0
Center Laboratories, Inc. Representative: Chih Hsiung Wu	After stepping down from his position as CEO of Tiangong Medical Group and general manager of Grace Hospital, Prof. Chih Hsiung Wu continues to serve as a physician, as well as a board member and honorary professor of Taipei Medical University, and as an executive director of the New Taipei City Physicians Association, playing a number of	✓	✓	✓	✓	—	✓	✓	✓	✓	✓	✓	—	1

	important roles in clinical medicine, medical education and hospital management. Not been a person of any conditions defined in Article 30 of the Company Act.													
Hong Jen Chang	Prof. Hong Jen Chang has served as Deputy Director of the Department of Health of the Executive Yuan and General Manager of the Central Health Insurance Bureau, with expertise spanning health insurance, disease control, biopharmaceuticals, health information systems and venture capital. His depth and breadth of knowledge in the healthcare industry has made him one of the leaders in the field. Not been a person of any conditions defined in Article 30 of the Company Act.	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsin Yuan Fang	Dr. Hsin Yuan Fang is a highly respected thoracic surgeon in Taiwan. He is currently a professor in the Department of Surgery at the Faculty of Medicine of the Chinese University of Medical Sciences (UCM) and is the Associate Dean of the Department of Surgery at the UCM Hospital. He has long been interested in the development of emerging medical technologies and is also the director of the 3D Printing Medical Research and Development Center at China Medical University. With her extensive front-line medical experience, she has helped bring Medeon closer to the real needs of healthcare professionals. Not been a person of any conditions defined in Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chi Hang Yang (Independent Director)	Dr. Chi Hang Yang has mentored several founders of major biotechnology and medical technology companies in Taiwan, and has played a key role in assisting the development of Taiwan's medical dedeputy industry by promoting the Stamford-Taiwan Medical Dedeputy Product Talent Training Program (STB). Not been a person of any conditions defined in Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
		Meet the criteria stated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”: 1. The individual, his/her spouse and relative within the second degree of kinship were not directors, supervisors or employees of the Company or its affiliates. 2. The individual (or under the name of another person), his/her spouse and relative within the second degree of kinship do not hold the												

		Company's shares. 3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company's shares. 4. Not a director, supervisor or employee of a company with specific relationship with the Company. 5. Has not obtained remuneration for provision of commerce, law, finance, or accounting services for the Company or its affiliates within the most recent two years.	
Chia Ying Ma (Independent Director)	Dr. Chia Ying Ma holds CPA designation in the U.S., Taiwan and China. He is currently a professor in the Department of Accounting at Soochow University, and is a professional advisor and member of various government agencies, including Member of the Public Employees Retirement Pension Fund Committee, Member of the Audit Committee of the Republic of China, Member of the Government Accounting Standards Committee of the General Accounting Office, Executive Yuan, and Brand Licensing and Implementation Consultant of the National Palace Museum. Not been a person of any conditions defined in Article 30 of the Company Act.	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ Meet the criteria stated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": 1. The individual, his/her spouse and relative within the second degree of kinship were not directors, supervisors or employees of the Company or its affiliates. 2. The individual (or under the name of another person), his/her spouse and relative within the second degree of kinship do not hold the Company's shares. 3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company's shares. 4. Not a director, supervisor or employee of a company with specific relationship with the Company.5. 5. Has not obtained remuneration for provision of commerce, law, finance, or accounting services for the Company or its affiliates within the most recent two years.	3
Jerome Shen (Independent Director)	Dr. Jerome Shen is a well-known senior venture capitalist. With over 20 years of investment experience in the medical field, he has been a key figure in the development of many biopharmaceutical and medical device innovations in Taiwan. He is committed to nurturing early-stage start-up teams and helping to leverage the commercial value of academic research. Not been a person of any conditions defined in Article 30 of the Company Act.	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ Meet the criteria stated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies": 1. The individual, his/her spouse and relative within the second degree of kinship were not directors, supervisors or employees of the Company or its affiliates. 2. The individual (or under the name of another person), his/her spouse	0

		and relative within the second degree of kinship do not hold the Company's shares.3. 3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company's shares.4. 4. Not a director, supervisor or employee of a company with specific relationship with the Company.5. 5. Has not obtained remuneration for provision of commerce, law, finance, or accounting services for the Company or its affiliates within the most recent two years.	

Note 1: For details of the professional qualifications and experience of all directors (including independent directors) of the Company, please refer to the relevant contents of "Information on Directors and Supervisors" on pages 14-19 of this annual report.

Note 2: For each director who has met each of the following criteria during the two years preceding his or her election and during his or her term of office, please enter "✓" in the space below each criteria code.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers

and Acquisitions Act or related laws or regulations.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Act.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note 3: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

D. Board of Directors Diversity Policy and Independence:

a. Board of Directors Diversity:

The Company implements the policy of diversifying the board of directors, and the "Corporate Governance Best Practice Principles" regulates the policy of diversifying the Board of Directors, and recruits talents with different business backgrounds, including (but not limited to) gender, age, nationality, culture and professional experience, knowledge and skills (e.g. medical materials and medicine, finance and accounting, business management) according to the existing business model and actual needs, in order to strengthen the Board of Directors' operational capabilities. There are 2 directors aged 70 or above, 4 directors aged 60-69 and 2 directors aged below 60. All directors have extensive management, leadership and industry knowledge, and all directors are available to give professional advice to the Company from different perspectives. The core of the Company's operation is medical material design and development. In addition to the diversity of the board members, special attention is paid to the professional knowledge and skills of the board members, and the ratio of professional medical material and medical seats must reach 50%, which has been achieved. The Company will continue to arrange diversified continuing education programs for its board members to enhance their quality of decision making, good supervisory skills, and further strengthen the functions of the Board of Directors. In the future, we will continue to invite appropriate candidates to join the Board of Directors in accordance with the Company's development strategy and changes in the internal and external environment to strengthen the balance of the Board. The following table shows the status of implementation of the board member diversity policy:

Title	Chairman	Director				Independent Director		
Name	Yue Teh Jang	Jung Chin Lin	Hong Jen Chang	Chih Hsiung Wu	Hsin Yuan Fang	Chi Hang Yang	Chia Ying Ma	Jerome Shen
Gender	Male	Male	Male	Male	Male	Male	Male	Male
Nationality	USA	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.
Age	60-69	60-69	60-69	70-79	50-59	70-79	60-69	50-59
Independent Directors' Terms of Office	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	8 years and below	8 years and below	8 years and below
Work	V							

concurrently as an employee								
Ability to make operational judgments.	V	V	V	V	V	V	V	V
Ability to perform accounting and financial analysis.							V	
Ability to conduct management administration.	V	V	V	V	V	V		V
Ability to conduct crisis management.	V	V	V	V	V	V	V	V
Knowledge of the industry.	V	V	V	V	V	V		V
An international market perspective.	V	V	V			V		V
Ability to lead.	V	V	V	V	V	V	V	V
Ability to make policy decisions.	V	V	V	V	V	V	V	V

b. Board of Directors Independence:

- ●The Board of Directors of the Company consists of 8 directors, of which 3 are independent directors accounting for 37.5% of all directors and 4 of all directors meeting all independence criteria accounting for 50% of all directors.
- ●Independent directors may not serve more than three consecutive terms. All independent directors have less than 8 years of service, and independent directors do not work concurrently as independent directors more than 3 other public companies.
- ●The largest shareholder, Center Laboratories, Inc. has 2 corporate directors, and the remaining 3 seats are 1 corporate director and 2 natural person

directors, with no more than 1/3 of the total seats held by the largest shareholder.

- All directors of the Company are not related to each other as spouses and relatives within two degrees (as defined in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act).
- In order to ensure the independence of the Board of Directors' meeting, the Company's "Rules of Procedures for Board of Directors' Meetings" expressly stipulates that a director who has an interest in a meeting or in the legal entity he or she represents should explain the important content of his or her interest at the current Board of Directors' meeting, and should not participate in the discussion or vote if it is harmful to the Company's interests. All directors of the Company complied with the aforementioned regulations to ensure that the discussion and voting of each resolution of the Board of Directors are based on the independent and objective judgment of the directors.

In summary, the Board of Directors of the Company is reasonably independent.

(2). Information on the general managers, vice president, directors, department and branch managers:

Apr. 21, 2023

Title	Nationality	Name	Gender	Elected Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	United States of America	Yue Teh Jang	Male	101.12.22	-	-	-	-	-	-	General Partner, The Vertical Group Co-Founder & CEO, Integrated Vascular Systems Co-Founder & CEO, Ensure Medical CEO, Kyphon CEO, Embol-X Vice president of R&D, Boston Scientific Vice president of R&D, CVIS Ph.D. in Materials Science, University of Utah. B.S. in Materials Science, National Tsing-Hua University	Director, Medeon International, Inc. Chairman & CEO, MedeonBio, Inc. GM, Medeon Biodesign, Inc. Chairman, Medeon, Inc.(USA) Chairman & GM, Prodeon Medical Corporation Director, Prodeon Medical, Inc. Chairman & CEO, Aquedeon Medical, Inc. Chairman, Medeologix, Inc. Chairman, Mediballoon, Inc.	-	-	-	Note 1
VP of Products Development	Republic of China	Albert Weng	Male	108.07.01	329,413	0.37%	-	-	-	-	Visiting Scientist, Massachusetts Institute of Technology Senior Scientist and principle investigator, Industrial Technology Research Institute (ITRI) Ph.D.of Materials Sciences and Engineering, National Tsing-Hua University	Director, Prodeon Medical Corporation Executive Vice President , Medeologix, Inc.	-	-	-	
VP of Regulatory, Quality & Clinical Affairs	Republic of China	Greta Chang	Female	108.07.01	-	-	-	-	-	-	QA Manager, Health & Life Corporation Regulatory Manager, Healthcare Division, Lite-On IT's Senior lead auditor, TUV Rheinland. Product Specialist, Galemed Corporation R&D Engineering, Bioteque Corporation B.S. in Biomedical Engineering, Chung Yuan Christian University.	-	-	-	-	
VP of Finance & Business Analysis	Republic of China	Jenny Chen	Female	111.04.07	65,970	0.08%	47,445	0.06%	-	-	Investment Manager, Taiwan Global Biofund & YFY Biotech Management Company Project Manager, MicroParticle Proteomics, LLC Researcher, Industrial Technology Research Institute Applied Researcher, BioDiscovery Inc. Ph.D. degree in Microbiology, UC Davis MBA degree in Finance, Rady School of Management, UC San Diego	Director, Medeologix, Inc. Chairman, Delta Asia International Corporation Director, Prodeon Medical Corporation	-	-	-	
Director of Products Development	Republic of China	Kelvin Tsai	Male	107.02.01	19,028	0.02%	-	-	-	-	Manager of Project Management, Merry Electronics Co., Ltd. Product Manager, Aescu Technology Manager of Technical Department, I-listen Biotechnology Co., Ltd Ph.D., Department of Biomedical Engineering, National Yang Ming Chiao Tung University	-	-	-	-	
Director of Regulatory, Quality & Clinical Affairs	Republic of China	Pei Chen	Female	108.08.05	1,320	0.002%	-	-	-	-	Director of Clinical Research, Han.biomedical Inc. Examiner, Drug Department, Taiwan Food and Drug Administration Assistant Manager of Clinical Research, R&D Department, TSH Biopharm Corporation Limited Director of Clinical Research, TDW Pharmaceutical Inc. Postdoc, Academia Sinica, Institute of Biomedical Sciences & Manager of Clinical Center Ph.D. of Life Sciences, National Defense Medical Center	-	-	-	-	
Senior Director of Management	Republic of China	Janice Chang	Female	112.02.20	1,208	0.002%	-	-	-	-	Assistant Vice President, ERP Service Department/Information Department/Big Data Application Department, TCC Information Systems Corp. Director of Information, ASE Packaging & Testing (Shanghai Plant) Co., Ltd. Senior Manager of Information, Bora Pharmaceutical Laboratories Inc. Manager of Information, Simplo Technology Co., Ltd. Manager of Information, chih he, Ltd. Deputy Manager, Brilliance Semiconductor Inc. Master, Department of Applied Mathematics, Feng Chia University	-	-	-	-	
Senior Manager of Finance & Business Analysis & Accounting Officer	Republic of China	Tori Lin	Female	111.04.07	13,592	0.02%	-	-	-	-	Assistant Manager, Administration, Kalin Enterprise Co., Ltd. Manager, Accounting, Interserv International Inc. In Charge of PWC Master, Department of Management Science, National Yang Ming Chiao Tung University Department of Accounting, Soochow University	-	-	-	-	
Assistant Manager of Internal Audit	Republic of China	Franey Jeng	Female	102.03.01	38,448	0.05%	-	-	-	-	Administrative Specialist, Acorn Taiwan Consultant Co., Ltd. Administrative Assistant of BSPT Bachelor of Department of Information Management, National Taipei University of Business	-	-	-	-	

Note1: The Chairman and general manager of the Company are the same person. Dr. Jang, as a world famous investor and an entrepreneur in advanced medical devices, has already lead many novel medical device projects to improve the quality of medical treatment, and also has brought the benefit to the patients all around the world for over 30 years. Thus, under the leadership of Chairman Jang, the Company consolidates Taiwan's technology and talents to provide pioneering solutions for international medical devices field and create gold medical standards for the next generation. Except the Chairman, the other Directors of the Company are not the Company's employees or managers concurrently. Also, the Company intends to add one more independent director in 2023 Annual Shareholders' Meeting.

(3) Remuneration paid to directors, independent directors, supervisors, general managers and deputy general managers in the most recent year

- The names and remuneration of the "Directors and Supervisors" shall be disclosed individually if there has been an after-tax loss in the last three years of the individual or separate financial reports, unless the net profit after taxation has been generated in the last year of the parent only or individual financial reports and is sufficient to cover the accumulated losses.
- The remuneration of individual directors shall be disclosed if the directors' shareholding has been insufficient for at least three consecutive months in the most recent year, and the remuneration of individual supervisors shall be disclosed if the supervisors' shareholding has been insufficient for at least three consecutive months in the most recent year: None.
- If the average qualitative ratio of directors or supervisors for any three months of the most recent year is greater than 50%, the remuneration of individual directors or supervisors whose qualitative ratio is greater than 50% for each such month shall be disclosed: None.
- If the remuneration received by all directors and supervisors in the financial report exceeds 2% of the net profit after tax, and if the remuneration received by individual directors or supervisors exceeds NT$15 million, the remuneration of individual directors or supervisors shall be disclosed: No such cases.
- If a listed company's corporate governance evaluation results in the latest year are at the last level, or if the company has been subject to change of trading method, suspension of trading, termination of listing as of the printing date of the annual report, or any other criteria approved by the Corporate Governance Evaluation Committee that the company should not be evaluated: None.
- The average annual salary of full-time employees not holding executive positions in the most recent year of the listed company does not reach NT$500,000: No such cases.

A. Remuneration Paid to Directors in 2022

Unit: NT$ thousands

Title	Name	Directors Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Remuneration from ventures other than subsidiaries or from the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Business Execution Expense (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company		Companies in the financial statements (Note 7)		The Company	Companies in the financial statements (Note 7)	
																Cash	Stockunt	Cash	Stockunt			
Chairman	Medeon, Inc. (US) (Note 12) Representative: Yue Teh Jang	-	-	-	-	-	-	36	36	36 (0.01%)	36 (0.01%)	787	16,028	-	-	-	-	-	-	823 (0.19%)	16,064 (3.70%)	-
Director	Center Laboratories, Inc. Representative: Jung Chin Lin	-	-	-	-	-	-	31.5	31.5	31.5 (0.01%)	31.5 (0.01%)	-	-	-	-	-	-	-	-	31.5 (0.01%)	31.5 (0.01%)	-
Director	Center Laboratories, Inc. Representative: Chih Hsiung Wu	-	-	-	-	-	-	36	36	36 (0.01%)	36 (0.01%)	-	-	-	-	-	-	-	-	36 (0.01%)	36 (0.01%)	-
Director	Hong Jen Chang	-	-	-	-	-	-	31.5	31.5	31.5 (0.01%)	31.5 (0.01%)	-	-	-	-	-	-	-	-	31.5 (0.01%)	31.5 (0.01%)	-
Director	Hsin Yuan Fang	-	-	-	-	-	-	36	36	36 (0.01%)	36 (0.01%)	-	-	-	-	-	-	-	-	36 (0.01%)	36 (0.01%)	-
Independent Director	Chi Hang Yang	600	600	-	-	-	-	85.5	85.5	685.5 (0.16%)	685.5 (0.16%)	-	-	-	-	-	-	-	-	685.5 (0.16%)	685.5 (0.16%)	-
Independent Director	Chia Ying Ma	600	600	-	-	-	-	85.5	85.5	685.5 (0.16%)	685.5 (0.16%)	-	-	-	-	-	-	-	-	685.5 (0.16%)	685.5 (0.16%)	-
Independent Director	Jerome Shen	600	600	-	-	-	-	85.5	85.5	685.5 (0.16%)	685.5 (0.16%)	-	-	-	-	-	-	-	-	685.5 (0.16%)	685.5 (0.16%)	-

1. Please describe the policy, system, criteria and structure for the payment of remuneration to independent directors and its relevance to the amount of remuneration paid in terms of the responsibilities, risks and time commitment involved.

A. In accordance with the articles of incorporation, the Company shall set aside not more than two percent for the remuneration of its directors if the Company makes a profit in a year. However, if the Company has accumulated losses, the Company shall have reserved a sufficient amount to offset its accumulated losses, and then distribute the employees and directors' remuneration in accordance with the previous ratio.

B.The Company conducted an evaluation on the performance of the Board in 2022 (the items of evaluation include the 5 dimensions of the level of participation in the operation of the Company, upgrade the decision-making quality of the Board, the organization and structure of the Board, the election of Directors and their continuing education, and internal control), and the self-assessment of the Directors in 2022 (the items of evaluation include the 6 dimensions of the control of the objective and mission of the Company, the sense of duties, level of participation in the operation of the Company, cultivation of internal relation and communication, professional standing and continuing education of the Directors, and internal control) in accordance with the "Rules for Performance Evaluation of Board of Directors". However, the Company did not yield any profit in 2022 that only the fixed remuneration for the Independent Directors and the attendance fees for the Directors have been disbursed.

2. Remuneration received for services rendered by directors of the Company (e.g. as consultants to non-employees of the parent company/financial reporting company/investment business, etc.) in the most recent year, other than those disclosed in the table above: None

Note 1: The names of directors should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately). The general directors and independent directors should be listed separately. The amounts of each payment should be disclosed in aggregate. If the director is also the general manager or deputy general manager, he/she should fill out this form and the remuneration of the general manager and deputy general manager (by disclosing the name and remuneration method), or the remuneration of the deputy general manager (by disclosing the name by aggregating the ranges) and the remuneration range table.

Note 2: This refers to the most recent annual compensation of directors (including directors' salaries, bonuses, severance pay, various bonuses and incentive payments, etc.).

Note 3: The amount of directors' remuneration approved by the Board of Directors in the most recent year is included.

Note 4: This refers to the latest year's directors' related business execution expenses (including transportation expenses, special expenses, various allowances, dormitories, in-kind provision of cars, etc.). If housing, automobiles and other transportation or personal expenses are provided, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed. If the individual has a driver, please include a note stating that the Company will pay the driver the relevant compensation, but it will not be counted as remuneration.

Note 5: This refers to the most recent year in which the directors and employees including the general manager, deputy general manager, other managerial officers and employees received salaries, salary

increases, severance pay, bonuses, incentive payments, transportation expenses, special payments, allowances, dormitories, cars, and other in-kind provisions, etc. If housing, automobiles and other transportation or personal expenses are provided, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed. If the individual has a driver, please include a note stating that the Company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 6: The amount of employee compensation including stock and cash received by directors who are also employees of the Company including those who are also general managers, deputy general managers, other managers and employees in the most recent year should be disclosed as approved by the Board of Directors in the most recent year, and if the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year, and the name of the manager who distributed the employee compensation and the distribution status should also be included.

Note 7: The total amount of each remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level of vesting.

Note 9: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed in the respective grades.

Note 10: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 11: a. This column should clearly state the amount of remuneration received by the directors of the Company from businesses other than subsidiaries or from the parent company (if none, please enter "none").

b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the director of the Company from a subsidiary or a parent company should be included in Column I of the remuneration scale and the name of the column should be changed to "Parent Company and All Transferred Subsidiaries".

c. Remuneration Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses related to the director's role as a director, supervisor or manager of a business other than a subsidiary transferring to an investment company or a parent company.

Note 12: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

* The compensation disclosed in this table is different from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

B. Remuneration Paid to Supervisors in 2022: Not applicable.

C. Remuneration Paid to General Managers and Deputy General Managers in 2022

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	Companies in the financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Yue Teh Jang	12,763	29,330	413	413	139	3,167	-	-	-	-	13,315 (3.07%)	32,910 (7.59%)	-
Executive Vice President	Yi Ju Chen													
Vice President	Elisa Huang (Note 3)													
Vice President	Tony Wang (Note 1)													
Vice President	Albert Weng													
Vice President	Greta Chang													
Vice President	Jenny Chen (Note 3)													
Vice President	Alan Tsai (Note 2)													

Note 1: The individual resigned in Jan. 2022.

Note 2: The duties of the individual was adjusted in Jan. 2022.

Note 3: The duties of the individual was adjusted in Apr. 2022.

Range of Remuneration

Range of Remuneration Paid to General Managers and Deputy General Managers	Name of General Managers and Deputy General Managers	
	The Company (Note 6)	Companies in the financial statements (Note 7)
Less than NT$ 1,000,000	Yue Teh Jang, Tony Wang (Note 10), Alan Tsai (Note 11)	Tony Wang (Note 10), Alan Tsai (Note 11)
NT$1,000,000(incl.) ~ NT$2,000,000(excl.)	Elisa Huang (Note 12), Albert Weng	Elisa Huang (Note 12)
NT$2,000,000(incl.) ~ NT$3,500,000(excl.)	Greta Chang, Jenny Chen(Note 12)	Greta Chang, Jenny Chen(Note 12)
NT$3,500,000(incl.) ~ NT$5,000,000(excl.)	Yi Ju Chen	Yi Ju Chen
NT$5,000,000(incl.) ~ NT$10,000,000(excl.)	-	Albert Weng
NT$10,000,000(incl.) ~ NT$15,000,000(excl.)	-	-
NT$15,000,000(incl.) ~ NT$30,000,000(excl.)	-	Yue Teh Jang
NT$30,000,000(incl.) ~ NT$50,000,000(excl.)	-	-
NT$50,000,000(incl.) ~ NT$100,000,000(excl.)	-	-
More than NT$100,000,000	-	-
Total	8 people	8 people

Note 1: The names of the general manager and deputy general manager should be listed separately to disclose the amount of each benefit in aggregate. If a director is also a general manager or deputy general manager, he/she should complete this form and the remuneration of the general and independent directors (by disclosing their names and the manner of remuneration), or the remuneration of the general and independent directors (by disclosing their names by aggregating the ranges) and the remuneration range table.
Note 2: The most recent annual salary, duty increment and severance pay of the general manager and deputy general manager are included.
Note 3: The amount of bonuses, incentive payments, transportation expenses, special expenses, allowances, dormitories, vehicles and other in-kind payments for the general manager and deputy general manager for the most recent year are included. If housing, automobiles and other transportation or personal expenses are provided, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed. If the individual has a driver, please include a note stating that the Company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.
Note 4: The amount of employee compensation (including stock and cash) for the general manager and deputy general manager approved by the Board of Directors in the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to the actual distribution last year, and should also be listed in Table 1-3.
Note 5: The total amount of remuneration paid to the general manager and deputy general manager of the Company by all companies in the consolidated report (including the Company) should be disclosed.
Note 6: The total amount of compensation paid by the Company to each general manager and deputy general manager is disclosed in the name of the general manager and deputy general manager at the level to which they are vested.
Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the general manager and deputy general manager should be disclosed at the level to which they belong.
Note 8: The net income after tax refers to the net income after tax of the most recent year for parent only or individual financial reports.
Note 9: a. This column should clearly state the amount of remuneration received by the general manager and deputy general manager of the Company from businesses other than subsidiaries that have invested in the Company or from the parent company (if none, please enter "none").
b. If the general manager and deputy general manager of the Company receive remuneration from a subsidiary or a parent company, the remuneration received by the general manager and deputy general manager of the Company from a subsidiary or a parent company should be included in column E of the remuneration scale, and the name of the column should be changed to "Parent Company and All Transferred Ventures".
c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution costs of the Company's general manager and deputy general manager in their capacity as directors, supervisors or managers of a business other than a subsidiary or a parent company.
Note 10: The individual resigned in Jan. 2022.
Note 11: The duties of the individual was adjusted in Jan. 2022.
Note 12: The duties of the individual was adjusted in Apr. 2022.
＊The compensation disclosed in this table is different from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

D. Remuneration for the top five highest paid executives in 2022:

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	Companies in the financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Yue Teh Jang	11,937	28,503	389	389	139	3,167	-	-	-	-	12,465 (2.87%)	32,059 (7.39%)	-
Vice President	Yi Ju Chen													
Vice President	Albert Weng													
Vice President	Greta Chang													
Vice President	Jenny Chen (Note 8)													

Note 1: The term "top five highest paid officers" refers to the managerial officers of the Company. The criteria for managerial officers are based on the scope of application of "managerial officers" as stipulated by the Securities and Futures Commission of the Ministry of Finance in its Official Letter Tai-Tsai-Cheng-San-Tzu No. 0920001301 dated March 27, 2003. The "Top Five Highest Remuneration" calculation is based on the total amount of base salary, severance and pension, bonus and allowance received by the officers from all companies in the consolidated financial statements, as well as the amount of remuneration for employees (i.e., the total of the four items A+B+C+D), and then ranked by the top five highest remuneration. If a director is also the aforementioned officer, this table should be filled in. (names and method of remuneration should be disclosed individually)

Note 2: This is for the salary, duty allowance and severance of the top five highest paid officers in the most recent year.

Note 3: This is for various bonuses, incentive payments, transportation fee, special expenses, various stipends, dormitories, company cars and other provisions for the top five highest paid officers in the most recent year. If housing, automobiles and other transportation or personal expenses are provided, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed. If the individual has a driver, please include a note stating that the Company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: The amount of employee remuneration (including stock and cash) received by the top five highest paid officers in the most recent year should be disclosed as approved by the Board of Directors, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year, and should also be listed in Table 1-3.

Note 5: The total amount of remuneration paid to the top five highest paid officers of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The net income after tax refers to the net income after tax of the most recent year for parent only or individual financial reports.

Note 7: a. This column should explicitly state whether the top five highest paid officers of the Company "have" or "have not" received remuneration from investees other than subsidiaries. (if none, please enter "none").

b. Remuneration refers to the compensation or payment (including remuneration to employees, directors and supervisors) and business execution expenses of the top five highest paid officers of the Company in their capacity as directors, supervisors or officers of an investee enterprise other than a subsidiary.

Note 8: The duties of the individual was adjusted in Apr. 2022.

∗ The compensation disclosed in this table is different from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

E. The names of managers who received employee compensation in 2022 and the distribution status: None.

(4) An analysis of the total compensation paid to the Company's directors, supervisors, general manager, and vice president as a percentage of net income after tax for the most recent two years, and an explanation of the policy, criteria and composition of compensation payments, the process for determining compensation, and the relationship to operating performance and future risks for the Company and all consolidated companies

A. The total amount of remuneration paid to the directors, supervisors, general manager and deputy general manager of the Company for the last two years as a percentage of net income after tax:

Unit: NT$ thousands

Item / Title	2021				2022			
	Total remuneration		Ratio of total to net income after tax (%)		Total remuneration		Ratio of total to net income after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Company	Companies in the consolidated financial statements
Director	7,295	7,295	0.35	0.35	2,227.5	2,227.5	(0.51)	(0.51)
General Managers and Deputy General Managers	37,299	49,932	1.79	2.40	13,315	32,910	(3.07)	(7.59)

B. The policy, standard and composition of compensation payments, the procedures for setting compensation and the relationship to operating performance and future risks.

a. Directors:

(i) In accordance with the Company's Articles of Incorporation, not more than 2% of the Company's annual profits, if any, shall be appropriated as remuneration to the directors. However, if the Company still has accumulated losses, the amount of remuneration shall be retained in advance and the directors' remuneration shall be provided in proportion to the aforementioned amount.

(ii) The Remuneration Committee has evaluated the performance of the Board of Directors in 2022, measuring five aspects including participation in the Company's operations, improving the quality of board decision-making, composition and structure of the Board of Directors, election of directors and continuing education, and internal control. On the other hand, the results of the 2022 self-evaluation of directors' performance (measuring six major aspects, including mastery of corporate goals and tasks, knowledge of directors' duties, participation in corporate operations,

internal relations and communication, directors' professionalism and continuing education, and internal control) and the value of directors' participation in and contribution to corporate operations were approved by the Board of Directors. However, as there is no profit in 2022, there is no distribution of directors' remuneration.

(iii). The method of the performance of the independent directors for the year 2022 is the same as that described above. In 2022, the Company only paid independent directors' remuneration as fixed remuneration and traveling expenses for attending the board meeting.

b. General manager, deputy general manager and managerial officers: The remuneration of the general manager, deputy general manager and managerial officers consists of base salary and bonuses, with reference to industry standards, title, rank, education, professional ability and responsibilities, etc. Bonus payments and salary adjustments are based on overall operational performance (e.g., revenue, achievement rate of annual strategic goals) and individual performance assessment (including professional competence, leadership and management, teamwork, work attitude and organizational commitment, and time management). The Remuneration Committee recommends the allocation principles based on the overall operating performance and individual performance appraisal results, which are approved by the Board of Directors.

The following indicators are taken into account in measuring the personal performance of the general manager, deputy general manager and managers:

Appraisal Item	Assessment standards description	Weight
Work Performance	Achievement of annual KPI targets (e.g. revenue, achievement rate of annual strategic targets)	50%
Professional Capabilities	Able to perform the basic duties of the current job, to allocate resources effectively, and to control and manage budgets.	10%
Leadership and Management	Set an example by leading team members with a positive work attitude and ensuring that team members accept and achieve mission goals, plans and policies.	10%
Teamwork	Able to make team members understand the importance of the task and to effectively use various motivational methods to move the team towards the work goal.	10%
Work Attitude and Organizational Commitment	Ideal, enthusiastic and proactive in performing tasks, willing to adjust the whole person's behavior to meet the company's needs and willing to take responsibility.	10%
Time management	Able to prioritize work objectives according to their importance and urgency, and to allocate and utilize their time effectively to complete various tasks within the time frame	10%

3. Implementation of Corporate Governance:

(1) Implementation Status of Board of Directors

A total of 11 (A) Board of Directors meetings were held in 2022 and as of April 30, 2023. The attendance of the directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Chairman	Medeon, Inc. (US) (Note 3) Representative: Yue Teh Jang	11	0	100.00	Re-elected and assumed office on Jul. 16, 2021
Director	Center Laboratories, Inc. Representative: Jung Chin Lin	10	0	90.91	Elected and assumed office on Jul. 16, 2021
Director	Center Laboratories, Inc. Representative: Chih Hsiung Wu	11	0	100.00	Re-elected and assumed office on Jul. 16, 2021
Director	Hong Jen Chang	10	1	90.91	Elected with natural person identity on Jul. 16, 2021
Director	Hsin Yuan Fang	10	0	90.91	Elected with natural person identity on Jul. 16, 2021
Independent Director	Chi Hang Yang	11	0	100.00	Re-elected and assumed office on Jul. 16, 2021
Independent Director	Chia Ying Ma	11	0	100.00	Re-elected and assumed office on Jul. 16, 2021
Independent Director	Jerome Shen	11	0	100.00	Re-elected and assumed office on Jul. 16, 2021

Other mentionable items:

1. If any of the following circumstances occurred during the implementation of Board of Directors, the date and session of the meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors shall be stated:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established Audit Committee; hence, it does not subject to the provisions in Article 14-3 of the Securities and Exchange Act. Please refer to “Implementation Status of Audit Committee” of the annual report for more information.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
2. If there are directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified:

Board of Directors	Session	Content of Motion	The directors’ names, contents of motion, causes for avoidance and voting
Jan. 20, 2022	The 6th Meeting of the 5th Board of Directors	Proposal: Issuance of 2021 annual manager’s performance bonus. Description: The appraisal bonus will be paid according to the 2021 annual appraisal results.	The motion was passed after the Chairman of the Board, Mr. Yue Teh Jang, an interested party, left the meeting first, and after the Acting Chairman consulted the other directors present, there were no objections.
Jan. 20,	The 6th	Proposal: 2022 Manager's Salary	The motion was passed after the Chairman of

2022	Meeting of the 5th Board of Directors	and Benefit Compensation Plan. Description: The Company's 2022 annual managerial salaries and benefits are presented to the Board of Directors for approval.	the Board, Mr. Yue Teh Jang, an interested party, left the meeting first, and after the Acting Chairman consulted the other directors present, there were no objections.
Mar. 24, 2022	The 7th Meeting of the 5th Board of Directors	Proposal: 2021 employee compensation and director compensation distribution. Description: The directors' 2021 remuneration are submitted to the Board of Directors for adoption.	The motion was passed after the interested parties, Chairman Yue Teh Jang, Director Hong Jen Chang, Director Chih Hsiung Wu and Director Hsin Yuan Fang, left the meeting first and the other directors present were consulted by the Acting Chairman and no objection was raised.
Aug. 5, 2022	The 10th Meeting of the 5th Board of Directors	Proposal: Manager's group performance bonus in the first half-year of 2022 Description: The Manager's group performance bonus in the first half-year of 2022 are submitted to the Board of Directors for adoption.	The motion was passed after the Chairman of the Board, Mr. Yue Teh Jang, an interested party, left the meeting first, and after the Acting Chairman consulted the other directors present, there were no objections.
Jan. 12, 2023	The 14th Meeting of the 5th Board of Directors	Proposal: Issurance of 2022 annual managers' performance bonus. Description: The performance bonus will be paid according to the 2022 annual performance results.	The motion was passed after the Chairman of the Board, Mr. Yue Teh Jang, an interested party, left the meeting first, and after the Acting Chairman consulted the other directors present, there were no objections.
Jan. 12, 2023	The 14th Meeting of the 5th Board of Directors	Proposal: 2022 Manager's Salary and Benefit Compensation Plan. Description: The Company's 2023 annual managerial salaries and benefits are presented to the Board of Directors for approval.	The motion was passed after the Chairman of the Board, Mr. Yue Teh Jang, an interested party, left the meeting first, and after the Acting Chairman consulted the other directors present, there were no objections.

3. Implementation Status of Board Evaluations:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method
Execute once a year	Jan. 1, 2022-Dec. 31, 2022	Performance evaluation of the Board of Directors, individual Board members and functional committees (including the Audit Committee and the Remuneration Committee)	Internal self-evaluation by the Board of Directors, self-evaluation by the members of the Board of Directors and internal self-evaluation by the functional committees (including the Audit Committee and the Remuneration Committee)
Evaluation item			
(1) In order to implement corporate governance and enhance the functions of the Board of Directors, and to clearly define performance objectives in order to improve operational efficiency, the Board of Directors			

of the Company has established the "Board of Directors' Performance Evaluation Method", which shall be performed at least once a year and shall be completed before the end of the first quarter of the following year.

Scope of evaluation: Including the performance evaluation of the entire Board of Directors and functional committees (including the Audit Committee and the Compensation Committee).

Evaluation method: Including internal self-evaluation by the Board of Directors and functional committees.

The evaluation standard is divided into five grades: very poor, poor, moderate, excellent, and very good according to the indicators of each measurement item.

(2)The performance evaluation of the Board of Directors for 2022 and the results are as follows:

A. The performance of the Board of Directors is evaluated in five major areas, including participation in the company's operations, improvement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.

B.The performance evaluation of board members (self) is measured in six major areas, including mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relationship management and communication, professional and continuing education of directors, and internal control.

C.The performance evaluation of functional committees (including the Audit Committee and the Compensation Committee) is measured in six major areas, including participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision quality, functional committee composition and selection of members, and internal control.

D. The performance evaluation of the Board of Directors, the functional committees (including the Audit Committee and the Compensation Committee) and the performance evaluation of the members of the Board of Directors (self) during the period of 2022.1.1 to 2022.12.31 were evaluated in the first three items, and the overall operation of the Board of Directors was generally excellent. The results of the aforementioned evaluation were reported to the Board of Directors on January 12, 2023.

4. Assessment of the current and most recent year's goals for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation.

The Company has established independent directors, an audit committee and a salary and compensation committee to comply with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

5. Attendance of Independent Directors at Board Meetings for 2022 and as of April 30, 2023.

V: Attendance in person☆Attendance by proxy△Leave of absence

Name	Jan. 20, 2022	Mar. 24, 2022	Apr. 7, 2022	May 5, 2022	Aug 5, 2022	Aug. 17, 2022
Chi Hang Yang	V	V	V	V	V	V
Chia Ying Ma	V	V	V	V	V	V
Jerome Shen	V	V	V	V	V	V

Name	Nov. 3, 2022	Dec. 21, 2022	Jan. 12, 2023	Feb. 23, 2023	Mar. 22, 2023
Chi Hang Yang	V	V	V	V	V
Chia Ying Ma	V	V	V	V	V
Jerome Shen	V	V	V	V	V

Note 1: If the director or supervisor is a legal entity, the name of the legal shareholder and the name of the representative should be disclosed.

Note 2: (1) If a director or supervisor leaves the Board of Directors before the end of the year, the date of departure should be indicated in the Remarks column, and the actual attendance rate (%) should be calculated based on the number of meetings of the Board of Directors and the actual number of attendance during his or her term of office.

(2) If there is a change of director and supervisor before the end of the year, both the new and old director and supervisor should be listed, and the date of change should be indicated in the Remarks column as the old, new or re-elected director and supervisor. The actual attendance rate (%) is calculated based on the number of meetings of the

Board of Directors and the actual number of attendance during the term of office.
Note 3: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

(2) The implementation status of the Audit Committee or the participation of supervisors in the operation of the Board of Directors:

A. Implementation Status of Audit Committee

A total of 10 (A) Audit Committee meetings were held in 2022 and as of April 30, 2023. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Independent Director	Chi Hang Yang	10	0	100.00	
Independent Director	Chia Ying Ma	10	0	100.00	
Independent Director	Jerome Shen	10	0	100.00	

Other mentionable items:

The Company's Audit Committee consists of three independent directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its role of overseeing the quality and integrity of the Company in performing accounting, auditing, financial reporting processes and financial controls. Please refer to "Information on Directors and Supervisors" on pages 14-19 of this annual report for the main professional qualifications and experience.

The Audit Committee's annual work focuses on assisting the Board of Directors in monitoring the fair presentation of the Company's financial statements, the selection and independence of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks. The Audit Committee held 7 meetings in 2022 and considered issues such as financial reporting, earnings distribution, appointment or compensation of certified public accountants, assessment of the independence of certified public accountants, significant asset transactions, internal control system and related procedures, annual audit plan, private placement of marketable securities, vetting authority and issuance of new shares for capital increase by earnings re-capitalization.

1.If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or major recommendations of the independent directors, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act: None of the

members of the Audit Committee of the Company expressed any objection to the matters listed in Article 14-5 of the Securities and Exchange Act. Please refer to pages 83-89 for the implementation status.

(2) Other than the two foregoing items, other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communication between the independent directors and the internal auditors and accountants (should include significant matters, manner and results of communication regarding the Company's financial and business conditions).

(1).The head of internal audit regularly reports separately to the independent directors on the execution of audit operations, and a summary of the historical communication is as follows.

Date	Content of report and communication	Results
May 5, 2022 Before the Audit Committee Meeting	1. Report on the implementation status of internal audit operations for 2022 Q1. (Separate meeting)	1. Full communication, discussion and awareness. 2. The independent directors have no comments on this communication.

(2). The accountant shall report separately to the independent directors, at least annually, on the results of the audit of the financial statements, and shall provide an explanation of the results of the audit and a summary of the communications made, as follows:

Date	Content of report and communication	Results
May 5, 2022 After the Audit Committee Meeting	Report on the audit results of the Consolidated Financial Statements for the 2021 Q1. (Separate meeting)	1. Full communication, discussion and awareness. 2. The independent directors have no comments on this meeting.

B. Supervisors' Participation in Board of Directors: Not applicable.

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons:

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		The Company has established and disclosed the “Corporate Governance Best-Practice Principles”.	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has a spokesperson and a proxy spokesperson to handle issues such as shareholder proposals and disputes.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company regularly reviews the list of substantial shareholders and ultimate controllers of substantial shareholders.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company's transactions with related companies are governed by the "Procedures for Transactions with Specified Companies, Group Companies and Related Parties".	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established "Internal Material Information Handling and Prevention of Insider Trading Management Practices" to regulate that insiders should not use unpublished	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			information in the market to trade marketable securities.	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) Please refer to pages 25-26 of this annual report in relation to "Board Diversity and Independence".	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		ˇ	(2) The Company established the Remuneration Committee on October 30, 2014 and the Audit Committee on April 20, 2015, respectively, and held meetings in accordance with the law.	The future will be added according to actual needs.
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) In order to implement corporate governance and enhance the functions of the Board of Directors, and to clearly define performance objectives in order to improve operational efficiency, the Board of Directors of the Company has established the "Board of Directors' Performance Evaluation Method", which shall be performed at least once a year and shall be completed before the end of the first quarter of the following year. Scope of evaluation: Including the performance evaluation of	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			the entire Board of Directors and functional committees (including the Audit Committee and the Compensation Committee). Evaluation method: Including internal self-evaluation by the Board of Directors and functional committees (including the Audit Committee and the Compensation Committee). The evaluation standard is divided into five grades: very poor, poor, moderate, excellent, and very good according to the indicators of each measurement item. The contents and results of the 2022 annual performance evaluation are as follows. A. The performance of the Board of Directors is evaluated in five major areas, including participation in the company's operations, improvement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control. B.The performance evaluation of board members (self) is measured in six major areas, including mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relationship management and communication, professional and	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			continuing education of directors, and internal control. C.The performance evaluation of functional committees (including the Audit Committee and the Compensation Committee) is measured in six major areas, including participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision quality, functional committee composition and selection of members, and internal control. D. The performance evaluation of the Board of Directors, the functional committees (including the Audit Committee and the Compensation Committee) and the performance evaluation of the members of the Board of Directors (self) during the period of 2022.1.1 to 2022.12.31 were evaluated in the first three items, and the overall operation of the Board of Directors was generally excellent. The results of the aforementioned evaluation were reported to the Board of Directors on January 12, 2023.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) According to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, a TWSE/TPEx listed company shall evaluate the independence	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. The independence and suitability of the CPA engaged by the Company were submitted to the Audit Committee on January 12, 2023, and the independent assessment report of the CPA and the AQI assessment report were reviewed and approved by the Board of Directors on February 23, 2023. After the evaluation on CPA Hsiao Tzu Chou and Hua Ling Liang of PwC Taiwan, the Company did not find anything that may affect their independence. They are qualified to serve as CPA of the Company and the results of the CPA independent assessment and AQI assessment are as follows:
<table>
<tr><th>Factors Affecting Independence</th><th>Evaluation Item</th><th>Whether such circumstances occurred</th></tr>
<tr><td rowspan="6">I. Self-interest</td><td>1. Whether there is a direct or material indirect financial interest with the Company and its related parties.</td><td>☐Yes ■ No</td></tr>
<tr><td>2. Whether there is any financing or guarantee with the Company, its related parties or its directors and supervisors.</td><td>☐Yes ■ No</td></tr>
<tr><td>3. Whether to consider the possibility of losing customers.</td><td>☐Yes ■ No</td></tr>
<tr><td>4. Whether there is a close business relationship with the Company and the Company's related parties.</td><td>☐Yes ■ No</td></tr>
<tr><td>5. Whether there is a potential employment relationship with the Company and the Company's related parties.</td><td>☐Yes ■ No</td></tr>
<tr><td>6. Whether there is any contingent public fee related to case auditing.</td><td>☐Yes ■ No</td></tr>
</table></td><td></td></tr>
</table>

Evaluation Item	Implementation Status					Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration			
			II. Self-assessment	1. Whether a member of the audit service team is currently or has been a director, supervisor, or manager of the Company and the Company's related parties or has a significant influence on the audit case within the last two years.	□Yes ■ No	
				2. Whether the non-audit services provided to the Company and the Company's related parties will directly affect the material items of the audit case.	□Yes ■ No	
			III. Defense	1. Whether to advertise or broker stocks or other securities issued by the Company and the Company's affiliates.	□Yes ■ No	
				2. Whether to act as an advocate for the Company and the Company's related parties, or to coordinate conflicts with other third parties on behalf of the Company and the Company's related parties.	□Yes ■ No	
			IV. Familiarity	1. Whether or not they are related to the directors, supervisors, managers, or persons who have significant influence on the audit cases of the Company and its related parties.	□Yes ■ No	
				2. Whether or not the CPA who has retired within one year holds a position as a director, supervisor, manager, or has a significant influence on the audit of the Company and its related parties.	□Yes ■ No	
				3. Whether to receive gifts of significant value from the Company, its related parties or its directors, supervisors or managers.	□Yes ■ No	
			V. Duress	1. Whether the Company and its related parties require the accountants to accept improper choices by management in accounting policies or improper disclosures in financial statements.	□Yes ■ No	
				2. Whether the Company and its related parties exerted pressure on the accountants to improperly reduce the number of audits to be performed in order to reduce public expenses.	□Yes ■ No	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>AQI Assessment Result:
<table>
<tr><th>Dimensions</th><th>AQI</th><th>Indicators</th><th>Applicable</th></tr>
<tr><td rowspan="4">Profession</td><td>Audit Experience</td><td>Whether the CPA and auditors possess sufficient audit experience to perform the audit work.</td><td>■Yes□No</td></tr>
<tr><td>Training Hours</td><td>Whether CPA and auditors receive sufficient training to acquire professional knowledge and skills.</td><td>■Yes□No</td></tr>
<tr><td>Attrition Rate</td><td>hether the firm maintains sufficient senior human resources.</td><td>■Yes□No</td></tr>
<tr><td>Professional Support</td><td>Whether the firm is equipped with sufficient experts, including CAAT specialists and financial appraisers.</td><td>■Yes□No</td></tr>
<tr><td rowspan="4">Quality Control</td><td>Workload</td><td>Whether partners are loaded with excessive engagements or work overtime.</td><td>■Yes□No</td></tr>
<tr><td>Involvement</td><td>hether the involvement of audit team in each audit phase is appropriate.</td><td>■Yes□No</td></tr>
<tr><td>(EQCR) EQCR</td><td>Whether EQC reviewers spend sufficient time on engagement.</td><td>■Yes□No</td></tr>
<tr><td>Quality Supporting Capacity</td><td>hether the firm is equipped with sufficient resources such as risk management, audit professional consultants to support audit teams.</td><td>■Yes□No</td></tr>
<tr><td rowspan="2">Independence</td><td>Non Audit Service (NAS)</td><td>Whether the proportion of NAS affects the firm proposal’s independence.</td><td>■Yes□No</td></tr>
<tr><td>Familiarity</td><td>hether audit firm tenure affects the firm’s independence.</td><td>■Yes□No</td></tr>
</table></td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Monitoring — xternal Inspection Results & Enforcement / Number of Official Improvement Letters Issued by Authority: Whether the firm's compliance wit quality control system and engagement is satisfactory. ■Yes□No Innovation — Innovative Planning or Initiatives: Whether the firm has undertaken appropriate planning or initiatives to improve audit quality. ■Yes□No	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		4.On November 4, 2021, the Board of Directors appointed vice president of the Finance & Business Analysis Department, Jenny Chen, as the Head of Corporate Governance, who is responsible for leading the team in supervising corporate governance-related matters, including conducting meetings of the Board of Directors, the Audit Committee, the Remuneration Committee and the Shareholders' Meeting in accordance with the law; and assist directors in their appointment and continuing education programs, to provide information necessary for directors to carry out their business, to assist directors in complying with laws and regulations, etc.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			The business performance in 2022 was as follows. (1).Assisted the Chairman of the Board of Directors in matters related to 8 Board meetings and prepared the minutes of the Board meetings (2).Assisted the Chairman of the Audit Committee in conducting 7 Audit Committee meetings and producing the minutes of the Audit Committee meetings (3).Assist the Chairman of the Remuneration Committee with 4 Remuneration Committee meetings and prepare the minutes of the Remuneration Committee meetings (4).Assist the Board of Directors in the 2022 General Shareholders' meeting and prepare the minutes of the General Meeting (5).Provide information on continuing education for directors (6). Provide information necessary for directors and members to carry out their business (7). Assist directors in compliance with the Act (8). Immediate handling of director requests Corporate Governance Executive 2022: Our Chief Corporate Governance Officer will complete at least 18 hours of study	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>courses within the first year of his or her appointment, starting November 4, 2021. Seminar as shown below:
<table><tr><th>Study period</th><th>Organizer</th><th>Course</th><th>Training hours</th></tr><tr><td>111.7.21
July 21, 2022</td><td>ROC Accounting Research and Development Foundation</td><td>Common Deficiencies in “Financial Report Review” and Important Internal Control Regulations</td><td>6</td></tr><tr><td>111.9.8
September 8, 2022</td><td>ROC Accounting Research and Development Foundation</td><td>Cases of False Financial Reports and How to See Key Information in Financial Reports</td><td>3</td></tr><tr><td>111.9.21
September 21, 2022</td><td>ROC Accounting Research and Development Foundation</td><td>Tax Regulations and Practices for Controlled Foreign Company (CFC)</td><td>3</td></tr><tr><td>111.10.11
October 11, 2022</td><td>Securities and Futures Institute</td><td>M&A Practices</td><td>3</td></tr><tr><td>111.10.18
October 18, 2022</td><td>Securities and Futures Institute</td><td>M&A practices - Hostile Takeover</td><td>3</td></tr></table></td><td></td></tr>
<tr><td>5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of</td><td>ˇ</td><td></td><td>5.Stakeholders who have any opinions can communicate with the management or directors and supervisors in any form, such as letters or telephone calls.
<table><tr><th>Stakeholders</th><th>Key Concerns</th><th>Communication pipeline and frequency</th><th>Contact Window</th></tr><tr><td>Shareholders</td><td>Business</td><td>Company website/every</td><td>Spokesperson and Chief</td></tr></table></td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status						Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration				
corporate social responsibilities?			Investors	performance Risk control and management Shareholders' equity	time Road show/every time Shareholders' Meeting/once a year Board of Directors Meeting/once a season Material information and press releases/every time Shareholders call for consultation/each time	Corporate Governance Officer Jenny Chen, Finance & Business Analysis Dept. Vice President 02-28816686 #118 IR@medeonbio.com	
			Customers	Business sales consultation and services	Related seminars/every time Electronic correspondence/every time Visits, meetings, conference calls/every time	Pearl Ling, Finance & Business Analysis Dept. Vice Manager 02-28816686 #125 pearl.ling@medeonbio.com	
			Suppliers	Product quality assurance	Matching with suppliers through purchasing staff/every time	Ultra Chyn, Finance & Business Analysis Dept. Manager 02-28816686 #129 ultra.chyn@medeonbio.com	
			Employees	Compensation and Benefits Employee care Employee training and development	Labor-management meeting/once a season Internal website/permanent	Li Zhen Hong, Management Dept. Senior Manager 02-28816686 #123 jessie@medeonbio.com	
			Competent authority	Legal compliance	Meeting of the competent authority or related	Jenny Chen, Finance & Business Analysis Dept.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<table><tr><td></td><td></td><td>seminar/every time</td><td>Vice President 02-28816686 #118 jenny@medeonbio.com</td></tr></table> The Company's communication with stakeholders in 2022 was reported to the Board of Directors on January 12, 2023, and the report is as follows. (1) Communication with employees: A total of 1 labor-management meetings were held. (2) Communication with customers: A total of 16 customer meetings. (3) Qualified supplier audit: apply for 1 supplier re-evaluation (4) Shareholder/investor communication: 1 corporate meeting, 1 shareholders' meeting and 8 board meetings, 4 press releases, 109 calls from investors, and timely responses (5) Recusal of interests: The Board of Directors recused itself from 4 cases in total.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed a professional shareholder service agency to deal with shareholder affairs, established.	None
7. Information disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has established a corporate website to disclose both financial standings and the status of corporate governance.	None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure,	V		(2) The Company has a person to collect and disclose the Company's information, and has a spokesperson and an acting spokesperson, and the presentation of the corporate presentation is also disclosed on the Company's website.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
creating a spokesman system, webcasting investor conferences)?				
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		(3) The quarterly financial reports of the Company for 2022 were reported to the Board of Directors 7 days prior to the announcement deadline, and the iXBRL financial statements were published on the same day of the Board of Directors' meeting, and the operations for each month were announced and reported before the prescribed deadline.	None

8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?

(1). Employee rights and benefits, employee care: The Company has established various employee welfare measures, further education, training and retirement systems to protect employee rights and benefits and take care of employees.

(2). Investor Relations: The Company has a spokesperson and a proxy spokesperson whose contact information is made public so that investors can reflect their opinions at any time.

(3). Supplier relationships and interests of stakeholders: The Company maintains equal and good relationships with its suppliers and stakeholders.

(4). Directors' and supervisors' training records:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

Title	Name	Study period	Organizer	Course	Training hours
Chairman	Medeon, Inc. (US) (Note) Representative: Yue Teh Jang	Nov. 23, 2022	Securities and Futures Institute	The trends and up-to-date Development of Carbon Border Tax (CBT)	3
		Nov. 24, 2022	Corporate Operating and Sustainable Development Association	Case analysis for exposure of company's important information and duty of director	3
Director	Center Laboratories, Inc. Representative: Jung Chin Lin	Mar 23, 20222	Securities and Futures Institute	orporate Governance and Securities and Exchange Act	3
		Nov. 22, 20222	Taiwan Corporate Governance Association	orporate Governance from the Perspective of Human Rights Policy	3
Director	Center Laboratories, Inc. Representative: Chih Hsiung Wu	Sep. 21, 2022	Securities and Futures Institute	Corporate governance 3.0- from the Prosecution's Perspective	3
		Sep. 22, 20222	Securities and Futures Institute	An Empirical Study on Related Party Transaction and Non-arm's Length Transactions	3
Director	Hong Jen Chang	Mar 25, 20222	ROC Accounting Research and Development Foundation	TCFD Climate-Related Financial Disclosures and a New Exemplary of Low-Carbon Green Value	3
		Jul. 18, 20222	ROC Accounting Research and Development Foundation	New Trends in ESG and TCFD Reporting: Getting to the Point	3
Director	Hsin Yuan Fang	Jan. 26, 2022	ROC Accounting Research and Development Foundation	The Latest "Self-Preparation of Financial Statements" Related Regulations Development and Internal Control Management Practices	6
Independent Director	Chi Hang Yang	Jun. 30, 2022	Taiwan Stock Exchange Corporation	The ESG reporting trends and its business implications	3
		Sep. 16, 2022	Taiwan Insurance Institute	Circular economic benefits and their business models	3
Independent Director	Chia Ying Ma	Nov. 13, 2022	ROC Accounting Research and Development Foundation	2022 Cathay Sustainable Finance and Climate Change Summit	9

Evaluation Item		Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
		Yes	No	Abstract Illustration	
		Nov. 15, 20222	Financial Supervisory Commission	Task Force on Climate-related Financial Disclosures (TCFD)	3
Independent Director	Jerome Shen	Mar. 25, 20222	ROC Accounting Research and Development Foundation	Application of "Commercial Arbitration" to Enterprises and Legal Responsibilities	3
		Mar. 24, 20222	ROC Accounting Research and Development Foundation	Cases Studies and Legal Responsibilities on Insider Trading	3

Note: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

(5). Risk management policies and risk measurement standards: In order to establish a sound awareness of risk management and to reasonably ensure the achievement of strategic objectives for sustainable development, the Company has established "Risk Management Policies and Procedures" as the highest guiding principle for risk management by the Board of Directors on January 12, 2023. And reported 2022 sustainable development implementation status based on the principle of materiality to Board of Directors on Jan. 12, 2023. Please refer to the "Risk Management Policy, Scope, Organization and Implementation Status" on the Company's website for a brief description of the relevant information (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh).

(6). Implementation of customer policy: Our company is committed to improving product quality and process technology to provide customers with the most perfect service quality. In the event of a customer complaint, we will provide a customer complaint channel in accordance with our established customer complaint handling practices.

(7). The Company has taken out liability insurance for directors and supervisors: The Company has taken out liability insurance for directors.

(8). Succession planning:

In addition to the professional background and skills of the Company's directors, they also possess relevant business management capabilities. In addition, the Company arranges annual training courses on finance, law, business, commerce, risk management, corporate governance, corporate social responsibility, internal control system and financial reporting responsibilities, etc. The directors are required to complete at least 6 hours of further education per year for each of the above courses. The succession plan of the Company requires not only excellent working ability but also honesty, integrity, and recognition of

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
corporate philosophy, etc. On January 8, 2016, the original Chairman, Jung Chin Lin, successfully handed over the position to Yue Teh Jang, the former General Manager of the Company. In addition to possessing certain professional skills, our senior executives must have integrity and share the company's values. The Company continues to cultivate outstanding talents with management ability, professionalism, leadership, strategy and judgment through training programs such as job rotation, acting duties and difficult tasks or occasional work situations. The actual implementation results are as follows: In July 2019, Associate Director Albert Weng and Associate Director Greta Chang were promoted to vice president of Product Business Group and vice president of Regulatory and Quality Control Clinical Department respectively. In February 2021, vice president Yiju Chen was promoted to Executive vice president, vice president Elisa Huang was promoted to Vice president of Operations and Chief Financial Officer, Associate Manager Jenny Chen was promoted to Senior Associate and served as Deputy Chief Financial Officer, and Manager Sharon Hsu was promoted to Associate Manager. In April 2022, vice president Elisa Huang was transferred to the US subsidiary. Senior Associate Jenny Chen was promoted to Vice president and served as Chief Financial Officer. Manager Tori Lin was promoted to Senior Manager and served as Accounting Supervisor. The Company will continue to identify potential management talents through job rotation, acting positions, assignment opportunities, strategic consensus camps, professional seminars and training programs, etc. to select a full range of management talents to prepare for future successors. (9). Intellectual property management: Intellectual property is the core value of R&D oriented companies and is the focus of competition among innovative medical materials. The Company regularly reports on intellectual property-related matters to the Board of Directors, most recently on November 3, 2022. Please refer to the "Intellectual Property Management Plan and Implementation" on the Company's website (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh).				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

9. Please provide information on the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance those areas that have not yet been improved. (Not required for companies not included in the assessment):

The Company participated in the 9th (2022) annual corporate governance evaluation and, based on the evaluation results of the Securities and Futures Institute, the main recommended improvements or proposed future improvements are as follows:

Major Suggested Improvements	Status of Improvement
Are the chairman and the president or person of an equivalent post (the highest level manager) of the Company the same person, spouses, or relatives within the first degree of kinship?	The Company proposed to elect an additional independent director at the 2022 General Shareholders' Meeting.
Did the company file its audited annual financial report within 2 months from the end of the fiscal year?	The Company announced its 2022 financial report at the end of February 2023.

(4) If the Company has established a Remuneration Committee, it shall disclose its composition, duties and implementation status:

The Company's Board of Directors resolved on October 30, 2014 to establish a Remuneration Committee and formulate the "Remuneration Committee Chapter".

A.Composition: The members of the Remuneration Committee are elected in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".

The term of office of the current members is from July 16, 2021 to July 15, 2024, and is composed of Chia Ying Ma (Convenor), Chi Hang Yang and Jerome Shen.

B. Information on the Members of Remuneration Committee

Title	Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	Chia Ying Ma (Convener)	The individual had experience as an instructor or higher position in a public or private junior college, college or university and work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. Please refer to "Information on Directors and Supervisors" on pages 18-19 of this annual report for the main professional qualifications and experience. Not been a person of any conditions defined in Article 30 of the Company Act.	All members are independent directors and their independence is in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note).	2

Independent Director	Chi Hang Yang	The individual had experience as an instructor or higher position in a public or private junior college, college or university and work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. Please refer to "Information on Directors and Supervisors" on pages 18-19 of this annual report for the main professional qualifications and experience. Not been a person of any conditions defined in Article 30 of the Company Act.		0
Independent Director	Jerome Shen	The individual had work experience necessary for the business of the company. Please refer to "Information on Directors and Supervisors" on pages 18-19 of this annual report for the main professional qualifications and experience. Not been a person of any conditions defined in Article 30 of the Company Act.		0

Note: No member of the Remuneration Committee had any of the following two years prior to appointment and during his or her term of office.

1. An employee of the company or any of its affiliates.
2. A director of supervisor of the company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer in Subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article

27, paragraph 1 or 2 of the Company Act.

6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, managerial officers, or shareholders holding 5% or more of the shares of a specific company or organization with which the Company has financial or business correspondence.
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

C.Duties: A. Establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors and managerial officers. B. Periodically evaluate and set the remuneration of directors and managerial officers.

D.Implementation Status: There are 3 members of the Remuneration Committee of the Company. The term of office of the current members: July 16, 2021 to July 15, 2024. A total of 4 (A) Remuneration Committee meetings have been held in 2022 to evaluate and review the compensation of directors and managers, and then submit the proposal to the Board of Directors for discussion and resolution. Qualifications and Attendance of Members of Remuneration Committee during the Most Recent Year:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Member of Remuneration Committee (Convener)	Chia Ying Ma	4	0	100	Assumed office on Jul. 16, 2021
Member of Remuneration Committee	Chi Hang Yang	4	0	100	Term of office expired and re-assumed office on Jul. 16, 2021
Member of Remuneration Committee	Jerome Shen	4	0	100	Term of office expired and re-assumed office on Jul. 16, 2021

Other mentionable items:

1.Scope of Duties of Remuneration Committee:

(1) The Committee shall faithfully perform the following duties and responsibilities with the care of a good administrator and shall submit its recommendations to the Board of Directors for discussion.

A. Regularly review the Remuneration Committee Chapter and propose amendments.

B. Establish and regularly review the performance evaluation standards, annual and long-term performance goals, and salary and compensation policies, systems, standards and structures for its directors and managerial officers, and disclose the content of the performance evaluation standards in the annual report.

C. Regularly evaluate the achievement of the performance targets of the Company's directors and managers, and determine the content and amount of their individual remuneration based on the evaluation results obtained from the performance evaluation standards.

(2) In performing the aforementioned duties and responsibilities, the Remuneration Committee shall follow the following principles:

A. Ensure that the company's salary and compensation arrangements comply with the relevant laws and regulations and are sufficient to attract the best talent.

B. The performance evaluation and salary compensation of directors and managers shall be based on the usual level of compensation in the industry, and shall take into consideration the results of individual performance evaluation, the time invested, the responsibilities assumed, the achievement of personal goals, the performance of other positions, the salary compensation offered by the Company to equivalent positions in recent years, and the achievement of short-term and long-term business goals and the Company's financial position, etc. to assess the reasonableness of the relationship between individual performance and the Company's operating performance and future risks.

C.Directors and managers should not be induced to engage in conduct that exceeds the Company's risk appetite in pursuit of remuneration.

D.The percentage of remuneration for short-term performance of directors and senior managers and the timing of payment of some variable remuneration shall be determined by considering the characteristics of the industry and the nature of the Company's business.

E. The content and amount of remuneration for directors and managers should be reasonable. The determination of remuneration for directors and managers should not be materially different from the financial performance, and if there is a significant decline in profits or a long-term loss, the remuneration should not be higher than the previous year. If it is still higher than the previous year, the reasonableness should be disclosed in the annual report and reported in the shareholders' meeting.

F. Members of the Remuneration Committee are not allowed to join the discussion and vote on their personal compensation decisions.

(3) The remuneration referred to in the preceding two items includes cash compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances and other measures with substantial incentives; the scope of which shall be consistent with Regulations Governing Information to be Published in Annual Reports of Public Companies regarding directors' and managers' remuneration.

2.If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, it should state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Compensation Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it should state the difference and the reasons for the difference): None.

3.If a member of the Remuneration Committee has any objection or reservation to a resolution and it is recorded or stated in writing, the date and period of the Remuneration Committee, the content of the resolution, the opinions of all members, and the handling of the opinions of the members shall be stated: None.

4.Significant resolutions of the Remuneration Committee for 2022 and up to the date of printing of the annual report.

Meeting date	Material resolution	Resolution results
Jan. 20, 2022 The 2nd Meeting of the 4th Remuneration Committee	1.Evaluation of the performance of the Board of Directors, Board Members and Functional Committees	Resolution of the Remuneration Committee: Approved by all members. The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on January 20, 2022.
	2. 2021 Annual Manager's Evaluation Bonus Payment	
	3. 2022 Manager's Salary and Benefit Compensation Plan	
	4.Adjustment of the first buyback of treasury stock transfer employees	
Mar. 24, 2022 The 3rd Meeting of the 4th Remuneration Committee	1. 2021 Employee Remuneration and Director Remuneration Distribution	Resolution of the Remuneration Committee: Approved by all members. The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on March 24, 2022.
Apr. 7, 2022 The 4th Meeting of the 4th Remuneration Committee	1.Adjustment of salary and benefit compensation for manager's change of duties	Resolution of the Remuneration Committee: Approved by all members. The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on April 7, 2022.
Aug. 5, 2022 The 5th Meeting of the 4th Remuneration Committee	1. 2022 First Half Year Performance Bonus for Managerial Teams	Resolution of the Remuneration Committee: Approved by all members. The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on Aug. 5, 2022.
	2.Adjustment of salary and benefit compensation for manager's change of duties	
Jan. 12, 2023	1.Evaluation of 2022 performance	Resolution of the Remuneration

	The 6th Meeting of the 4th Remuneration Committee	of the Board of Directors, Board Members and Functional Committees	Committee: Approved by all members. The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on January 12, 2023.
		2. 2022 Annual Manager's Evaluation Bonus Payment	
		3. 2023 Manager's Salary and Benefit Compensation Plan	

(5) Promotion of Sustainable Development Initiatives and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The Company's Board of Directors originally approved and implemented the "Corporate Social Responsibility Best Practice Principles", which was revised and approved by the Board of Directors on March 24, 2022 in accordance with the law as the "Sustainable Development Best Practice Principles". The Company's Finance & Business Analysis Dept. is responsible for promoting sustainable development, focusing on environmental, social, corporate governance and stakeholders' interests related to the Company's operations. The Company reported to the Board of Directors on Jan. 12, 2023 on its 2022 sustainable development implementation status based on the principle of materiality.	No major differences.
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		In order to establish a sound awareness of risk management and to reasonably ensure the achievement of strategic objectives for sustainable development, the Company established the "Risk Management Policy and Procedures" based on the principle of materiality, which was approved by the Board of Directors on November 5, 2020 as the highest guiding principle for risk management of the Company. The Company reported to the Board of Directors on January 12, 2023 on its goal of sustainable development based on the principle of materiality. Please refer to the " Sustainable	No major differences.

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Development Status " on the Company's website for a brief description of the relevant information. (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh)	
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The Company specializes in the research and development of medical devices, and although it does not have production and manufacturing issues that require special compliance with the environmental management system of industry-specific regulations, it still complies with the general environmental safety and health related regulations in Taiwan.	No major differences.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company implements waste separation and sets up a resource recycling office, promotes paper reduction, uses recycled paper and encourages the use of environmentally friendly chopsticks and cups in order to reduce the impact on the environment.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) Priority is given to the procurement of energy-saving equipment, with office and laboratory air-conditioning with regular controls; lighting equipment is turned off during lunch break, and lights are turned off after work, in response to the policy of energy saving and carbon reduction.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption,	V		(4) The Company specialize in the research and development of medical devices and do not	

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			produce any manufacturing water or waste. On weekdays, only water and garbage are used for daily use by the staff, and the water and garbage used for daily use by the tenants on each floor are handled by the building in which they are located. The carbon dioxide emissions of Shilin and Wugu Office in 2022 were 154,171 kg, which was more than the 73,411 kg emission in 2021; it was resulted by the FDA inspections and the requirement for clean rooms to run 24 hours a day. For the carbon dioxide emission reduction target in 2023, please refer to "Sustainable Development Status" on the Company's website. (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh)。	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) In addition to adhering to the Labor Standards Act and the Gender Equality at Work Act and other laws and regulations where we operate globally, our human rights protection policy recognizes and supports the principles set forth in the The principles embodied in the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the International	No major differences.

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights, among other international human rights conventions. The company is committed to creating a diverse, open, equal and harassment-free work environment, prohibiting differential treatment or any form of discrimination, and regularly implementing labor safety-related education and training and free health checks to build a healthy, safe and comfortable workplace environment. In 2022, there were 36 participants in human rights education training.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) The Company has set the salaries of employees in accordance with the ranks and established a leave system that is superior to the provisions of the Labor Standards Act. In addition to the labor and health insurance and pensions provided by law, the Company also provides group insurance including term insurance, accidental injury insurance, medical injury, cancer and pandemic insurance, wedding and funeral subsidies, health examination subsidies, birthday gifts, contracted factories, and domestic and overseas employee travel benefits. Bonuses and salary adjustments will be paid based on overall operational performance (e.g., revenue, achievement rate of annual strategic	

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		goals) and individual performance appraisals (including professional ability, leadership and management, teamwork, work attitude and organizational commitment, and time management). Our company advocates diversity and equality in the workplace and believes in the value of diversity in the workplace, building an inclusive and friendly workplace where salaries, promotions and various employee benefits do not differ according to gender, age, religion, political stance or ethnic group. There is no difference in salary and compensation between women and men in our company, and both men and women are entitled to equal pay for equal work and equal promotion opportunities. In 2022, the average age of employees is 42.8 years old, the percentage of female employees was 56% and the percentage of female supervisors (assistant manager and above) was 63%. (3) The Company believes that providing a safe and healthy working environment for employees is the only way to create high efficiency and high quality work performance, and to reduce accidents caused by unsafe behavior through continuous education, training and promotion of emergency response capabilities and safety concepts for employees.	

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			A. Workplace Security Management a. Establish a "Labor Safety and Health Code of Practice" to stipulate safety management matters for employees to follow. b. Access control is implemented, employees and visitors entering the company are required to swipe their cards or verify. c. In addition to 24-hour security guards at the building where our company is located, there are surveillance cameras at all entrances and exits, and security management is strengthened at night and on holidays to protect the personal safety of our employees. d.During the COVID-19 epidemic, the building in which the Company is located complied with government policy by conducting temperature measurements, requiring the wearing of masks, and restricting the entry of outside personnel into the building. B. Environment Cleaning a. Building and office cleaning operations: 2 times a day for the building and 1 time a day for the office. b. Office disinfection (including rodent control) operations: implemented once every six months.	

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			c. Office drinking water filter replacement: 1 time per quarter. d. Office air conditioning filter cleaning: regular cleaning. C.Fire Safety a. The building in which the Company is located is equipped with a complete fire protection system, including alarm system, fire protection system and escape system, as required by the regulations. b. We have commissioned a qualified and professional testing consultant to conduct the functional testing of the system units in the building in which we are located. c. Fire hydrants and fire extinguishers are installed in public walkways in accordance with regulations, and all fire protection systems are regularly inspected and maintained in accordance with regulations. (4) In 2022, an annual inspection of fire protection systems and equipment was conducted. D.Staff Health Management a. We subsidize all employees' expenses for general health checkups every year. 20 people had employee health checkups and 48 people (including dependents) received influenza vaccinations in 2022.	

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company provide its employees with career development and training sessions?	V		b. Organize staff health competition from time to time. c. In 2022, there were no occupational injuries, occupational diseases or fatalities among our employees. (4) The Company's annual training plan is in line with the Company's management strategy and objectives, to collect and understand the development priorities and training needs of each unit, to provide multiple learning channels, to promote personal growth and organizational learning, to encourage independent learning, and also to consider the personal development plans of employees, the functional training system of each level, the quality management system and the relevant regulations of laws and regulations, and other professional skills to compile the "Employee Training Plan".	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) The Company ensures the safety and effectiveness of its products through a rigorous product design process. The marketing and labeling of products and services comply with relevant laws and regulations and international standards, and has established relevant policies and complaint procedures to protect the rights of consumers or customers.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or		ˇ	(6) The contract between the Company and the supplier does not yet contain provisions	

Promotion Item	Implementation Status			Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
labor and human rights? If so, describe the results.			requiring the supplier to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights issues, but if the supplier has seriously violated the above regulations, the contract may be terminated or cancelled at any time.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		The Company has prepared the 2021 sustainability report in accordance with the internationally recognized reporting standards and uploaded to the MOPS and the Company's website before September, 2022. For related content, please refer to "2021 Sustainability Report" on the Company's website. (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh)。	No major differences.
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The Company has established a "Code of Practice for Sustainable Development" and has complied with it, and there has been no discrepancy so far.				
7. Other useful information for explaining the status of corporate social responsibility practices: Based on the concept of "What is taken from the community is used in the community", the company helped the following organizations in 2022:				

Holiday/Activity	Unit	Description	Purchases/Subscriptions	Quantity	Amount
Citizenship Class on the Road	Primary and secondary school students in rural areas	"Citizenship Class on the Road" began at the end of 2014 when teachers and students discussed the issue of unequal distribution of academic resources between eastern and western Taiwan. The students were trying to help, but with a biased "superiority" conception which forbids them to discover the true beauty of helping others. Thus, the teachers and students agreed to collect suppliers on the Internet and carried it for 6 days from Kaohsiung to Taitung	Books & Stationery	A batch	

Promotion Item		Implementation Status			Deviations from “the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
		Yes	No	Abstract Illustration	
				on foot to personally deliver the love to the students at the schools in the indigenous tribes. “Citizenship Class on the Road” is a journey of social citizenship evolution, leading college students to go out and experience the process of helping others, so that they will be more willing to care about the people and things around them and take responsibilities in the society and the workplace in the future, regardless of their own ability, status, and job differences.			
Crazy Cat Charity Association	boîte à bijoux			For every box of Échiré biscuits sold, boîte à bijoux will donate another NT$50 to the Crazy Cat Charity Association as a relief fund for stray cats.	Échiré biscuits box	60 boxes	$3,000
Donation of receipts to save persistent vegetative state (PVS）	Genesis Social Welfare Foundation			By upholding the concept of compassion, upholding the spirit of humanity and respecting life, and combining the kind-hearted people of the society, Genesis works on social services for the vegetables, the elderly, and the poor in a way that trickles into a river and gathers sand into a tower	Donation of receipts	52 receipts	-

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

The Company has established "Ethical Corporate Management Best Practice Principles" and deals with our agents, suppliers, and customers in a fair and transparent manner, and does not engage in illegal bribes or accept bribes, nor does it make illegal political contributions or donations. The directors and the managerial officers observe the principle of disinterest and a high degree of self-discipline and have not improperly benefited themselves or others. The Chief Internal Auditor reports regularly to the Board of Directors on the compliance with the internal control system. The Company also provides a whistle-blowing channel and keeps the identity of the whistle-blower confidential.

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company has established the "Ethical Corporate Management Best Practice Principles", which has been approved by the Board of Directors. The directors of the Company uphold a high degree of self-discipline and recuse themselves from the discussion and voting on the motions listed in the Board of Directors' meeting if they have an interest in themselves or the legal entity they represent that may be harmful to the Company's interests, and they are not allowed to exercise their voting rights on behalf of other directors.	No major differences.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company has established the "Ethical Corporate Management Best Practice Principles", "Guidelines for the Adoption of Codes of Ethical Conduct", "Code of Conduct for Employees", "Work Rules for Employees" and "Rules for Reporting Violations of Integrity" to regulate the preventive measures for business activities with higher risk of dishonesty and to encourage internal and external personnel to report dishonesty or misconduct in order to implement honest management. The Company's "Ethical Corporate Management	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Best Practice Principles" prohibits dishonest conduct by directors, managers, employees or persons with substantial control over the Company from offering, promising, requesting or accepting, directly or indirectly, any improper benefit or committing any other dishonest act in violation of integrity, wrongfulness or breach of fiduciary duty in order to obtain or maintain benefits in the course of conducting business. Benefit means anything of value, including money, gifts, commissions, positions, services, favors, rebates, etc., in any form or name. The Company's "Code of Conduct for Employees" and "Work Rules for Employees" stipulate that employees shall not use their official relationships or accept improper gifts, presents, invitations to banquets or donations of any kind from others, and through the establishment of principles and systems, the possibility of dishonest behavior is prevented and risks are reduced. We also sign an employment contract with our employees, requiring them to strictly abide by the rules of benefit avoidance and not to obtain improper benefits directly or indirectly.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions,	V		(3) Education and training are provided to employees so that they are fully aware of the Company's	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			determination to operate in good faith and the consequences of dishonest behavior,and there was no breach of honest management in 2022.	
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The Company's business activities do not involve other illegal affairs or purposes. The Company may suspend or remove from the list of qualified suppliers those who have a record of dishonest behavior.	No major differences.
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(2) The Company's Finance & Business Analysis Department is responsible for promoting the Company's integrity management objectives and reported to the Board of Directors on January 12, 2023 on the implementation of integrity management for 2022, which is summarized as follows: A. Ethical management (including prevention of insider trading, etc.) promotion: A total of 18 information promotion sessions was held. B. Ethical management (including prevention of insider trading, etc.) education and training: 34 participants attended the training. C. Violation of ethical management: 0 cases.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate	V		(3) The Company has established a policy to prevent conflicts of interest and provide appropriate	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
communication channels, and implement it?			channels of presentation. The directors will recuse themselves from discussing and voting on the Board of Directors' motions where there is a conflict of interest.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) The Company has established an accounting system and internal control system in accordance with relevant laws and regulations. The internal audit unit prepares an audit plan based on risk assessment, and after approval by the Board of Directors, the internal auditors regularly review the compliance status and report to the Board of Directors.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) In addition to regular supervisory meetings and internal departmental meetings, the Company also conducts annual training and awareness-raising sessions for its employees so that they are fully aware of the Company's determination to operate with integrity and the importance of preventing insider trading. The Company has conducted education and training on the "Ethical Corporate Management Best Practice Principles" and "Internal Material Information Handling and Prevention of Insider Trading Management Practices" and informed the Company of the relevant regulations. Any violation will be punished by the company and the employment	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			contract will be terminated in serious cases. In 2022, 34 participants attended the training for a total of 1.5 hours and 25 information sessions on honest management (including prevention of insider trading).	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Does the company provide proper whistleblower protection?	V		The Company has established the "Rules for Reporting Breach of Ethical Management", which provides for specific procedures, reporting channels and incentives for reporting breaches of integrity, internal malpractice and grievances, and provides reporting channels for internal and external personnel. The reporters shall be punished in accordance with the relevant regulations. In addition, the Company shall not improperly or unfavorably dispose of a whistleblower in connection with a whistleblowing matter.	No major differences.
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company's Ethical Corporate Management Best Practice Principles is available on the Company's website and the Market Observation Post System (MOPS). Please refer to the " Implementation Status of Ethical Corporate Management " on the Company's website for the relevant information (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh)	No major differences.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: No major differences.				

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies: (e.g., review and amend its policies) (1). The Company complies with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations of the competent authorities as the basis for the implementation of ethical management. (2). The Company's "Regulations Governing Board Meetings" stipulate that a director who has an interest in a meeting that is harmful to his or her own interests or those of the legal entity he or she represents may present his or her opinions and answer questions, but may not participate in discussions or vote, and shall recuse himself or herself from discussions or votes, and may not exercise his or her voting rights on behalf of other directors. (3).The Company has established the "Management of Material Internal Information and Prevention of Insider Trading", which stipulates that those who are aware of the Company's material internal information that is not publicly available shall not disclose it to others and shall take care to avoid insider trading.				

Note 1: The implementation status should be stated in the abstract Illustration field regardless of whether "Yes" or "No" is checked.

(7) If the Company has established Corporate Governance Best Practice Principles and related regulations, it should disclose its inquiry methods:

The Company has established the following rules and regulations in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".

A. Rules of Procedure for Board of Directors Meetings
B. Ethical Corporate Management Best Practice Principles
C. Remuneration Committee Chapter
D. Guidelines for the Adoption of Codes of Ethical Conduct
E. Rules of Procedure for Shareholders Meetings
F. Corporate Social Responsibility Best Practice Principles
G. Audit Committee Chapter
H. Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd.
I. Rules Governing the Scope of Powers of Independent Directors
J. Corporate Governance Best-Practice Principles

Inquiry method: The Company's website: http://www.medeonbiodesign.com
Or Market Observation Post System http://mops.twse.com.tw

(8) Other important information that may be disclosed to enhance understanding of corporate governance operations: None.

(9) Implementation Status of Internal Control System

A. Statement of Internal Control System

Medeon Biodesign, Inc.

Statement of Internal Control System

Date: Mar. 22, 2023

Based on the results of the self-assessment, the Company's internal control system for the year ended December 31, 2022, is stated as follows.

1.The Company recognizes that it is the responsibility of the Board of Directors and the Manager to establish, implement and maintain a system of internal control and that the Company has established such a system. The purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profitability, performance and safety of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and relevant laws and regulations.

2. An effective internal control system, no matter how well designed, can only provide reasonable assurance that the above three objectives are achieved; moreover, the effectiveness of an internal control system may change as circumstances and conditions change. However, the Company's internal control system has a self-monitoring mechanism, and once deficiencies are identified, the Company will take corrective action.

3. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The judgmental items of the internal control system adopted in the "Regulations" are based on the process of management control, and the internal control system is divided into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component consists of a number of items. Please refer to the "Regulations" for the aforementioned items.

4. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the results of the preceding evaluation, the Company concluded that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, including the understanding of the extent to which operational effectiveness and efficiency objectives have been achieved, the reporting of such internal control system is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations, and the design and implementation of such internal control system is effective, which can reasonably ensure the achievement of the above objectives.

6. This statement will be the main content of the Company's annual report and investment prospectus and will be made available to the public. If the above-mentioned contents are disclosed in a false or concealed manner, it will be subject to the legal liabilities under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

7. This statement was approved by the Board of Directors at the Board of Directors' meeting held on February 23, 2023. Of the seven directors present, zero held opposing views, and the rest agreed to the contents of this statement.

Medeon Biodesign, Inc.
Chairman: Yue Teh Jang
General Manager: Yue Teh Jang

B. If an accountant is engaged to review the internal control system, the accountant's review report should be disclosed: Not applicable.

(10) For the most recent year and as of the date of printing of the annual report, the Company and its internal personnel have been punished in accordance with the law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishment may have a significant impact on shareholders' equity or securities prices, the content of the punishment, major deficiencies and improvements should be stated: None.

(11) Significant resolutions of the shareholders' meeting and the Board of Directors for the most recent year and up to the date of printing of the annual report.

A. Shareholders' Meeting

Nature	Meeting date	Summary of Important Motion	Implementation Status
General Shareholders' Meeting	June 20, 2022	Ratification of 2021 Business Report and Financial Statements	The case was approved by voting as written.
		Ratification of the proposal of 2021 Earnings Distribution	The case was approved by voting as written.
		Approval of the issuance of new common shares for capital increase by earnings re-capitalization	The capital increase by earnings re-capitalization of NT$146,060,150, which was declared effective by the Financial Supervisory Commission on July 22, 2022, and was registered by the Ministry of Economic Affairs on September 15, 2022, and the shares were issued on September 26, 2022.
		Approval of Issuance of new common shares by Private Placement	The Company will hold a board meeting before the expiration of the term to decide whether to proceed with the private placement.
		Approval of amendment to the Articles of Incorporation.	The case was approved by a vote and announced on the Company's website, and was approved for registration by the Ministry of Economic Affairs on July 15, 2022.
		Approval of Amendment to the "Procedures for Assets Acquisition or Disposal"	The proposal was approved by voting and announced on the Market Observation Post System and the Company's website, and was operated in accordance with the revised " Procedures for Assets Acquisition or Disposal".

Nature	Meeting date	Summary of Important Motion	Implementation Status
		Approved the release of new directors and their representatives from the prohibition of competition	The proposal was approved by voting and the directors exercise the competitive activities approved by the shareholders' meeting.

B. Board of Directors

Meeting date	Material resolution	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
Jan. 20, 2022 The 6th Meeting of the 5th Board of Directors	1. A Summary of 2022 Business Plan		
	2. 2022 Group Consolidated Budget		
	3. 2021 Annual Manager's Evaluation Bonus Payment		
	4. 2022 Manager's Salary and Benefit Compensation Plan		
	5.Adjustment of the first buyback of treasury stock transfer employees		
	6. 2022 Accountant Independence Evaluation, Accountant Appointment and Certification Compensation	V	
	7. Record date for issuance of new shares of common stock in exchange for employee stock option		
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 4th Meeting of the 3rd Audit Committee on January 20, 2022. The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Mar. 24, 2022 The 7th Meeting of the 5th Board of Directors	The Company's proposed increase in investment in its subsidiary, Prodeon Medical Corporation	V	
	2.The Company intends to convert a portion of the preferred shares of Panther Orthopedics, Inc. held by its subsidiary, Medeon International, Inc., 1,167,000 shares, into common shares in advance	V	
	3. Issuance of new common shares by Private Placement	V	
	4. 2021 Business Report and Financial Statements	V	
	5.Issuance of new common shares for capital increase by earnings re-capitalization	V	

Meeting date	Material resolution	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
	6.Distribution of 2021 earnings	V	
	7. 2021 Employee Compensation and Director Remuneration Distribution		
	8. 2021 Annual Review of the Effectiveness of Internal Control System and "Statement of Internal Control System	V	
	9. Amendment to the Company's Articles of Incorporation.	V	
	10. Amendment to the Company's "Procedures for Handling the Acquisition or Disposal of Assets" and "Procedures Governing the Acquisition or Disposal of Assets"	V	
	11. Amendment to the Company's Corporate Social Responsibility Best Practice Principles	V	
	12. Approval of the release of new directors and their representatives from the prohibition of working in competitive businesses		
	13. Establish relevant matters related to 2022 General Shareholders' Meeting		
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 5th Meeting of the 3rd Audit Committee on March 24, 2022. The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Apr. 07, 2022 The 8th Meeting of the 5th Board of Directors	1. The Company's proposed increase in investment in its subsidiary, Medeon Biodesign, Inc.	V	
	2.Appointment of Chief Financial Officer and Accounting Officer	V	
	3.Adjustment of salary and benefit compensation for manager's change of duties		
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 6th Meeting of the 3rd Audit Committee on April 7, 2022. The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
May. 05, 2022	1. The Company proposed to sell the entire equity of its subsidiary MedeonBio, Inc. to Medeologix, Inc.	V	

Meeting date	Material resolution	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
The 9th Meeting of the 5th Board of Directors	2. Proposal for the Financial Report for the First Quarter of 2022	V	
	3. Proposal to discontinue the issuance of new common shares by private placement in 2021		
	4. Proposal to change meeting time and venue for the 2022 Annual Shareholders' Meeting		
	5. Proposal for the schedule plan for greenhouse gas inventory and verification		
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 7th Meeting of the 3rd Audit Committee on May 5, 2022. The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Aug. 05, 2022 The 10th Meeting of the 5th Board of Directors	1. Proposal to determine the ex-dividend date for cash dividends, capitalization of retained earnings with issuance of new shares and related matters		
	2. Proposal to change CPA audit remuneration in 2022	V	
	3. Proposal for the Financial Report for the Second Quarter of 2022	V	
	4. Update of 2022 Group Consolidated Budget Plan	V	
	5. Proposal for the 2022 First Half Year Performance Bonus for Managerial Teams		
	6. Proposal for the 2022 First Half Year Performance Bonus for Managerial Teams		
	7. Proposal for the adjustment of salary and benefit compensation for manager's change of duties		
	8. Proposal for the amendment to the authorization table.	V	
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 8th Meeting of the 3rd Audit Committee on August 5, 2022. The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Nov. 03, 2022 The 12th Meeting	1. Proposal for the Financial Report for the Third Quarter of 2022	V	
	2. The Company's audit plan for 2023	V	
	3. Proposal to amend the Company's "Rules of Procedure	V	

Meeting date	Material resolution	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
of the 5th Board of Directors	for Board of Directors Meetings”		
	4. Proposal to formulate the “Procedures for Handling Material Inside Information”	V	
	5. Proposal to amend “Management of the procedures for preparation of financial statements”	V	
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 9th Meeting of the 3rd Audit Committee on November 3, 2022. The Company’s response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Dec. 21, 2022 The 13th Meeting of the 5th Board of Directors	1. Proposal for the dissolution and liquidation of Panther Orthopedics, Inc.	V	
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 10th Meeting of the 3rd Audit Committee on December 21, 2022. The Company’s response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Jan. 12, 2023 The 14th Meeting of the 5th Board of Directors	1. The Company intends to increase its investment in its subsidiary Medeon International, Inc. and through this subsidiary, the Company will participate in the cash capital increase of Aquedeon Medical, Inc.	V	
	2. 2023 Business Plan		
	3. 2023 Group Consolidated Budget		
	4. Proposal for the 2022 Annual Manager's Evaluation Bonus Payment		
	5. Proposal for the 2023 Manager's Salary and Benefit Compensation Plan		
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 11th Meeting of the 3rd Audit Committee on January 12, 2023. The Company’s response to the Audit Committee’s opinions: All attending directors (independent directors) approved.		
Feb. 23, 2023	1. Proposal for the 2022 Business Report and Financial Statements	V	

Meeting date	Material resolution	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
The 15th Meeting of the 5th Board of Directors	2. Proposal for the 2022 internal control policies effectiveness evaluation and declaration of internal control policies	V	
	3. Proposal for the 2023 Accountant Independence Evaluation, Accountant Appointment and Certification Compensation	V	
	4. Proposal to pre-approve the non-assurance services provided by CPA firms and affiliated enterprises to the Company and its subsidiaries	V	
	5. Proposal to amend to the Company's "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles"	V	
	6. Proposal to amend to the Company's "Management of Audit Committee Meeting Operations"	V	
	7. Proposal to amend to the Company's "Standard Operating Procedures for Handling Requests Made by Directors"	V	
	8. Proposal of issuance of new common shares by private placement	V	
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 12th Meeting of the 3rd Audit Committee on February 23, 2023. The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		
Mar. 22, 2023 The 16th Meeting of the 5th Board of Directors	1. The Company's proposed increase in investment in its subsidiary, Medeologix, Inc.	V	
	2. Proposal for capitalization of retained earnings and issuance of new shares	V	
	3. Proposal for the 2022 earnings distribution	V	
	4. Proposal to elect an additional independent director		
	5. Proposal to establish relevant matters related to 2023 Annual Shareholders' Meeting		
	Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 13th Meeting of the 3rd Audit Committee on March 22, 2023.		

Meeting date	Material resolution	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
	The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved.		

(12) For the most recent year and up to the date of printing of the annual report, the directors or supervisors had different opinions on important resolutions passed by the Board of Directors and there are records or written statements of the main contents: None.

(13) Summary of the resignations and dismissals of the Chairman, general manager, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development of the Company for the most recent year and as of the date of printing of the annual report.

Due to an internal reorganization of duties, Vice President Huang Hui-Jing, the former Chief Financial Officer and Accounting Officer, intends to be transferred to the U.S. subsidiary, and the new Chief Financial Officer, Vice President Jenny Chen, and Accounting Officer, Senior Manager Lin Hui-Xuan, have been approved by the Audit Committee and Salary and Remuneration Committee on April 7, 2022 and approved by the Board of Directors on April 7, 2022.

4. Information Regarding the Company's Audit Fee:

2022 CPA Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remark
PwC Taiwan	Hsiao Tzu Chou	Jan. 1, 2022-Mar. 31, 2022	2,449	341	2,790	The non-audit services are related to business registration.
	Yu Kuan Lin					
	Hsiao Tzu Chou	Apr. 1, 2022-Dec. 31, 2022				
	Hua Ling Liang					

(1) If the audit fee paid in the year of change of accounting firm is less than the audit fee paid in the year before the change, the amount, percentage and reason of the decrease in audit fee before and after the change should be disclosed: Not applicable.

(2) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for the reduction of audit fee shall be disclosed: Not applicable.

5. If the Company has changed its accountant in the last two years and the subsequent period, the following information should be disclosed:

(1) Regarding the former CPA

Replacement Date	August 5, 2022		
Replacement reasons and explanations	The causes for change on August 5, 2022: With the internal organization adjustment of PwC Taiwan, the CPA of the Company, CPA Hsiao Tzu Chou and Yu Kuan Lin have been replaced with CPA Hsiao Tzu Chou and Hua Ling Liang from the second quarter of 2022.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties / Status	CPA	The Company
	Termination of appointment	ˇ	
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others

	None	ˇ	
	Description		
Other Revealed Matters (Those that shall be disclosed from Item 1-4 to 1-7, Paragraph 6, Article 10 of this Code)	None		

(2) Regarding the successor CPA

Accounting Firm	PwC Taiwan
Name of CPA	CPA Hsiao Tzu Chou and Hua Ling Liang
Date of appointment	On August 8, 2022, the Board of Directors approved CPA Hsiao Tzu Chou and Hua Ling Liang
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not Applicable.
Succeeding CPA's written opinion of disagreement toward the former CPA	Not Applicable.

6. Where the Company's chairman, 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 CPA 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: None.
7. Any transfer of equity interests and 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 shareholdings of directors, supervisors, managers and substantial shareholders

Unit: shares

Title	Name	2022		As of April 30, 2023	
		Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Medeon, Inc. (Note 1)	1,658,886	-	-	-
Chairman	Medeon, Inc. Representative: Yue Teh Jang	-	-	-	-
Director	Center Laboratories, Inc.	4,351,150	-	-	-
Director	Center Laboratories, Inc. Representative: Jung Chin Lin	-	-	-	-

Director	Center Laboratories, Inc. Representative: Chih Hsiung Wu	4,839	-	-	-
Director	Hong Jen Chang	13,420	-	-	-
Director	Hsin Yuan Fang	4,839	-	-	-
Independent Director	Chi Hang Yang	-	-	-	-
Independent Director	Chia Ying Ma	-	-	-	-
Independent Director	Jerome Shen	-	-	-	-
General Manager	Yue Teh Jang	-	-	-	-
General Manager Office Executive Vice President	Yi Ju Chen	40,026	-	-	-
Operarion Management Vice President	Jenny Chen	10,995	-	-	-
Business Unit Vice President	Albert Weng	54,902	-	-	-
Regulatory, Quality and Clinical Affiars Dept. Vice President	Greta Chang	(3,000)	-	-	-
Management Dept. Senior Director	Janice Chang	Not applicable		-	
Business Unit Director	Kelvin Tsai	1,171	-	-	-
Regulatory, Quality and Clinical Affiars Dept Director	Pei Chen	220	-	-	-
Operarion Management Dept. Senior Manager	Tori Lin (Note 2)	2,265	-	-	-

Note 1: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

Note 2: Ms. Lin was promoted to accountant supervisor on April 7, 2022. The number of shares held in 2022 was calculated based on the period from April 7, 2022 to December 31, 2022.

(2) Information on transfer of shares: Information on directors, supervisors, managers, and related parties whose shareholdings exceed 10 percent: None.

(3) Information on pledged shares: Information on directors, supervisors, managers and related parties whose shares are pledged by more than 10% of the shareholders: None.

8. Relationship information, if among the company's 10 largest shareholders any one is a related party or a spouse, a relative within the second degree of kinship of another.

Apr. 21, 2023 (Unit: shares; %)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		The names and relationships of the top ten shareholders who are related to each other or are related to each other as spouses or second degree relatives, etc.		Remark
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Name	Relationship	
Center Laboratories, Inc.	26,102,187	29.71	-	-	-	-	None	None	-
Representative: Su Chi Wang	-	-	-	-	-	-	None	None	-
Medeon, Inc. (Note)	9,953,317	11.33	-	-	-	-	None	None	-
Representative: Yue Teh Jang	-	-	-	-	-	-	None	None	-
Xin Yi Enterprise Co., Ltd.	2,891,952	3.29	-	-	-	-	Yong Feng Yu Inc.	Shinyi Enterprises is the corporate director of YFY Investment Holdings	-
Representative: Xing Ru Zhang	-	-	-	-	-	-	None	None	-
Cathay Life Insurance Co., Ltd.	2,056,554	2.34	-	-	-	-	None	None	-
Representative: Diao Gui Huang	-	-	-	-	-	-	None	None	-
Yong Feng Yu Inc.	2,025,078	2.31	-	-	-	-	Xin Yi Enterprise Co., Ltd. YFY Development Corp.	Shinyi Enterprises is the corporate director of YFY Investment Holdings YFY Investment Holdings is the corporate director of YFY Construction	-
Representative: Hui Jin Liu	-	-	-	-	-	-	None	None	-
Mega International Commercial Bank in custody of National Development Fund Trust	1,337,188	1.52	-	-	-	-	None	None	-
Qi Wan Zhang	1,275,000	1.45	-	-	-	-	one	None	-
Guangyuan Investment Co., Ltd.	1,054,161	1.20	-	-	-	-	YFY Development Corp.	Wing Fung Yu Construction and Development is the corporate director of Wide Source Investment	-

Representative: Xin Yi Lin	-	-	-	-	-	-	None	None	-
YFY Development Corp.	612,301	0.70	-	-	-	-	Yong Feng Yu Inc.	YFY Investment Holdings is the corporate director of YFY Construction	-
Representative: Bing Zheng Luo	-	-	-	-	-	-	Yong Feng Yu Inc.	Loh Ping Cheng is the key management personnel of YFY Investment Holdings	-
Te Chin Huang	581,618	0.66	-	-	-	-	None	None	-

Note: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US)

9. 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:

Consolidated shareholding ratio

Dec. 31, 2022 (Unit: shares; %)

Investment Business (Note 1)	The Company's investment		Directors, Supervisors, Managers and Investments in Direct or Indirectly Controlled Businesses		Consolidated Investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Medeon International, Inc.	22,939,999	100%	-	-	22,939,999	100%
Delta Asia International	7,206,777	27.84%	-	-	7,206,777	27.84%
Corporation			-	-		
Prodeon Medical	16,848,500	85.05%			16,848,500	85.05%
Corporation			-	-		
Yi Chuang Biodesign, Inc.	10,000	100%			10,000	100%
Medeologix, Inc.	30,614,174	94.49%	-	-	30,614,174	94.49%
Panther Orthopedics, Inc.	-	-	-	-		-
(Note 2)	-	-	3,833,333		3,833,333	
Aquedeon Medical, Inc.	-	-	6,800,000	97.14%	6,800,000	97.14%
Proden Medical, Inc.	-	-	3,000	100%	3,000	100%
MediBalloon, Inc.			13,500,000	100%	13,500,000	100%
MedeonBio, Inc.	-	-	2,900,000	100%	2,900,000	100%
Second Source Medical,	-	-	-	100%	-	100%
LLC						

Note 1: Long-term investment by equity method.

Note 2: It was dissolved and liquidated in December 2022, and its intangible assets were assumed by Medeon International, Inc.

IV. Capital Overview

1. Capital and Shares

(1) Changes of capital stock during recent years and during the current fiscal year up to the date of publication of the annual report:

Unit: NT$ thousands; thousand shares

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other then Cash	Others
Sep. 2022	10	200,000	2,000,000	87,840	878,401	Capital reserve to increase capital to NT$146,060 thousand	None	Note 1
Mar. 2023	10	200,000	2,000,000	10	100	Conversion of employee stock options to issue common stock for a cash capital increase of NT$ 100 thousand	None	Note 2

Note 1: Approval letter from the Ministry of Economic Affairs: Jing-Shou-Sheng-Zi No. 11101169780

Note 2: The basis date, and the revision of registration will be set and applied after the approval by the Board of Directors on the implementation of exercised employee stock options in the first quarter of 2023.

A. Type of stock issued during the two most recent fiscal years or during the current fiscal year up to the date of publication of the annual report

April 30, 2023 (Unit: shares)

Type of Stock	Authorized Capital			Remark
	Issued Shares	Un-issued Shares	Total	
Common Shares	87,850,089	112,149,911	200,000,000	The Company's stock is listed on the over-the-counter market

B. Approved offering of marketable securities under the omnibus reporting system and related information: None.

(2) Status of Shareholders

Apr. 21, 2023 (Unit: people; shares)

Status of Shareholders / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number of shareholders	-	3	33	5,231	28	5,295
Shareholding	-	2,901,550	37,146,874	36,600,186	11,213,979	87,862,589
Shareholding percentage	-	3.30%	42.28%	41.66%	12.76%	100.00%

(3) Shareholding Distribution Status

Apr. 21, 2023; par value: NT$10

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding Percentage
1 ~ 999	1,178	277,192	0.32%
1,000 ~ 5,000	2,912	6,050,623	6.89%
5,001 ~ 10,000	506	3,639,272	4.14%
10,001 ~ 15,000	214	2,720,733	3.10%
15,001 ~ 20,000	109	1,940,422	2.21%
20,001 ~ 30,000	124	3,088,797	3.52%
30,001 ~ 40,000	61	2,097,626	2.39%
40,001 ~ 50,000	44	1,959,747	2.23%
50,001 ~ 100,000	67	4,642,305	5.28%
100,001 ~ 200,000	48	6,604,508	7.52%
200,001 ~ 400,000	19	5,511,716	6.27%
400,001 ~ 600,000	4	2,021,910	2.30%
600,001 ~ 800,000	1	612,301	0.69%
800,001 ~ 1,000,000	0	0	0%
1,000,001 or over	8	46,695,437	53.14%
Total	5,295	87,862,589	100.00%

(4) List of major shareholders: List the shareholders whose shareholding percentage reaches 5% or more, if there are less than 10, the list should be disclosed to the top 10 shareholders in terms of shareholding percentage

Apr. 21, 2023 (Unit: shares)

Shares / List of Major Shareholders	Shareholding	Shareholding Percentage %
Center Laboratories, Inc.	26,102,187	29.71
Medeon, Inc. (Note)	9,953,317	11.33
Xin Yi Enterprise Co., Ltd.	2,891,952	3.29
Cathay Life Insurance Co., Ltd.	2,056,554	2.34
Yong Feng Yu Inc.	2,025,078	2.31
Mega International Commercial Bank in custody of National Development Fund Trust	1,337,188	1.52
Qi Wan Zhang	1,275,000	1.45
Guangyuan Investment Co., Ltd.	1,054,161	1.20
YFY Development Corp.	612,301	0.70
Te Chin Huang	581,618	0.66

Note: The Company was originally named as Medeon, Inc. (Cayman Islands). After the place of registration changed, the Company changed its name to Medeon, Inc. (US).

(5) Stock price, net worth, earnings, dividends and related information per share for the last two years

Unit: NT$1

Item / Year			2021	2022
Market Price per Share	Highest Market Price		97.2	90.0
	Lowest Market Price		46.5	48.35
	Average Market Price		75.8	72.1
Net Worth per Share (Note 2)	Before Distribution		56.40	40.95
	After Distribution		46.19	39.01
Earnings per Share	Weighted Average Shares		72,820 thousand shares	87,636 thousand shares
	Earnings Per Share (Note 3)	Diluted Earnings Per Share	28.42	(4.95)
		Adjusted Diluted Earnings Per Share	23.66	(4.70)
Dividends per Share	Cash Dividends		1.00	0.5 (Note 9)
	Issuance of Bonus Shares	Dividends from Retained Earnings	2.00	0.5 (Note 10)
		Dividends from Capital Surplus	-	-

	Accumulated Undistributed Dividends (Note 4)	-	-
Return on Investment	Price / Earnings Ratio (Note 5)	2.67	Not applicable
	Price / Dividend Ratio (Note 6)	75.8	144.2
	Cash Dividend Yield Rate (Note 7)	1.31%	0.69%

＊If there is an allotment of shares from earnings or capital surplus, information on the market price and cash dividends adjusted retroactively for the number of shares issued should be disclosed.

Note 1: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please use the number of shares issued at the end of the year as the basis for the distribution resolved at the following year's shareholders' meeting.

Note 3: If retroactive adjustments are required due to the no-compensation stock allotment, etc., the earnings per share before and after the adjustments should be presented.

Note 4: If the conditions of issuance of equity securities require that the unpaid dividends for the current year may be accumulated and paid in the year of earnings, the dividends accumulated and unpaid as of the current year should be disclosed separately.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: Net value per share and earnings per share should be presented as of the most recent quarterly period audited (reviewed) by the accountants as of the printing date of the annual report; the rest of the columns should be presented as of the current year as of the printing date of the annual report.

Note 9: Resolved by the Board of Directors on March 22, 2023. If the number of existing shares of the Company increases or decreases in the future, Chairman was authorized to adjust the cash dividend rate and related matters if there is a change in the cash dividend rate as a result of the increase or decrease in the number of existing shares.

Note 10: Resolved by the Board of Directors on March 22, 2023. As of the date of the annual report, it has not been resolved by the shareholders' meeting. If the number of existing shares of the Company increases or decreases in the future, it is proposed that the Board of Directors shall be authorized to adjust the dividend rate and related matters if there is a change in the dividend rate as a result of the increase or decrease in the number of existing shares.

(6) Dividend Policy and Implementation Status

A. Dividend Policy under the Articles of Incorporation

When the Company has a surplus in each year's final accounts, the Company shall first make a tax payment to make up for previous years' deficits, and then set aside 10% of the legal reserve, except that if the legal reserve has reached the Company's paid-in capital, it may not be set aside again; furthermore, the Company shall set aside or reverse the special reserve as required by law; if there is still a balance, the Board of Directors shall prepare a proposal for the distribution of the surplus and submit it to the shareholders for resolution. The Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders for resolution.

The Company's dividend distribution policy will be based on the current and future investment environment, capital requirements, domestic and international competition and capital budget, taking into account the interests of shareholders, the balance of dividends and the Company's long-term financial planning, etc. The Board of Directors will prepare the distribution plan annually in accordance with the law and submit it to the shareholders' meeting. The types and rates of dividends may be adjusted by the shareholders' meeting in

accordance with the actual profit and capital position of the year, provided that the total amount of dividends distributed from each year's earnings shall not be less than 10% of the distributable earnings for that year, and the percentage of cash dividends shall not be less than 10% of the total amount of dividends.

B. Circumstances of the proposed dividend distribution at this shareholders' meeting.

On March 22, 2023, the Board of Directors resolved to appropriate NT$87,646,084 from the distributable earnings of 2022 by distributing cash of NT$0.5 per share and stock of NT$0.5 per share. The Chairman is authorized to determine the ex-dividend date, payment day, and other related matters of cash dividends. The Chairman is also authorized to adjust the cash dividend rate and related matters if the number of existing shares of the Company increases or decreases, resulting in a change in the cash dividend rate for shareholders per share.The Board of Directors is authorized to determine the ex-right date and payment day of stock dividend after the approval of the shareholders' meeting. The Board of Directors is also authorized to adjust the dividend rate and related matters if the number of existing shares of the Company increases or decreases, resulting in a change in the dividend rate for shareholders per share.

C.Description of expected significant change in dividend policy: None.

(7) The effect of the proposed gratis share placement at the shareholders' meeting on the Company's operating results and earnings per shareThe Company has not issued any financial forecast, so it is not applicable.

(8) Remuneration for employees, directors and supervisors:

A.The percentage or range of compensation for employees, directors and supervisors as set forth in the Articles of Incorporation.

If the Company makes a profit in a year, it shall contribute not less than 1% to the remuneration of its employees and not more than 2% to the remuneration of its directors. However, if the Company still has accumulated losses, the amount of remuneration shall be retained in advance and the employees’ remuneration and directors' remuneration shall be provided in proportion to the aforementioned amount.

Employee compensation may be in the form of stock or cash, and may be paid to employees of affiliated companies who meet certain criteria. Directors' remuneration is payable in cash only.

The Company's employees and managers are paid a base salary and bonuses, which are based on industry standards, as well as title, rank, education, professional ability and responsibilities. Bonus payments and salary adjustments are based on overall operational performance (e.g., revenue, achievement rate of annual strategic goals) and individual performance assessment (including professional competence, leadership and management, teamwork, work attitude and organizational commitment, and time management). The manager's salary is recommended by the Compensation Committee and approved by the

Board of Directors based on the overall operating performance and individual performance evaluation results.

The following indicators are taken into account in measuring the personal performance of employees and managers.

Appraisal Item	Assessment standards description	Weight
Work Performance	Achievement of annual KPI targets (e.g. revenue, achievement rate of annual strategic targets)	50%
Professional Capabilities	Able to perform the basic duties of the current job, to allocate resources effectively, and to control and manage budgets.	10%
Leadership and Management	Set an example by leading team members with a positive work attitude and ensuring that team members accept and achieve mission goals, plans and policies.	10%
Teamwork	Able to make team members understand the importance of the task and to effectively use various motivational methods to move the team towards the work goal.	10%
Work Attitude and Organizational Commitment	Ideal, enthusiastic and proactive in performing tasks, willing to adjust the whole person's behavior to meet the company's needs and willing to take responsibility.	10%
Time management	Able to prioritize work objectives according to their importance and urgency, and to allocate and utilize their time effectively to complete various tasks within the time frame	10%

There was no difference in compensation between female and male employees, and the average annual salary adjustment (including promotion) for both manager and non-manager ranks was 5.2% in 2022.

B.The basis for estimating the amount of compensation to employees, directors and supervisors, the basis for calculating the number of shares for employee compensation distributed by stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall set aside not less than one percent for the remuneration of its employees and not more than 2% for the remuneration of its Directors. However, if the Company has accumulated losses, the Company shall have reserved a sufficient amount to offset its accumulated losses, and then distribute the employees and directors' remuneration in accordance with the previous ratio. Therefore, the Company did not yield any profit in 2022 that only the fixed remuneration for the Independent Directors and the attendance fees for the Directors have been disbursed without any other accrual of the remuneration of employees and directors.

C.The Board of Directors approved the distribution of remuneration: Not applicable.

D.The actual distribution of compensation to employees, directors and supervisors in the previous year (including the number, amount and price of shares distributed), the difference between the distribution and the recognition of compensation to employees, directors and supervisors, and the amount of the difference, the reasons for the difference and the treatment

of the difference:

The Board of Directors approved on March 24, 2022 to allocate NT$24,000,000 for employee remuneration and NT$5,000,000 for directors' remuneration in 2021, which is the same as the amount recognized in costs and expenses in 2011.

(9) Application for repurchase of the Company's shares by the Company for the most recent year and up to the date of printing of the annual report.

On March 30, 2020, the Board of Directors approved the first buyback of treasury stock to employees for the period from March 31, 2020 to May 29, 2020, which was executed as follows

Buyback period	First
Purpose of buying back	Transfer of shares to employees
Buy Back Period	Mar. 31, 2020 to May 29, 2020
Buyback interval price	NT$38 to 76
Type and number of shares bought back	394,000 common shares
Amount of shares bought back	NT$20,477,770
Buyback volume as a percentage of scheduled buyback volume (%)	0.59%
Number of shares cancelled and transferred	Transferred 190,000 shares of employee stock
Cumulative number of shares held by the Company	Remaining 204,000 common shares
Ratio of the cumulative number of shares held by the Company to the total number of shares in issue (%)	0.23%

2. Bonds (including Overseas Bonds): Not applicable as the Company has no such circumstances.
3. Preferred Stock: Not applicable as the Company has no such circumstances.
4. Global Depository Receipts: Not applicable as the Company has no such circumstances.

5. Employee Stock Option:

(1) As of the date of printing of the annual report, the outstanding employee stock options were processed and the impact on shareholders' equity.

April 30, 2023

Types of Employee Stock Opton	2013 1st Employee Stock Opton	2013 2nd Employee Stock Opton		2014 1st Employee Stock Opton	2014 2nd Employee Stock Opton		
Filing effective date	Not applicable (Note 1)	Not applicable (Note 1)		Not applicable (Note 1)	Nov. 11, 2014 (Note 2)		
Issue date	Sep. 9, 2013	Sep. 27, 2013	Aug. 13, 2014	Aug. 13, 2014	Nov. 18, 2014	Jun. 8, 2015	Nov. 3, 2015
Duration	30 months	10 years	10 years	10 years	10 years	0 years	10 years
Units Issued	168	1,019	1,551	260	820	642	538
Stock Options as a Percentage of Shares Issued	0.19%	1.16%	1.77%	0.30%	0.93%	0.73%	0.61%
Period	May 21, 2014-Mar. 8, 2016	Sep. 27, 2015-Sep. 26, 2023	Aug. 13, 2016-Aug. 12, 2024	Aug. 13, 2016-Aug. 12, 2024	Nov. 18, 2016-Nov. 17, 2024	Jun. 8, 2017-Jun. 7, 2025	Nov. 3, 2017-Nov. 2, 2025
Performance	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares
Restricted period and rate (%)	After 17 months from the expiration date - 100% subscription	At least 2 years - 50% subscription At least 3 years - 75% subscription 4 years - 100% subscription					
Number of shares executed	-	572,250	1,216,500	195,000	635,000	-	-
Amount of executed option	-	5,722,500	12,165,000	1,950,000	6,350,000	-	-
Number of outstanding stock options (effective outstanding stock options at the end of the period)	-	0	0	0	0	227,000	70,000
Subscription price per share for unexecuted stock options	NT$ 10	NT$ 10	NT$ 10	NT$ 10	NT$ 10	NT$ 126.6	NT$ 1143.7
Stock Options as a Percentage of Shares Issued (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.26%	0.08%
Impact on shareholders' equity	The Company issues employee stock options to attract and retain talents needed by the Company, to motivate employees and to enhance employee motivation in order to jointly create the interests of the Company and its shareholders. Meanwhile, the stock option will be executed within 2.5 years or 10 years after the issuance date, and the dilution effect on the original shareholders' equity is still limited because the stock option are diluted annually.						

Note 1: The Company was a non-public company at the time of issuing the employee stock options, and the issue was approved by the Board of Directors in accordance with Article 167-2 of the Company Act.

Note 2: The second issuance of employee stock options in 2014 was approved by the Bureau of Securities and Futures of the Financial Supervisory Commission on November 11, 2014 with the approval letter Chin-Guan-Cheng-Fa Zi No. 1030044523.

Note 3: The first issuance of employee stock options in 2016 was approved by the Bureau of Securities and Futures of the Financial Supervisory Commission on October 12, 2016 with the approval letter Chin-Guan-Cheng-Fa Zi No. 1050040735. However, the Company did not issue the stock option.

(2) The names, acquisition and subscription of the top ten employees who have acquired employee stock options as of the date of publication of the annual report.

April 30, 2023

	Title (Note 1)	Name	Number of stock options acquired	Ratio of the number of stock options acquired to the total number of shares issued (Note 4)	Executed (Note 2)				Un-executed (Note 2)			
					Quantity of stock options	Price of stock options (Note 5)	Amount of stock options	Ratio of the number of shares subscribed to the total number of shares issued (Note 4)	Quantity of stock options	Price of stock options (Note 6)	Amount of stock options	Ratio of the number of shares subscribed to the total number of shares issued (Note 4)
Managerial Officers	Executive Vice President	Albert Weng	547 units	0.62%	420 units	NT$ 10	NT$ 4,200 thousand	0.48%	127 units	NT$ 10 or NT$ 126.6	NT$ 16,078.2 thousand	0.14%
	Vice President	Greta Chang										
	Vice President	Jenny Chen										
	Director	Kelvin Tsai										
Employees (Note 3)	Executive Assistant	Elisa Huang	765 units	0.87%	595 units	NT$ 10	NT$ 5,950 thousand	0.68%	170 units	NT$ 126.6 or NT$ 143.7	NT$ 22,719 thousand	0.19%
	Senior Manager	Jessie Hung										
	Senior Manager	Ivy Lee										
	Manager	Elton Lin										
	Manager	Ultra Chyn										
	Deputy Manager	Franey Jeng										
	Deputy Manager	Shu Yu Wu										
	Engineer	Ken Lin										
	Coordinator	Tina Yang										
	Assistant	Alvita Hung										

Note 1: Including managers and employees (if they have left or died, they should be specified), individual names and titles should be disclosed, but the acquisition and subscriptions should be disclosed in aggregate.
Note 2: The number of columns will be adjusted according to the actual number of issues.
Note 3: The top ten employees who acquired the stock options refer to the employees other than the Manager.
Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change of registration.
Note 5: The price of the executed employee stock options should be disclosed as the price of the stock options at the time of execution.
Note 6: The unexecuted employee stock option price should be disclosed as the adjusted stock option price calculated according to the issuance method.

6. Restricted Stock Awards

(1) New shares with restricted employee rights that have not yet fully met the vesting conditions should be disclosed as of the date of printing of the annual report and the effect on shareholders' equity: The Company has no such cases and therefore, they are not applicable.

(2) The names of managers and the top ten employees who acquired new shares with restricted employee rights as of the date of the annual report and the circumstances of their acquisition: The Company has no such information, therefore, it is not applicable.

7. New Shares Issuance in Connection with Mergers and Acquisitions: Not applicable as there is no such circumstances occurred.

8. Financing Plans and Implementation: None.

V. Operational Highlights

1. Business Activities

(1) Business Activities

A. Business Scope

a. Main areas of business operations

- Mechanical Equipment Manufacturing
- Wireless Communication Mechanical Equipment Manufacturing
- Electronics Components Manufacturing
- Data Storage Media Manufacturing and Duplicating
- Optical Instruments Manufacturing
- Medical Devices Manufacturing
- Wholesale of medical devices
- Wholesale of Electronic Materials
- Retail sale of precision instruments
- International Trade
- Management Consulting
- Information Software Services
- Data Processing Services
- Electronic Information Supply Services
- Product Designing
- Biotechnology Services
- Research and Development Service
- Market Research and Public Opinion Polling
- Unclassified Other Services
- Software Publishing
- All business activities that are not prohibited or restricted by law, except those that are subject to special approval

b. 2021 Business Percentage

Unit: NT$ thousands

Item	2022	
	Sales Revenue	percentage
Merchandise sales revenue	88,780	29.76%
Commissioning services revenue	209,537	70.24%
Total	298,317	100.00%

c. Current products (services) of the Company

(i). R&D of medical devices

Our product development is focused on Minimally Invasive Surgery. At this stage, we focus on laparoscopic, orthopedic, urological and advanced cardiovascular minimally invasive surgeries. On March 2, 2018, the Company entered into an Asset Purchase Agreement with Terumo Corporation, an international medical materials company, and successfully licensed Cross-Seal ™ (IVC-C01) to the international medical materials company. In 2021, in addition to continuing to provide commissioned R&D services, we completed the preparation of the US FDA cGMP audit and obtained the milestone payment of US million for Phase 2A-1 and completed the submission of the premarket review documents to the US FDA in modular form, and successfully obtained the "PMA approval letter" from the US FDA at the end of the year. Based on the mutual trust between Terumo and our partner since the beginning of the cooperation, the two parties simultaneously amended the contract and relaxed the milestone condition to obtain the "PMA approval letter", and then received the notification of milestone achievement from the customer in early 2022, and received the milestone payment of US$6.5 million for Phase 2B. In the future, we will continue to work with Terumo to bring the product to market with the primary goal of securing its remaining $20 million milestone payment. In addition to the Catheter Postoperative Hemostasis Dedeputy, Cross-Seal™ - large bore vascular closure system, the following products are under development.

- A. Urocross™ Expander system – treatment for lower urinary tract symptoms (L) assoc Market, Production iated with benign prostatic hyperplasia (BPH) (URO-T01)
- B. Duett ™ – Vascular Graft System for Aortic Dissection Repair (CVS-T01)
- C. PUMA™ – Trauma Internal Fixation Device (ORP-T01)
- D. ClickClean™ - in-situ cleaning device for laparoscopic surgery (LAP-A01)
- E. AbClose™ - in-port site closure system (LAP-C01)

(ii). Production and Manufacturing:

Medeon established Medeologix, its subsidiary, at the end of 2021, and has successfully acquired and integrated MediBalloon, Second Source Medical and Medonbio since then. With the combined experience and the core competence in technological know-how of the team for more than 20 years, and the mass production base of Medeologix in Taiwan, Medeon has established the global supply system of “taking orders from the USA, conducting pilot production in place, and mass production in Taiwan”. Medeon never ceases to search for qualified partners to expand its horizon to key parts and components, semi-assembly and final products of medical devices, and targets at high quality and

high efficiency to provide one-stop shopping service for customers all over the world from prototype to mass production of advanced medical devices.

d. New products (services) under development

In addition to the existing projects, Medeon continues to follow the trends and opportunities of innovations in minimally invasive medical devices such as neurosurgery and peripheral vascular surgery, orthopedic and plastic surgery, hepatobiliary and gastroenterology surgery, bariatric surgery, urological procedure and gynecology surgery. In addition, we are actively pursuing the contract development and manufacturing organization (CDMO) market for medical devices. Following Medeologix's acquisition of Mediballoon and Second Source Medical, and the integration of their CDMO manufacturing capabilities and customer base, we will create and provide a global, vertically-integrated CDMO service platform with cost efficiency for customers.

(2) Industry Overview

The U.S. Food and Drug Administration (FDA) defines a medical device as an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including an element, a component, or accessory. In accordance with the provisions of Taiwan's Pharmaceutical Affairs Act, and with reference to the "Classification of Medical Devices" announced by the Department of Health on June 21, 2000, medical devices are classified based on function, supplemented by usage and structure. Medical devices are classified into five categories: diagnosis and monitoring devices, surgical and therapeutic medical devices, auxiliary and compensatory medical devices, in vitro diagnostic devices, and other types of medical devices that do not fall under the above-mentioned categories.

A. Current status and development of the industry

As the issue of global population aging persists, the demand for medical care continues to surge in both developed and developing countries. According to a research report by BMI Research, the size of the global medical device market reached US$454.3 billion in 2021 and is estimated to grow to US$535.2 billion by 2026, with a compound annual growth rate of approximately 5.6% from 2021 to 2026.

The global medical device market by region is dominated by the North Americas, which accounts for 46.7% of the global market, followed by Western Europe, which accounts for 25.6% - the economic situation and policies of these two regions are therefore of paramount importance to medical device manufacturers worldwide. The market in the Asia-Pacific accounts for 20.5% of the global market. The whole world was hardly hit by the spread of the COVID-19 since the end of 2019. Medical service capacity was significantly affected by the pandemic that the number of non-emergency surgical procedures were plummeted. Fortunately, the successful

development of vaccines allowed a number of countries to undergo herd immunity from 2022 onward. This helped to hold down the number of severe illness and fatalities. The changing situation also allowed countries to lift the travel restriction incrementally so that social and economic activities gradually resume to normal. Likewise, non-emergency surgical procedures can also be arranged at the pre-pandemic level. It is expected that the medical devices market could recover and grow in stable paces in the near future.

Market in the USA

The USA is the largest single market of medical devices of the world with plenty of world-class leading firms. They constitute the prime force driving for the innovation and development of medical devices all over the world. The U.S. medical device market is expected to reach US$190.8 billion in 2021, with a compound annual growth rate of 6.4% from 2020 to 2024. U.S. market mainly focuses on the medical and care needs from the increasing elderly population, such as the cardiovascular disease, osteoarthritis, osteoporosis, Alzheimer's disease, hypertension, diabetes, etc. The market shares in US grew as the prevalence of these disease increased, which have significantly increased the demand for treatment and aftercare. President Joe Biden officially assumed the White House in 2021. Since taking office, Biden's administration has reviewed past health care policies and reinstated the Affordable Care Act (ACA) introduced by former President Barack Obama. Moreover, the Biden's administration has also announced that a certain portion of the US$2.3 trillion infrastructure program will be used to promote home health care, demonstrating its emphasis on the importance of the health care industry. In addition, it has been a few years since the outbreak of COVID-19 in 2020 that the social and economic activities in the USA are on gradual recovery. It is expected that the number of medical surgery will grow at a promising rate, which in turn will bring about the development of related new technologies and the upward development of the industry as a whole.

Market in Europe

According to the 2022 Medical Industry Yearbook released by Industrial Technology Research Institute, countries in Europe started easing the pandemic control policies since 2021 so that the pressure on the medical care system mitigated. Most deferred surgeries and treatments resumed to the normal schedule that helped to stimulate growth of the medical devices market in Western Europe. It is expected that the market value of medical devices in Western Europe will amount to US$116.6 billion in 2022, and the compound annual growth rate between 2021 and 2024 will be 5.9% Western Europe has a high level of aging; among the top 10 countries in the world in terms of the proportion of people aged over 65, Western Europe holds six places, with Italy having the highest level of aging, followed by Portugal, Finland, Greece, Germany and France, all with over 20% of the population aged

over 65. In spite of increasing economic uncertainty, the demand for medical devices is expected to continue to rise as the elderly population continues to grow. Medical devices such as geriatric care products for chronic diseases, orthopedic products and implants will be the main driving force for the growth of the medical device market in Western Europe.

The Medical Devices Regulation (MDR) was implemented in May 2021, and replaced the current EU Medical Devices Directive (93/42/EEC) and the EU Active Implantable Medical Device Directive (90/385/EEC). MDR has a material impact on medical device ecosystem, including manufacturers, auditors, and distributors. Some of the key changes include the reclassification of devices, the need for more stringent clinical evidence, documentation and regulatory efforts for high-risk medical devices such as Class III medical devices and implants. In view of this, the Company has prepared in advance for the regulatory amendments and will pay close attention to the relevant information in the future to take immediate action and accelerate the regulatory approval process.

Market in China

China is the fourth largest medical device market in the world. China's medical device market reached US$33 billion in 2021, up by 13.5% from 2020, which is on stable growth. The Chinese government has been pursuing relevant policies in recent years to promote the medical device industry and increase support for domestically manufactured equipment. Related policies like the Ministry of Science and Technology's "12th Five-Year Plan for Medical Enterprise and Technology Industry" in 2011, the State Council's "Made in China 2025" in 2015, and the "14th Five-Year Plan for Development Planning of the Medical Device Industry" in 2021 jointly declared by the Ministry of Industry and Information Technology, were proposed with clauses to strengthen the research and development of innovative medical device industry, enhance the industrialization capability and quality of medical equipment, reduce import dependence and lower medical costs as a result of promoting massive launch of domestically manufactured medical devices and the application of innovative products. In addition, if the Chinese government is to purchase medical devices, public hospitals should purchase domestic items if the specification of domestically made products is the same with the imported products. This will be the steps taken to achieve the goal of import substitution and allow domestic items dominate the market. In addition, the "14th Five-Year Plan For Development Planning of the Medical Device Industry" also provides a solid industrial foundation and positive environment for industrial development of the domestic manufacturing sector in an attempt to narrow the gap of core technology between domestic manufacturers and top global medical device companies, to maintain the sustainability of supply chain, to promote the usage of domestically innovative products in the international market, and to improve the competitiveness of domestic medical device manufacturing and export.

Market in Taiwan

According to BMI Research, Taiwan's medical device market ranked 22nd in the world and 6th in Asia. Taiwan's medical device industry had a turnover of NT$127 billion in 2020. At the end of 2021, there were about 1,243 manufacturers and 49,916 employees, with an average gross profit of 39.9% and R&D accounting for about 5.7% of the business. Most companies operate in R&D, design, production, manufacturing and sales, and most of which have established production or marketing sites overseas. Taiwan's medical device manufacturers produce a wide range of products. Most of them focus on mid-level medical device products, and Class II medical devices, or medical device products with lower risk levels. The top three products exported from Taiwan are contact lenses, other plastic laboratory, hygiene and medical products, and other testing and surgical instruments and devices. The total export value exceeded NT$7 billion in 2020. Currently, the market share of blood pressure monitors and electric mobility scooter in Taiwan are among the top three in the world. Analysis of the changes in the export value of medical device in Taiwan over the past 20 years shows that Taiwan has the industrial energy for the glucose monitoring meter, test strips and contact lenses, and has become important OEM partners for international manufacturers. In addition, export value of medical consumables, diagnostic reagents, respiratory therapy, physiotherapy, orthopedics, and dental instruments and apparatus were also in the range of NT$2 billion to NT$5 billion and it is still growing.

In the past, Taiwan's import dependency on medical products has remained at around 60%. The top products in terms of import value in 2020 include medical, surgical, dental, or veterinary instruments and appliances, such as electrocardiographs, ultrasound scanners, endoscopes, other dental and ophthalmic medical instruments, with a total import value of NT$14.6 billion. In recent years, some companies have been developing a variety of high margin medical consumables such as advanced catheters, and improving process management to enhance production capacity and quality in order to continuously strengthen the competitive advantage of their products and increase added value. In the future, as the government tightens control over medical resources and accelerates the upgrading of the medical device industry through various guidance and promotion programs, the policy of developing advanced medical devices such as advanced imaging, in-vitro diagnostics, respiratory care, orthopedic implants and minimally invasive surgery is guiding domestic manufacturers to invest in research and development. As a result, the fields of advanced imaging and minimally invasive surgery devices are entering the budding stage; while orthopedic and dental products, which are related to the issue of ageing, are gradually entering the growth stage. Some companies have invested in the research and development of advanced medical devices consecutively. It is expected that such efforts will continue to drive the transformation and technology upgrade of the domestic medical device industry

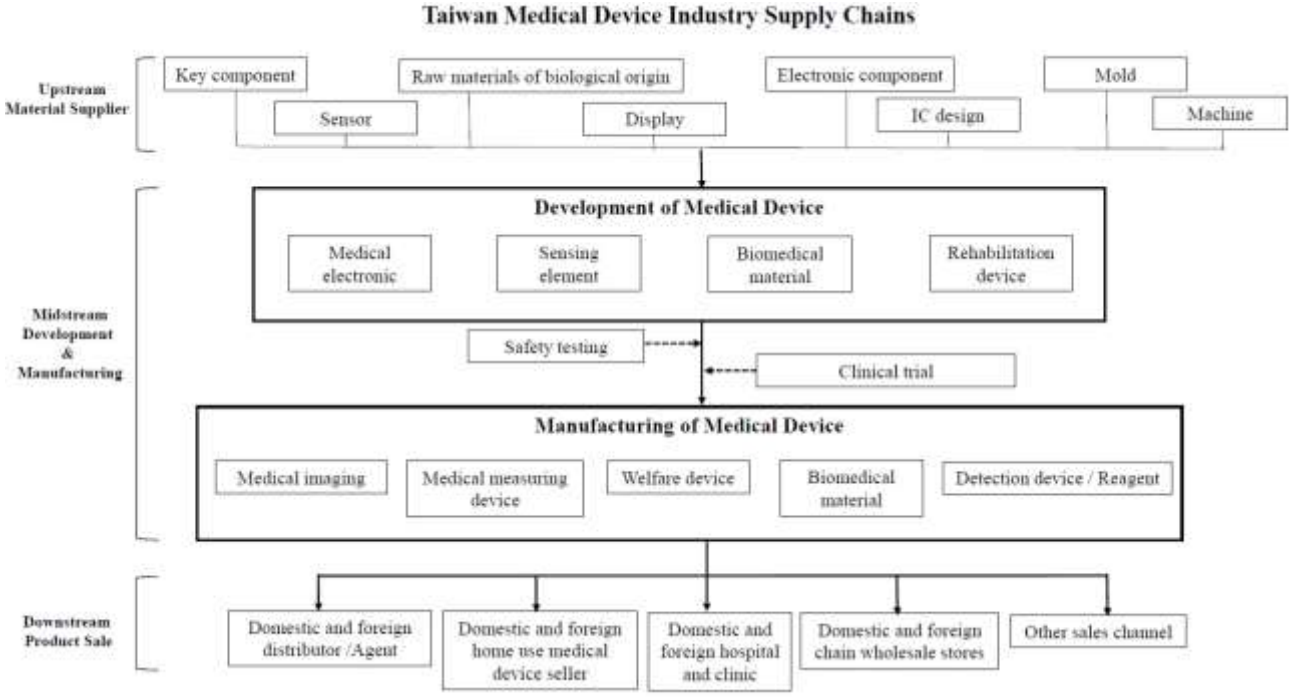
and increase the procurement rate of domestic medical products with high cost–performance ratio, taking into account both domestic demand and industry development opportunities.

In recent years, due to the impact of the U.S.-China trade war, many products sold to the US and European markets can no longer be manufactured by OEM in China. Considering Taiwan's dual advantages of clinical practices and rich OEM experience in the electronics industry, companies have moved their production bases back to Taiwan, accelerating the development of the CDMO industry. In addition, Taiwan is also actively initiating the ICT and Bio dialogues to syndicate the comprehensive supply chain in the high-tech electronics industry and biomedical technologies, in order to provide energy for industrial and technology upgrading. Demand and market structure for medical devices in Taiwan changed in 2020 due to the impact of the COVID-19 outbreak. Protective products against the epidemic became a major item in the past year. Furthermore, forehead thermometer and masks have experienced a shortage during the year. The market has changed from the original reliance on imports to the supply by local Taiwanese companies. According to the Ministry of Economic Affairs' Medical Industry Yearbook, the annual growth rate of Taiwan's total demand in 2020 was forecasted to be 9%, while the import dependency was revised downward to 64.4%. Overall, Taiwan's medical industry market has the momentum in R&D, technology and manufacturing, and the market demand is expected to grow steadily due to the ageing population and the increasing demand for medical care for chronic diseases.

B. The Interrelationships among the upper, middle and lower stream of the industry

The industrial structure of medical devices is divided by the product manufacturing process (as shown below). The upstream composes of various materials and parts suppliers, such as various electronic and semiconductor, or metal cover, bracket, baffle, antenna shrapnel, housing and other stamping components, combined with nylon, polypropylene and ABS plastic pellets, glass fiber and fire-retardant composite material industry. The midstream covers a wide-range of product development and manufacturing manufacturers. Dividing the products by their applications, we have advanced medical imaging devices (e.g., digital X-ray machines, ultrasound, MRI, CT), medical testing and monitoring devices (e.g., electronic blood pressure monitors, thermometers, ear thermometer, air testing products, thermostatic products), optical medical devices (e.g., optical lenses, contact lenses), disposable products (e.g., catheters, test strips), medical instruments, human implants, hygiene products, and treadmills. The downstream composes of product sales agents and distributors to hospitals, clinics and pharmacies. Advanced medical imaging equipment is mainly sold to hospitals, advanced health examination centers or imaging centers; disposable products are mainly sold to hospitals and pharmacies; professional medical equipment is mainly sold to hospitals and clinics; electronic thermometers and electronic blood pressure monitors for home care are mainly sold to pharmacies. The medical device

industry is surrounded by professional consulting firms that support safety testing of medical devices and clinical trials of products.



Source: Medical and Pharmaceutical Industry Technology and Development Center & Science and Technology International Strategy Center (ISTI) IEK-Biotechnology Medical

C. Various trends of product development

All of our products fall under the broad category of minimally invasive surgery, a term coined by British surgeon John EA Wickham in 1984, following the successful performance of the world's first minimally invasive cholecystectomy in 1987. In the early days, minimally invasive surgery referred exclusively to laparoscopic procedures, as the only open surgery that could be replaced by minimally invasive surgery at that time. As minimally invasive techniques evolved and were supplemented by endoscopic and image-guided systems, they were further applied to other areas of surgery, including gastroenterology, orthopedics, gynecology, urology, neurosurgery and cardiovascular surgery.

Minimally invasive surgery, as the name implies, is a surgery performed through a small incision. During a minimally invasive surgery, surgical instruments are inserted into the patient's body through a small incision or through the body's natural canal, using special instruments or a trocar. The similar procedures as a traditional incision are performed with a video-assisted system, while the surgeon operates the instruments outside the patient's body. The biggest difference between minimally invasive surgery and open surgery is that open surgery requires a larger incision to perform the surgery, whereas minimally invasive surgery requires only a few small incisions to achieve the same medical outcomes. For example, in a laparoscopic surgery, only three to five incisions of 0.5 to 1 cm in diameter

are made on the abdominal wall. Compared to traditional open surgery, minimally invasive surgery has become one of the standard surgical procedures because of the smaller incisions, less bleeding, reduced risk of infection, less post-operative pain, as well as shorter length of hospital stay and recovery time.

Traditional open surgery versus minimally invasive surgery

Traditional open surgery	Minimally invasive surgery
● Long and deep wounds ● Mainly general anesthesia ● Long bed rest, recovery and hospitalization time (At least 7 days) ● Susceptible to infection, inflammation, bleeding, or wound dehiscence ● More likely to damage other body tissues	● Small wounds with less bleeding ● Local anesthesia ● Short bed rest, recovery period and length of hospital stay (Discharge within 2-3 days or 24 hours on average) ● Less susceptible to infection ● Less likely to damage other body tissues ● Minimal or no post-operative scarring with excellent wound appearance ● Detailed evaluation is required prior to the surgery

Source: Compiled by the Company

Category for minimally invasive surgery

Hepatobiliary and gastroenterology	Gastrectomy, colectomy, splenectomy, cholecystectomy, choledocholithotomy, small bowel bypass, hepatectomy, bariatric surgery, etc.
Orthopedics	Spine surgery, total joint replacement, arthroscopic surgery, etc.
Gynecology	Tubal ligation, ectopic pregnancy, removal of ovarian or fallopian tube tumors, uterine tumors (e.g. uterine fibroids) and total hysterectomy
Urology	Adrenalectomy, nephrectomy, living donor nephrectomy, partial nephrectomy, radical nephrourectomy and bladder cuff excision, ureterorenoscopic lithostripsy, radical cystectomy and radical prostatectomy, etc.
Cardiovascular surgery	Transcatheter aortic valve replacement, coronary artery bypass surgery, endoscopic vascular harvesting, endoscopic internal mammary artery harvesting, and other interventional cardiovascular surgery, etc.

Source: Compiled by the Company

Minimally invasive surgery-related medical devices are divided into three main categories: surgical devices, monitoring and imaging equipment, and endoscopic instruments. Endoscopic instruments accounted for the largest market share in terms of minimally invasive surgery-related medical devices. Moreover, endoscopes can be classified into rigid scopes, flexible scopes, capsule scopes, and disposable scopes. Depending on the specialties,

they can also be divided into gastroscope, ENT endoscope, urological endoscope, thoracoscope, laparoscope, arthroscope, gynecology endoscope and neuroscience endoscope.

The development of medical devices is time consuming. As the products will eventually be used in human beings, a series of clinical trials at high standards and accreditation under regulation will be necessary to ensure the safety and efficacy for the treatment option that provides for patients. At the early stage of product development, assessment will be conduct to verify unmet needs, followed by the prototyping, and testings to confirm the safety and efficacy of the products. The developing companies will commit resources for animal experiments, followed by preliminary feasibility studies and large scale pivotal studies. The result will be referred to accreditation for regulatory approval before the product is permitted to launch to market. Top global medical device companies and medical device innovation companies tended to search for partners who provides contract development and manufacturing services to accelerate the time to market of products. Under the partnership, suppliers will assist its customers in prototyping and development of parts and components. This not only helps customers to improve operation efficiency and cost control at the early stage of product development, by leveraging the partners' manufacturing capibiliites, it allows customers to have a comprehensive production plan from low volume manufacturing to mass production. Medical devices developers became more and more reliant on the partnership over the years. Medeon also realizes in the course of product development that there are few one-stop shopping providers in the market who can provide development and manufacturing services to all kinds of customers as large CDMO firms are less interested in the small quantity orders for product development; in contrast, even though small CDMO firms can do prototyping and low volume production very quickly with high quality for product developer at early stage, they ususally lack the capacity to provide large scale production to customers when they enter the later stage of development. Medeon targets at emerging as a CDMO firm with the capacity of providing one-stop shopping at high technological barrier and high quality manufacturing so as to provide related services to top global medical devices companies and innovative medical device start-ups.

The Company currently focuses on developing a series of products for minimally invasive surgeries applied in cardiovascular surgery, laparoscopy, treatment of benign prostatic hypertrophia and orthopedic surgery, including ClickClean™ – in-situ cleaning device for laparoscopic surgery, AbClose™ – port site closure device, Cross-Seal™ - large bore vascular closure device, Urocross™ Expander system – treatment for Benign Prostatic Hyperplasia (BPH), PUMA™ – Trauma Internal Fixation Device, Duett ™ – Vascular Graft System for Aortic Dissection Repair. The market segmentation, existing technology and product development trends in these five product areas are described below:

① Cardiac catheterization

In recent years, as interventional procedures, implants and accompanied guidance systems have developed rapidly, treatment of many cardiovascular diseases gradually leaning towards transcatheter procedures. Early transcatheter procedures are dominated by vascular stenting and balloon angioplasty. After the patient receives local anesthesia, a catheter is passed through the femoral artery of the inguinal area or the radial artery (radial artery of the wrist or brachial artery of the elbow) into the coronary arteries and contrast agent is injected to visualize the coronary arteries so as to determine the location and severity of the narrowing and stenosis. Then interventional treatments can be performed by balloon angioplasty, conventional vascular stenting, or placing drug-eluting stents.

The highest sales reside in the drug eluting stent market, while the vascular closure device is the next highest, with nearly US$1 billion in the U.S. market annually. Manual Compression was used as a hemostasis method in the past. Although it is still the standard clinical practice, it takes 20-40 minutes to stop bleeding and the patient must be bedridden for 6-12 hours afterwards, depending on the patient's condition. In addition, this practice will cause pain from the wound at the inguinal area due to the compression on the incisions. This is a very uncomfortable process to the patient. It is expected that this practice will be gradually replaced by hemostasis device after interventional procedures. Hence, we can reasonably deduce that hemostasis device after interventional procedures will have a huge market growth in the future. Common bore size of interventional procedures is indicated by French Scale, ranging from 3F to 34F (1F = 0.335mm). At present, the conventional vascular closure device sold on the market is 5F to 8F (1.7mm-2.7mm).

In recent years, transcatheter procedures have been expanded in advanced interventional procedures such as in transcatheter aortic valve implantation (TAVI) and endovascular aneurysm repair (EVAR). Among the applications, TAVI has provided another option to patients at high risk for aortic angiostenosis and those not suitable for large open thoracotomy. Open thoracotomy imposes higher surgical complexity and danger, where it takes 4 to 6 hours to break the sternum, arrest the heart, establish an extracorporeal circulation, and remove the valve, as opposed to TAVI, where it only requires 90 minutes for the process and leaves a wound of only a few centimeters. In addition, open thoracotomy requires two to three months of recovery period whereas TAVI shortened it to a few days. Hence, these advantages make TAVI become a high potential treatment option.

Large bore for arterial incision of 8F or greater are required for this kind of procedures. With a larger arterial incision, it is more difficult to stop bleeding after surgery. The rapid arterial blood flow and the need for anticoagulants during surgery make it difficult to stop

bleeding, which is always one of the keys to a successful procedure. In the past, arterial suturing is mostly performed by vascular surgeons after surgery, resulting in longer time, resources, and labor costs from the surgical team. With the increasing popularity of large bore minimally invasive procedures such as TAVI and EVAR, large bore vascular closure devices have great market potential as the demand is expected to increase.

② **Urological procedure**

The incidence of benign prostatic hyperplasia (BPH) in men increases with age. Hence, the market for BPH grows as the population ages. If the enlarged prostate gland compresses the urethra, patients experienced major symptoms of frequent urination, difficulty in urination, dribbling at the end of urination, resulting in the inability to sleep continuously at night, or even affecting the daytime life. These symptoms are not life-threatening, however, they impose great impact on the life quality of the patient. Clinically, medication is still the first line of treatment for benign prostatic hyperplasia, where its limited effectiveness and the side effects from some medication still affects the life quality of the patient seriously. Thus, some patients switch to surgical treatment. The population of BPH patients is conservatively estimated to be about 30 million when estimated the global male population by age group. The current surgical treatments include transurethral resection of the prostate (TURP) and transurethral prostatic laser surgery. These treatments solve the clinical symptoms of prostatic hyperplasia, however, possible side effects after surgery includes post-operative bleeding, infection, and sexual dysfunction, which mainly discouraged patients towards such treatments. In recent years, many new minimally invasive treatment modalities have emerged to provide patients with an alternative to non-permanent tissue destruction treatment, effectively alleviating clinical symptoms and improving patients' quality of life. It is estimated that the number of BPH-related surgeries is about 980,000 per year worldwide, driven greatly by the aging population and the demand for minimally invasive treatment options with non-permanent damage.

③**Thoracic aortic repair procedure**

As the average life expectancy increases and the population ages, the risk factors for cardiovascular diseases such as hypertension, hyperglycemia, hyperlipidemia, smoking, and obesity increase, and the incidence of aortic lesions also shows gradual increasing trend. In addition, diagnostic methods such as CTs are becoming more advanced and popular, which increases the chance of early detection of aortic lesions, and thus, drives the market growth. Aortic dissection usually presents as acute and unbearable chest or back pain. The lesion occurs when the inner membrane of the vessel wall tears, causing blood flow to enter the vessel wall through the fissure and forming a false lumen. When such false lumen enlarged and compressed the original aortic vessel, blood delivery function is affected, easily causing ischemia in vital organs and may lead to organ failure

and death. Without immediate treatment, 33% of patients die within 24 hours, 50% die within 48 hours, and 75% die within two weeks. Due to its acute nature, immediate open thoracotomy is required to prevent the expansion of the dissection area. However, the current open thoracotomy is highly invasive and time-pressured, which causes huge burden on cardiac thoracic surgeons. This type of surgery requires cardiopulmonary bypass, cardiac arrest, deep hypothermic circulatory arrest and other high-risk clinical procedures, with a high risk of postoperative stroke and lower limb paraplegia and a long recovery period. There is still plenty of room for developing innovative medical devices. The medical device products developed by the Company are intended to provide surgeons and patients with other medical device options with competitive niche, aiming to reduce the complexity of surgery, apply less invasive surgical procedure, and reduce overall procedure time.

In July 2016, Decision Resource Group presented an analysis of the peripheral vascular device market in the U.S., estimating that the number of thoracic aortic repair surgeries (including artificial vessels and vascular stents) in the U.S. market would be 17,900 in 2020, with a compound annual growth rate of 2.1% from 2014 to 2024. In addition, the number of other applicable peripheral vascular procedures is 82,000.

④Traumatic orthopedic procedure

With the advent of an aging society, nearly 20 million new elderly people are added to the world's population each year. Hence, the orthopedic medical device market, being closely related to the elderly, is growing accordingly. Among them, the four major demanding products for orthopedic devices are trauma implants, spinal implants, joint reconstruction replacements, and bone bioactive materials. According to Kalorama Information's research report, the global orthopedic minimally invasive device market mainly consists of internal fixation and external fixation, where internal fixation devices mainly including plates and screws, intramedullary nails, and cannulated screws, account for about 80% of the global trauma device market. Although traditional screws and plates can provide stable support, there is still room for improvement due to the inability to move naturally after surgery, screw displacement and the risk of fracture. It is estimated that the number of limb trauma and orthopedic internal fixation surgeries in the U.S. each year will increase to 2.5 million. Among them, we have primary indications, such as wrist syndesmosis fixation surgery, ankle tibia and fibula syndesmosis fixation surgery, tarsometatarsal fixation surgery, and hallux valgus surgery (successfully applied in 2021). Aging society and the increasing number of sports injuries are expected to be the biggest growth drivers.

⑤ Laparoscopic surgical procedure

Laparoscopy is mainly used in the specialties of gastroenterology, gynecology, and urology. It is currently the largest market for minimally invasive surgery. iData Research (2020) estimates that 15 million procedures are performed annually worldwide.

During laparoscopic surgery, surgeons often encounter situations where the lens is dirtied by inadvertent contact with tissue fluids, debris or blood, resulting in poor visual field. Traditionally, hot water is prepared and kept warm on the patient's operating table, and surgeons have to remove the laparoscope from the patient and then wash it with hot water before placing it back in the patient's body. This complicated and time-consuming cleaning procedure has to be repeated by the surgical team and causes a lot of inconvenience during the operation. In addition to the interruptions that result in longer and more costly operations, the surgeon must reposition the laparoscope after each cleansing before continuing with the operation, and in the event of bleeding, the risk increases as delay of the surgery. Since every laparoscopic surgery inevitably requires lens cleaning, the potential demand for in-situ cleaning device for laparoscopic surgery is estimated to reach 15 million units (and still increasing) per year.

During laparoscopic surgery, the patient usually has three to five incisions in the abdomen to allow access of the instruments for the procedure. Some of which can be more than 10 mm in diameter due to the need for instrument or retrieval of tissue. At the end of the operation, surgeons suture wounds of more than 10 mm to avoid sequelae such as hernia. In obese patients, suturing the wound is particularly difficult because the fat layer is so thick that it is difficult for the surgeon to extend the needle to the deeper part of the wound for suturing, increasing the need of supporting devices. According to Teleflex (2012), laparoscopic procedures with an incision of 10 mm or more accounts for 70% of all laparoscopic procedures. With 15 million laparoscopic procedures performed worldwide, it is conservatively estimated that the demand for port site closure system is 10.5 million per year.

D. Product competition status

The target markets and other market players for the six products under development by the Company are shown in the following table. Although other marketed available products have their own advantages and disadvantages, there is still no single product that can effectively address both the challenges faced by physicians and the clinical efficacy desired during surgery.

① Cross-Seal™ – Large bore vascular closure system

Company name	Product explanation
Company A	● A closure device provides one suture thread and is designed with a pre-closure mechanism.

	● The indication is for 5F-21F sheath. A minimum of two closure devices must be used to suture large bore (8F-21F) of 8F or more, and in addition, surgeons must manually adjust the relative positions of the two closure devices to ensure a stable cross knot.
Company T	● Use collagen as a plug to promotes hemostasis ● It may be relatively unstable while using a plug based closure device for large bore procedures, although it may be more convenient.

② Urocross™ Expander system – Treatment for Lower Urinary Tract Symptoms (LUTS) Associated with benign Prostatic Hyperplasia (BPH)

Company name	Product explanation
Company N	● Special design of suture and anchors at both ends to reduce the diameter of prosthetic lobe to achieve a dilated urethra ● The product must be used with a rigid cystoscope, so the discomfort of the surgery may be greater; in addition, with suture and anchors fixed at both ends, it is difficult to remove it after surgery in case of infection and inflammation

③Duett ™ – Vascular Graft System for Aortic Dissection Repair

Company name	Product explanation
Company V	● Device integration reduced vascular anastomosis, making it easier to implement compared to traditional open surgery. ● However, the time for cardiopulmonary still long and deep hypothermic circulatory arrest is still required.

④ PUMA™ – Trauma Internal Fixation Device

Company name	Product explanation
Company A	● Internal fixation with metal and suture ● Suture fixation allows for slight movement and weight-bearing of the lower extremity and facilitates recovery; however, if the sutures are loosened, it is impossible to maintain tension and achieve the result of internal fixation.

⑤ClickClean™ – in-situ cleaning device for laparoscopic surgery

Company (product) name	Product explanation

Company C1	● The product includes a heater, micro-fiber material system, and the tool to clean the trocar. The lens must be taken out of the abdominal cavity and cleaned. ● The surgeons are troubled by constantly removing the laparoscope from and re-inserting in the patient's abdominal cavity during the procedure in order to perform cleaning, and thus cannot continuously monitor the surgical site

⑥ **AbClose™ – port site closure device**

Company name	Product explanation
Company C3	● The suture is inserted through the visceral peritoneum and into the abdominal cavity via the suture passer along the guide track, and the suture is clamped to the opposite track by another sleeve needle instrument and taken out from the opposite track ● The product often caused suture displacement due to its rotation, resulting in unstable suturing; moreover, the operation procedures are complicated and time-consuming
Company T	● First, the suture is mounted on the instrument body in advance. After inserting through the visceral peritoneum and into the abdominal cavity, it is required to clamp out the suture manually. The design of the mechanism can reduce the risk of inadvertent needle injury to organs or blood vessels during the suturing process. ● The non-intuitive interface causes the surgeons displacing the suture easily during the suturing process, resulting in less stable results

(3) Technology and R&D overview

A. Research and development expenses for 2022 were NT$521,622 thousand.

B. Successfully developed technologies or products

Since its incorporation at the end of 2012, the Company has been developing six products: we completed the first-in-man studies in Paraguay in 2015 for Cross-Seal™ – large bore vascular closure system; in the middle of the CE study in 2017, the asset purchase agreement with Terumo was executed in the first quarter of 2018 and the upfront payment is obtained; after Terumo took over the subsequent clinical study and regulatory approval application, we continued to support the project with contract services. Together with Terumo, we continue to support the project towards commercialization, and expect to obtain the remaining milestone payments along the way. We received US FDA 510 (k) clearance for ClickClean™ – in-situ cleaning device for laparoscopic surgery (LAP-A01) and AbClose™ – port site closure device (LAP-C01) in 2015 and 2016, respectively. The

PUMA™ - Trauma Internal Fixation Device (ORP-T01) has also received US FDA 510 (k) clearance in the 1st quarter of 2018. We will continue to search for prospective investors for licensing and partners in sales distribution of these 3 patented products. The first-in-man studies of Urocross™ Expander system – treatment for lower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01) was initiated in the fourth quarter of 2018. Currently, we are continuing to accumulate clinical cases. Several animal studies were being conducted for Duett ™ – Vascular Graft System for Aortic Dissection Repair (CVS-T01). A summary of the development progress of each product over the past 3 years is described as follows:

Year	Product development progress	
2020	Cross-Seal™ – large bore vascular closure system (IVC-C01)	Collaborated with clients to apply for U.S. Class III Medical Device Premarket Approval (PMA).
	Urocross™ Expander system – treatment for lower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01)	Continue to accumulate clinical data, actively optimize the product design, and develop regulatory strategies. Accumulated 30 clinical cases as of Dec. 31, 2020, although during the COVID pandemic period.
	Duett ™ – Vascular Graft System for Aortic Dissection Repair (CVS-T01)	Conducted several animal studies. Verified the product can effectively reduce intraoperative vascular anastomosis and suturing time. Accumulated 20 animal cases as of Dec. 31, 2020.
	PUMA™ – Trauma Internal Fixation Device (ORP-T01)	Continued to conduct small-volume limited launch in the market to obtain more actual clinical feedback.
	ClickClean™ – in-situ cleaning device for laparoscopic surgery (LAP-A01)	Continued to conduct small-volume limited launch in the market to obtain more actual clinical feedback, and developed the market in Taiwan and China to enhance project market value.
	AbClose™ – port site closure device (LAP-C01)	Continued to conduct small-volume limited launch in the market to obtain more actual clinical feedback, and developed the market in Taiwan and China to enhance project market value.
2021	Cross-Seal™ – large bore vascular closure system (IVC-C01)	Completed the preparation of U.S. FDA audit at the end of June 2021, and obtained PMA approvable letter issued by U.S. FDA in December.
	Urocross™ Expander system – treatment for lower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01)	Continue to accumulate clinical data, actively optimize the product design, and develop regulatory strategies. Accumulated up to 45 clinical cases as of Dec. 31, 2021, and the follow-up continues.
	Duett ™ – Vascular Graft System for Aortic Dissection Repair (CVS-T01)	Conducted several animal studies. Verified the product can effectively reduce intraoperative vascular anastomosis and suturing time. Accumulated 20 animal cases as of Dec. 31, 2020. Relevant animal study results were published in

Year	Product development progress	
		Annual Meeting of the European Association for Cardio-Thoracic Surgery in October.
	PUMA™ – Trauma Internal Fixation Device (ORP-T01)	Continued to conduct small-volume limited launch in the market to obtain more actual clinical feedback.
	ClickClean™ – in-situ cleaning device for laparoscopic surgery (LAP-A01)	Continued to conduct small-volume limited launch in the market to obtain more actual clinical feedback.
	AbClose™ – port site closure device (LAP-C01)	Continued to conduct small-volume limited launch in the market to obtain more actual clinical feedback.
2022	Cross-Seal™ - large bore vascular closure system (IVC-C01)	Continue the preparation for the US FDA cGMP audit .
	Urocross™ Expander system - treatment for lower urinary tract symptoms (LUTS) associated with Benign Prostatic Hyperplasia (BPH) (URO-T01)	Received US FDA approval to conduct IDE study in the US in the middle of 2022, and start to recruit patients in 2022Q3. Enrollment in progress.
	Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01)	Continue to push forward to the First-in-Human Study in the USA in 2022 and have meetings with the US FDA regarding the regulatory approval planning by the 3rd quarter of 2022.
	PUMA™ - Trauma Internal Fixation Device (ORP-T01)	Continue to conduct limited launch to obtain more clinical feedback.
	ClickClean™ - in-situ cleaning device for laparoscopic surgery (LAP-A01)	Continue to conduct limited launch to obtain more clinical feedback.
	AbClose™ - in-port site closure system (LAP-C01)	Continue to conduct limited launch to obtain more clinical feedback.

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

A. Short-term development strategies:

A. We will continue to drive product development status forward and generate revenue from projects, including licensing and milestone payments:

In 2023, we will spare no effort to assist Terumo in obtaining PMA market approval for Cross-Seal™ - large bore vascular closure system (IVC-C01), and obtain milestone payments for 1B, 2A-2 and 3A as our primary goal. Medeon will speed up the development of the Urocross™ Expander system - treatment for lower urinary tract symptoms (LUTS) associated with Benign Prostatic Hyperplasia (BPH) (URO-T01) and the device for Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01) in full effort. The URO-T01 has been approved by the US FDA in the middle of 2022 to conduct IDE study in the US and expected to continue the enrollment and related follow-up work in 2023. We will continue the preparation and application work for CVS-T01 clinical study in the US.

B. Continue to generate revenue from CDMO services:

Medeologix, a subsidiary of Medeon, has completed the merger and acquisition of MediBalloon, Second Source Medical, and integration of MedeonBio in the US in 2022; and, in 2023, it will spare no effort in broadening its customer base, increase the capacity of the mass production base and build assembly line in Taiwan to satisfy the needs of the global customers. Furthermore, Medeologix will intensify its recruitment of advanced manufacturing talents, conducting technological upgrading to meet the demands of advanced medical devices from top global medical devices companies in order to create steady cash flow for the Medeon group.

C. We will continue to evaluate potential value-added medical devices projects for future development, properly allocate resources for PMA or 510(k) projects with distinguished resources needed for regulatory, thereby optimizing the resource allocation for the Gorup’s business operations and future revenue opportunities.

D. We will continue to strengthen our capabilities in research and development, design and manufacturing of advanced medical devices as well as our core R&D capacity, cultivating domestic talents in R&D, production and management for the advanced medical device industry.

B. Long-term development strategies:

The Company's business model encompasses the development and licensing of innovative medical device products, as well as Contract Development and Manufacturing Organization (CDMO) business and its upstream and downstream business integration, with the primary objective of achieving long-term and stable positive cash flow.

a. Development and licensing of innovative medical devices

Through a comprehensive project selection strategy, the Company is committed to developing innovative products that address unmet medical needs and have strong market potential. The selection criteria covers clinical needs, market value, other marketable products, technical feasibility, product development timeline, clinical and regulatory, reimbursement, patent strategies, return on investment, etc. to reduce product development risks and protect shareholders' interests. Since incorporated, the Company has been accumulating R&D experience in the fields of minimally invasive cardiovascular surgery, laparoscopic surgery, orthopedics and urology, etc. Over the years, the company has built up professional medical knowledge and physician connections. In addition, the Company has developed a network of global clients and regularly interacted with international regulatory bodies. The current team has considerable experience and achievements in regulatory approval, quality management systems and product development. In the future, we will allocate resources appropriately and replicate our past successful

experience in our R&D projects to ensure the maximum effectiveness of the resources invested and enhance the return on investment.

The Company's medical device projects under development are all aimed at the ultimate goal of licensing. We will expand our partner network and reach out to suitable international licensees. In recent years, international companies have become increasingly cautious in their acquisition strategies for innovative products, preferring to participate in the product development process of their target companies by investing in them upfront, and to initiate the acquisition process only after the target companies have generated revenue. In this regard, the team of the Company’s investment will conduct clinical trials and limited launch activities in target markets as soon as possible, depending on the regulatory requirements of the target market. We will actively accumulate clinical case experiences to further validate the efficacy and safety of the products with end-users and enhance the visibility and market value of our products.

b. Entering the CDMO market for advanced medical devices

In order to support the development of innovative medical devices as well as to generate long-term and stable positive cash flow, the Company is actively entering the field of CDMO services for advanced medical devices, working with its partners to build upstream medical device manufacturing process technology and downstream mass production capacity. In this way, the Group will continue to provide product manufacturing services after the successful licensing of the products, aiming to create more value for the Company and its shareholders.

Medeon has successfuly acquired MediBalloon, Second Source Medical, and Medeonbio of USA and hence acquired their customer base and manufacturing capabilities of the acquirees in the past. Medeon has emerged as a conglomerate of advanced medical balloon and catheter manufacturer. With the wealth of experience and capability in research and development accumulated over time, Medeon has created the business model of “taking orders from the USA, conducting pilot production in place, and mass production in Taiwan” where the US team will provide services to local customers, and facilities in Taiwan can respond to the demand of large quantity production. With the efficient use of resources, Medeon provides first tier global medical device companies with vertically integrated one-stop shopping services. This also extends the supply chain of the peripheral industries and yields synergy to the innovation projects that Medeon is currently developing, which brings steady cash flow to the Medeon group in the long run.

2. Market, production and sales overview

(1) Market analysis

A. Sales (provision) areas of the Company's main products (services)

According to a research report by BMI Research, the size of the global medical device market reached US$454.3 billion in 2021 and is estimated to grow to US$535.2 billion in 2026, with a compound annual growth rate of approximately 5.6% from 2021 to 2026. Minimally invasive surgical devices account for about 8% of the total market, while other specialties that can apply minimally invasive surgery, such as orthopaedics account for about 12%, cardiovascular surgery for about 9%, urology/gynaecology for about 6% and neurosurgery for about 1%. According to the analysis of BIS Research report, the market size of minimally invasive surgery was US$30.2 billion in 2021 and is expected to reach US$55.7 billion in 2031, with a compound annual growth rate of 6.3% from 2020 to 2031. Due to the smaller wound size, less bleeding, lower wound infection rate, shorter recovery time and lower possibility of complications, as well as the economic benefits of overall healthcare costs, the growth of minimally invasive surgery will outperform other medical fields.

B. Market share

The Company's products are still in the R&D stage and therefore have yet to gain market share, but the market size for each product is described as follows:

a. Cardiac catheterization

According to Fortune Business Insights™ (2020), the global market for cardiovascular devices was US$50.9 billion in 2020 and is expected to grow to US$86.3 billion in 2028. According to the research findings of Frost & Sullivan in 2013, of all the cardiac catheterization devices of the world, the market size of vascular closure device for cardiac catheterilizaton surgeries is just next to the market of drug-eluting stent (DES). The sales volume has grown rapidly from US$400 million since 2005 to US$825 million in 2010, especially in the U.S. market, which accounts for 85% of the total sales. In March 2018, the Company successfully transferred the global intellectual property assets of the Cross-Seal™ – large bore vascular closure system (IVC-C01) to Terumo and established a medium- to long-term partnership with Terumo for this project.

b. Urological procedure

In general, the incidence of Benign Prostatic Hyperplasia (BPH) in men will gradually increase with age; if we estimate by the global male population by age group, the annual population of BPH patients is conservatively estimated to be about 30 million. As the population structure tends to age in the future, it is estimated that the population of BPH patients will also increase. According to a research report published by Research and Markets in 2020, the BPH-related market is expected to grow at a compound annual

growth rate of 8.5% between 2020 and 2025, while the BPH-related medical device market is expected to grow at a compound annual growth rate of over 22% between 2019 and 2025. The Company estimates that the potential market for medical devices for the treatment of lower urinary tract symptoms due to BPH is US$1.22 billion per year.

c. Thoracic aortic procedure

In recent years, the number of patients with thoracic aortic disease has been increasing with the aging of the population and changes in lifestyle. Among the patients, the death rate of Type A aortic dissection involving the ascending aorta is extremely high. If the surgery is not performed immediately, the mortality rate will reach 50% within 48 hours. According to Decision Resource Group's analysis of the Peripheral Vascular Device market in the U.S. in July 2016, it was estimated that the number of thoracic aortic repair surgeries (including artificial vessels and vascular stents) in the U.S. market would be 17,900 in 2020, with a compound annual growth rate of 2.1% from 2014 to 2024. In addition, the number of other applicable peripheral vascular procedures is 82,000. In traditional open thoracotomy, surgeons replace the diseased aorta and the carotid arteries leading to the brain with artificial aortic grafts. The time required for the surgery depends on the scope of the procedure, but it takes at least 6 to 8 hours. In addition, cardiopulmonary bypass is required. Since it is required to temporarily blocked the blood flow to the brain and some of the organs, the patient's body temperature needs to be lowered to a minimum of 20ºC (deep hypothermic circulatory arrest) to reduce the metabolic rate and protect the organs. Although prolonged circulatory arrest and hypothermia can protect the organs, they also increase the risk of complications and mortality. In this complex surgery, surgeons use surgical sutures to manually suture the autologous blood vessels and the artificial grafts, and the time for anastomosis will significantly affect the total time and success rate of the surgery. The Company has developed thoracic aortic repair devices to provide precise and effective vascular anastomosis to shorten the surgical time of this critical procedure and address clinical needs. As a result, the potential market size for thoracic aortic repair materials is estimated at US$480 million per year.

d. Traumatic orthopedic procedure

With the advent of an aging society, the orthopedic medical device market, which is closely related to the elderly, will continue to grow as nearly 20 million new elderly people are added to the world's population each year; the incidence of falls, degenerative arthritis and osteoporosis is expected to increase, so the demand for orthopedic trauma devices is expected to increase accordingly. Together with the global sporting trend in recent years, the demand for sports injury rehabilitation has increased across all age groups. As a result, global sales of orthopedic trauma devices are expected to grow by 3% from 2020 to 2027, reaching an estimated US$56.2 billion in 2027. The Company

estimates that the potential market for orthopedic internal fixation devices for limb trauma will reach US$5 billion per year.

e. Laparoscopic surgical procedure

According to a research report by iData Research (2020), the estimated number of laparoscopy-related procedures performed annually worldwide has reached 15 million. According to Allied Market Research (2020), the global market for laparoscopy-related devices is expected to grow to US$12.1 billion in 2019 and US$18.9 billion in 2027, with a compound annual growth rate of 5.8% from 2019 to 2027. In addition, with the aging population in China, the improved medical standard and the growth in per capita income, the market for minimally invasive surgical devices is estimated to reach RMB 41 billion in 2024, making China one of the key markets for the Company's laparoscopic related products.

Our ClickClean™ – in-situ cleaning device for laparoscopic surgery (LAP-A01) and AbClose™ – port site closure device (LAP-C01) are applicable for laparoscopic procedures in a wide range of applications. The Company estimates the potential annual market size for laparoscopy cleaning requirements to be US$1.12 billion and for laparoscopic port site closure to be US$1.05 billion.

C. Future market supply, demand and growth

a. Cardiac catheterization

In the past, the senile calcific aortic valve disease was mainly treated by a major thoracotomy with valve replacement, in which cardiac surgeons would open the patient's sternum, conduct the cardiac arrest, establish cardiopulmonary bypass, remove the native valve, and then replace it with a new valve. The whole operation is extremely risky. In recent years, advanced transcatheter aortic valve implantation (TAVI) with small incisions and short recovery time has gradually replaced large open thoracotomy for valve replacement. In addition to transcatheter aortic valve placement, other procedures are also emerging, which include endovascular aneurysm repair (EVAR), thoracic endovascular aortic repair (TEVAR), percutaneous balloon valvuloplasty (PBV), transcatheter mitral valve replacement (TMVR), percutaneous ventricular assist device (pVAD). There is also a gradual shift from major open thoracotomy to advanced transcatheter procedures, providing a less risky alternative for patients who are not suitable for major open thoracotomy. In summary, the relatively difficult post-operative vascular closure in these emerging large bore interventional procedures are expected to increase the demand for large bore vascular closure devices, providing the main driving force for market growth.

b. Urological procedure

The incidence of benign prostatic hyperplasia (BPH) in men increases with age. According to statistics, about 50% of men over the age of 50 have BPH, and the

incidence increases to 90% in men over the age of 80. Clinically, medication is still the first line of treatment for BPH. Its limited effect and some side effects seriously affect the patients' quality of life; hence, some patients switch to surgical treatment. The current surgical treatments include transurethral resection of the prostate (TURP) and transurethral prostatic laser surgery. Although these treatments solve the clinical symptoms of prostatic hyperplasia, there are various possible side effects after surgery, including post-operative bleeding, infection, and sexual dysfunction, discouraging patients towards such treatments. This product is another choice for patients which is different from other invasive treatment, and could help to mediate symptoms and allows for a higher quality of life for patients. The growth of the medical device market for BPH is attributed to the increase in the aging population and the preference for minimally invasive surgical treatment methods.

c. Thoracic aortic procedure

According to Decision Resource Group's analysis of the Peripheral Vascular Device market in the U.S. in July 2016, it was estimated that the number of thoracic aortic repair surgeries (including artificial vessels and vascular stents) in the U.S. market would be 17,900 in 2020, with a compound annual growth rate of 2.1% from 2014 to 2024. In addition, the number of other applicable peripheral vascular procedures is 82,000. As the aging population increases, diagnostic methods are becoming more advanced and popular. Early detection of aortic dissection and aortic aneurysms are key drivers of the market growth. Current conventional treatment methods require long operation time, establishment of cardiopulmonary bypass and deep hypothermic circulatory arrest, high risk of stroke and lower limb paraplegia, heavy bleeding, and long recovery period. There is still plenty of opportunities for developing innovative medical devices.

d. Traumatic orthopedic procedure

According to market data, orthopedic medical devices rank second in the world in terms of total investment in various types of medical devices, only after cardiovascular medical devices. Traumatic implants, spinal implants, joint reconstruction and bone bioactive materials are the four main product categories in demand for orthopedic medical devices. In addition, according to the World Health Organization's age-specific statistics and projections for the global population, the proportion of the global population over 65 years of age will grow from 7.8% in 2010 to 16.7% in 2050. The growth of the global elderly population and the increase in sports injuries have resulted in an increased demand for orthopedic trauma devices, including internal fixation. The internal fixation devices include plates & screws, intramedullary nails, and cannulated screws.

e. Laparoscopic surgical procedure

Compared to traditional open surgery, laparoscopic procedures create smaller incisions and causes less bleeding, which reduces the risk of infection, alleviates postoperative pain, and shortens the length of hospital stay and recovery period. Therefore, laparoscopic procedures have gradually become one of the standard procedures and is now widely used in different types of surgeries, such as laparoscopic cholecystectomy and bariatric surgery in the specialties of hepatobiliary and gastroenterology, total hysterectomy, bilateral salpingo-oophorectomy and hysteromyomectomy in gynecology, and radical prostatectomy and nephrectomy in urology. Related technologies have also been developed and improved accordingly. According to Allied Market Research (2020), the global market for laparoscopy-related devices was US$12.1 billion in 2019 and is expected to grow to US$18.9 billion in 2027, with a compound annual growth rate of 5.8% from 2019 to 2027.

D. Competitive niche

The Company's main competitive advantage lies in its ability to select medical devices development projects with real market value, define product specifications for new medical devices, conduct rigorous product design concept development and feasibility analysis, formulate intellectual property development strategies, conduct large-scale animal studies and clinical studies, obtain regulatory approvals, and develop reimbursement strategies during the development process.

In addition to building up our internal management and R&D capabilities, we have established international collaboration with clinical regulatory consultants to effectively conduct multi-center clinical trials in multiple countries. We have also established a staged cooperation model with domestic and foreign suppliers from prototyping, pilot production, to mass production in accordance with Good Manufacturing Practice, we are able to speed up the product development process and implement the concept of manufacturability at an early stage of product development.

During product development, we also maintain interactions with key international medical leaders regularly to ensure that product designs effectively address unmet clinical needs and reduce product development risks. At the same time, we integrate multiple resources and actively engage in strategic alliances or product licensing with various partners to speed up the process of obtaining regulatory approvals for commercialization.

We have also established reputation and credibility for our innovative medical device platform through our close connections with renowned academic and research institutions in Taiwan and abroad. In the future, we will continue to incorporate various new product concepts and key technologies through a win-win collaboration model in order to maintain our advantage of R&D capabilities.

E. Favorable and unfavorable factors of development prospect and countermeasures

a. Favorable factors

(i) The Company can truly consolidate user feedbacks and clinical needs from the medical community to effectively identify clinical needs, master real-time market competition and trends, and carefully select R&D projects so that the Company's resources can be invested in the R&D projects with true market value in order to reduce Company's operational risks.

(ii) Company actively integrates domestic and foreign medical industry resources to speed up the time to regulatory approval for commercialization, and seek licensing with strategic partners in order to reduce the risk during the development process of advanced medical devices.

(iii) For the developing products, some have successively obtained regulatory approvals for commercialization, and the others are planned for clinical studies with domestic and international KOLs, together with our contract research and/or manufacturing partners, to validate the safety and efficacy of the products as soon as possible.

(iv) With Dr. Jang's fruitful experience in successfully developing Class III medical devices, and with our team's track record of executing the asset purchase agreement with Terumo for Cross-Seal™ – large bore vascular closure system (IVC-C01), we will continue to develop advanced medical devices with international standards that fit market demands, and further enhance Company's international visibility, which will be beneficial to the establishment of forming international strategic alliances and business arrangement in global markets.

(v) As the government continues to promote various policies to facilitate the development of the biomedical industry, Company will be able to increase the value of shareholder's equity by implementing those tax incentives.

(vi) In recent years, we have been actively seeking strategic investment opportunities. Through forming partnerships with strategic partners with advanced technologies and customer service capabilities, we have been able to vertically integrate upstream and downstream resources from rapid prototyping, assembly to production and manufacturing, and create a one-stop-shopping service for the development and manufacturing for medical devices, while creating a stable and positive cash flow for Company.

b. Unfavorable factors and countermeasures

(i) Advanced medical devices take excessive time to develop, and have higher research and development cost. The cost of various types of trials continues to increase with the global industry trends, resulting in higher product

development risks. On the other hand, major international manufacturers have become less tolerant of product development risks in recent years, and have become more conservative in their evaluation of mergers and acquisitions, resulting in start-ups and emerging companies having to develop their products to a more mature stage to increase their opportunities of licensing or partnerships to international manufacturers.

Countermeasures

Our professional management and R&D team can carefully select R&D projects through carefully assessing clinical needs, and significantly reduce product development risks through a rigorous product development and design processes, animal testing and preliminary first-in-man studies planning. In addition, through collaboration with international manufacturers, we have accumulated experience in product development and manufacturing expense control, and enhanced the efficiency of resource utilization to support the smooth implementation of our projects as scheduled.

(ii) Domestic advanced medical device industry value chain and talent pool still have to be established successively

Countermeasures

One of the objectives of the Company is to develop medical device products with high market-value, actively cultivate local engineering and medical integration talents, and work together with various manufacturing and entrusted testing partners and medical centers to establish a successful model of advanced medical device development with fully localized R&D, manufacturing, and regulatory certification. Therefore, we will continue to cultivate talents and work with various partners to promote the successful launch of our products as soon as possible.

(iii) The upstream and downstream resources of advanced medical device industry in the developed countries in Europe and United States are well developed compared to Taiwan.

Countermeasures

We continue to expand our global network of top industry and medical connections so that our product development is able to meet international regulatory standards and market demands, and enhance the success rate of product development through international strategic partnerships and deployments. In addition, we are actively pursuing the medical device contract development and manufacturing markets, integrating our CDMO capacity and customer base to create a complete global supply system with upstream and downstream integration, thereby improving cost efficiency and providing

customers with an integrated CDMO service platform.

(2) Important applications and production processes of major products

A. Important applications of the main products:

a. Cross-Seal™ – large bore vascular closure system (IVC-C01): A safe and effective vascular closure device for advanced interventional procedures with large-diameter arterial incisions (8F-18F).

b. Urocross™ Expander system – treatment for lower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01): Its main function is to relieve lower urinary tract symptoms caused by benign prostate hyperplasia.

c. Duett ™– Vascular Graft System for Aortic Dissection Repair (CVS-T01): A medical device used for thoracic aortic repair required for the treatment of thoracic aortic lesions.

d. PUMA™ – Trauma Internal Fixation Device (ORP-T01): Internal fixation device mainly used in surgeries for limb trauma, such as shoulder, elbow, wrist, ankle.

e. ClickClean™ – in-situ cleaning device for laparoscopic surgery (LAP-A01): When performing laparoscopic procedure, laparoscopic lens is protected by slidable biocompatible films, with which the surgeons can quickly remove debris in-situ and immediately restore the image to clarity.

f. AbClose™ – port site closure device (LAP-C01): A device that is easy to operate at the end of laparoscopic surgery, which can be used to quickly and effectively close minimally invasive incisions safely.

B. Production (development) process:

When evaluating new projects, the Company conducts a comprehensive assessment of clinical needs, current competition status, patent protection, and other factors. When introducing new projects, the Company focuses on future market demand and strives to select R&D projects with high market value to avoid red sea competition. During the development process, the Company constantly precaution of the development status of other products and actively responds to the instant market dynamics. During the research and development process, we have actively established close cooperation with medical leaders in Taiwan, the United States, and other countries to build up the reputation within the medical community; during the stage of bench and animal testing, we invited medical leaders to conduct product testing to incorporate the feedbacks of physicians, i.e., users, into the functional design of the product. After preliminary verifying the safety and efficacy of the product in bench and animal studies, we will then work with medical leaders to plan and conduct preliminary first-in-man studies to prove its safety and efficacy in humans.

The Company's business activities are focused on the research and development and design of advanced medical products. As the products are at different stages of the development process, it is necessary to cooperate with experts, physicians, consultants, manufacturers and testing consultants in various fields in order to meet the requirements of the competent

regulatory authorities in the target markets. Once a medical device project with investment value is selected for development, the team carefully selects the most appropriate cutting-edge technologies, including medical-grade alloy technology, medical-grade catheter technology, and mechanical component processing and manufacturing, and ensures that the standard process of design control is implemented.

At the same time, through education and training programs, we continue to cooperate with international experts to gradually build solid R&D capabilities, including rapid prototyping of products and key components, laboratory testing, planning of preclinical large animal studies for efficacy and safety verification, planning and execution of preliminary first-in-man studies (Feasibility Study), EU first-in-man studies approval (CE Study), US Investigational Device Exemption for clinical research (IDE), and GMP manufacturing compliance for pilot production.

(3) The supply of major raw materials:

The sources of raw materials for the Group are domestic and foreign manufacturers. In order to stabilize the source of raw materials, the Company maintains a strong collaboration relationship with other domestic manufacturers.

(4) Major import and export customers

A. Information on major suppliers that have accounted for more than 10% of total annual purchase in any of the last two years.

Unit: NT$ thousands

Item	2021				2022			
	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the Issuer
1		Note 1			Company S	1,360	30	-
					Company Z	672	15	-
					Company V	570	13	-
					Company M	467	10	-
					Others	1,443	32	
	Net purchase				Net purchase	4,512	100	

Note 1: Delta Asia International Corporation was originally a subsidiary of the Group. After the Company disposed of part of its equity in 2021, it was evaluated that it had lost control and only had significant influence. Thus, the equity method of assessment was applied with retroactively adjustment from 2020 to the time of discontinued operations according to the definition of discontinued operations in IFRS 5. As mentioned above, the Company is primarily engaged in R&D and commissioned services in 2021, and there is no purchase and purchase data.

B.Information on customers who have accounted for more than 10% of total annual sales in any of the last two years.

Unit: NT$ thousands

Item	2021				2022			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Issuer
1	Company T	65,972	96	None	Company T	209,537	70	None
2	Others	2,985	4		Others	88,780	30	
	Net sales	68,957	100		Net sales	298,317	100	

(5) The last two years of production volume and value:

Unit: NT$ thousands /PCS

Production Volume and Value / Year / Major products (Department)	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Manufacturing of medical device	Note 1			Note 2	1,450	84,675

Note 1: Delta Asia International Corporation was originally a subsidiary of the Group. After the Company disposed of part of its equity in 2021, it was evaluated that it had lost control and only had significant influence. Thus, the equity method of assessment was applied with retroactively adjustment from 2020 to the time of discontinued operations according to the definition of discontinued operations in IFRS 5. As mentioned above, the Company is primarily engaged in R&D and commissioned services in 2021. There is no production and manufacturing, therefore there's no data of production value and volume.

Note 2: The specifications of the medical devices manufactured and sold by the Company are very diverse, and they span various fields such as minimally invasive surgery of different specialties and other special surgical devices, monitoring devices, and innovative medical devices. The specifications, manufacturing requirements of each product, quality standards are distinct with wide differences, so the capacity can not be calculated on an aggregate basis

(6) The volume and value of the last two annual sales:

Unit: NT$ thousands /PCS/unit

Sales Volume and Value / Year / Major products (Department)	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Manufacturing of medical device	Note 1				-	-	1,450	88,780

Note 1: Delta Asia International Corporation was originally a subsidiary of the Group. After the Company disposed of part of its equity in 2021, it was evaluated that it had lost control and only had significant influence. Thus, the equity method of assessment was applied with retroactively adjustment from 2020 to the time of discontinued operations according to the definition of discontinued operations in IFRS 5. As mentioned above, the Company is primarily engaged in R&D and commissioned services in 2021. There is no production and sale, therefore there is no sales data.

3. Human Resources during the two most recent fiscal years or during the current fiscal year up to the date of publication of the annual report

Year		2021	2022	As of April 30, 2023
Number of Employees	Personnel above the Level of Managers	28	37	37
	R&D Personnel	34	41	41
	Other Employees	11	57	64
	Total	73	135	142
Average Age		41.6	42.8	42.5
Average Years of Service		4.1	3.2	3.2
Education Distribution Percentage	Ph.D.	8.1%	8.1%	6.3%
	Masters	15.4%	19.3%	22.5%
	Bachelor's Degree	76.5%	55.6%	52.8%
	Senior High School	0.0%	15.6%	17.6%
	Below Senior High School	0.0%	1.5%	1.4%

4. Environmental Protection Expenditure

(1) Losses suffered due to environmental pollution in the most recent year and as of the date of the annual report (including compensation and environmental protection audit results for violations of environmental protection laws and regulations, the date of the penalty, the

penalty number, the provisions of the law violated, the content of the law violated, and the content of the penalty should be listed), and the estimated amount of current and potential future losses and measures to address them: In the most recent two years and as of the date of the annual report, the Company had no environmental pollution. We will continue to uphold our philosophy to maintain the best environmental performance in the future.

(2) Future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, penalties and compensation that may occur if countermeasures are not taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated): None.

5. Labor Relations

(1) The Company's various employee welfare measures, training, training and retirement systems and the status of their implementation, as well as the agreements between employers and employees and measures to protect the rights and interests of employees.

A. Employee welfare measures

a. Labor insurance: In accordance with the Labor Insurance Act.

b. Universal Health Insurance: In accordance with the provisions of the Universal Health Insurance Law.

c. Group insurance: term life insurance, accidental injury insurance, injury medical, cancer insurance, pandemic insurance etc.

d. Annual vacations: Superior than the regulations stipulated in the Labor Standards Act.

e. Employee stock options: In order to attract professional staff and retain outstanding employees with future development potential to jointly create benefits for the Company and its shareholders, employee stock options are issued in accordance with the "Regulations for Issuance and Stock Purchase of Employee Stock Options" approved by the Board of Directors.

f. Subsidies and gifts: wedding and funeral subsidies, health check-up subsidies, birthday gifts.

g. Special Contractor.

h. Staff travel in the country and abroad.

B.Staff training and retraining

In accordance with the Company's training operations, each department sets up an annual budget and establishes an annual employee training plan to implement education and training, and to implement lifelong learning and improve professional knowledge and skills to enhance work performance, and to encourage employees to participate in various required education and training courses.

C. Employee retirement system and its implementation status

In accordance with the Labor Pension Act, the pension benefits are paid in accordance with the "Monthly Contribution Schedule" and are deposited in a personal pension account at a rate of not less than 6% of monthly wages.

D.Agreements between labor and management and various measures to protect employees' rights and interests

The Company holds regular labor-management meetings, and so far there is no dispute between employers and employees that requires an agreement.

(2) Losses suffered from labor disputes in the most recent year and as of the date of printing of the annual report (including labor inspection results in violation of the Labor Standards Law, the date of the penalty, the word number of the penalty, the provisions of the law violated, the content of the law violated, and the content of the penalty should be listed), and disclose the estimated amount of current and possible future occurrence and measures to address the situation:

The Company has harmonious relations between employers and employees and has not suffered any losses due to labor disputes in the recent year and up to the date of printing of the annual report.

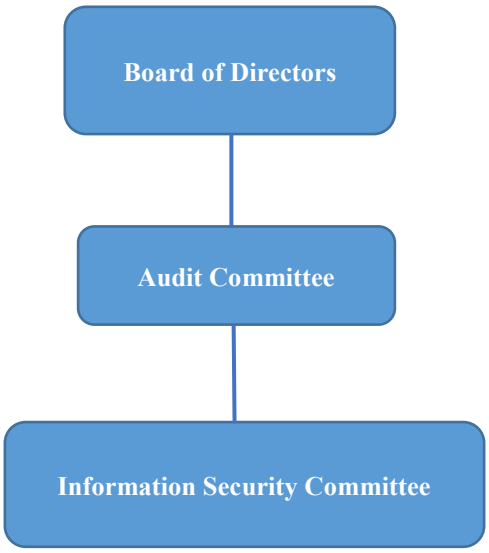
6. Information Security Management:

(1) Describe the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management.

A. Information Security Risk Management Framework

The Information Security Committee was established in 2022 to coordinate the formulation, implementation, risk management and compliance checks of information security and protection-related policies. The top executive of the Management Department reports annually to the Board of Directors and the Audit Committee on the effectiveness of information security management and information security-related issues and directions.

The Information Security Committee is convened by the Executive deputy general manager of the Company, with one member from each of the information personnel, management unit, and legal affairs unit, and the top internal auditor as an observer, and meets annually to review and resolve information security and information protection policies and guidelines, and to implement the effectiveness of information security management measures.



B. Information security policy

In order to achieve the operational and management objectives of "sustaining the uninterrupted operation of the Company's information operations, maintaining the effectiveness of internal systems management, and improving the quality of information services," "ensuring the availability, integrity, and confidentiality of all information processed and utilized," and "complying with the Personal Information Protection Act in

business processes related to the collection, processing, and utilization of personal information," the Company has established an "Information Security Policy" that applies to all of our employees, business partners, outsourced service providers, visitors and users of our information services, etc. The policy requirements are as follows:

a. Implement compliance with relevant laws and regulations, including the Intellectual Property Protection Law, the Personal Information Protection Law, and agreements and contracts signed with external parties.

b. The operation management unit is responsible for promoting the planning, implementation and communication and coordination of relevant management systems, and actively conducts education, training and promotion of information security and personal data protection to ensure that employees are familiar with the security responsibilities of business execution.

c. Information assets held by employees for the execution of business are classified and risk assessed according to their needs in order to achieve effective control; information operations are planned and managed continuously according to the actual needs of business execution to ensure the availability of information operations.

d. The physical office environment and important information equipment rooms are controlled to maintain the security of the environment.

e. To prevent computer viruses and malware from affecting operations, the use of unauthorized software other than legally authorized systems and applications is prohibited.

f. In order to ensure the effectiveness of the management system, any violation of the relevant procedures and regulations of the management system will be considered and dealt with in accordance with the relevant regulations.

C.Specific management solutions.

The Company considers that information security insurance is still a new type of insurance, which involves supporting facilities such as information security level testing organizations, claim identification organizations, and claims ignoring conditions, therefore, after evaluation by the Information Security Committee, the Company does not purchase information security insurance for the time being. The main measures and implementation of the Company's information security risk management are as follows, which can effectively protect information security.

Information security risks: Strengthen information security promotion, internal/external access control, firewall/virus protection, information backup measures, local/offsite backup mechanism, regular disaster recovery drills, and organize information security

education training and social engineering drills for all employees to increase their information security protection concepts. In April, 2023, the Company joined Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC), the cyber security intelligence organization, to obtain cyber security warning intelligence and information of cyber security threats and vulnerability. In 2022, there were 25 information security propagandas and case sharing sessions with 1,000 participants.

Recently, due to the impact of the epidemic, employees have changed their working environment at home. Therefore, after assessing the risks, we have introduced EDR defense measures to enhance the security of endpoints to protect the security of endpoint equipment and servers.

Item	Specific solutions
Firewall maintenance	• Set the connection rules for firewall with only open basic network, mail connection as the default. • Special connection requirement is only available with the approval of senior management. • Monitor and analyze the number of attacks on the firewall monthly.
User access control mechanism	• Filter users from websites that may link to Trojan horses, ransomware or malware automatically. • Prohibit unauthorized use of network services such as network hard drives and file transfer.
Wireless network control mechanism	• The wireless network is only available for official laptops and mobile devices such as cell phones and tablets, while the rest of the devices are only available after approval by senior executives. • Change the Wifi password from time to time • Set different connection SSIDs to control the privileges of the connected host depending on the user's device and requirements. • Visitors can only use a separate wireless network to connect directly to an external network.
Web activity view	•• View access logs of network devices, information security devices, and servers. • Identify abnormal records and confirm the alert mechanism.
Information machine room security control	• Separate air-conditioning and fire extinguishers are installed, and access is restricted to specific personnel. • The server room is equipped with UPS system, which can automatically shut down the server in case of abnormal power outage and protect the server system from failure due to power outage.
Server security settings	• Meet the complexity cipher principle. • Restrict the number of logins to the locking principle. • Enable account login audit policy. • Set the file access permission according to the permission request form.
Antivirus software	• Use multiple anti-virus software to disperse the chance of new virus poisoning. • Update the anti-virus software virus code regularly to reduce the risk of poisoning. • Regular scheduling scans to determine the current status of the system.
E-mail security	• There is automatic email scanning threat protection to prevent unsafe attachments,

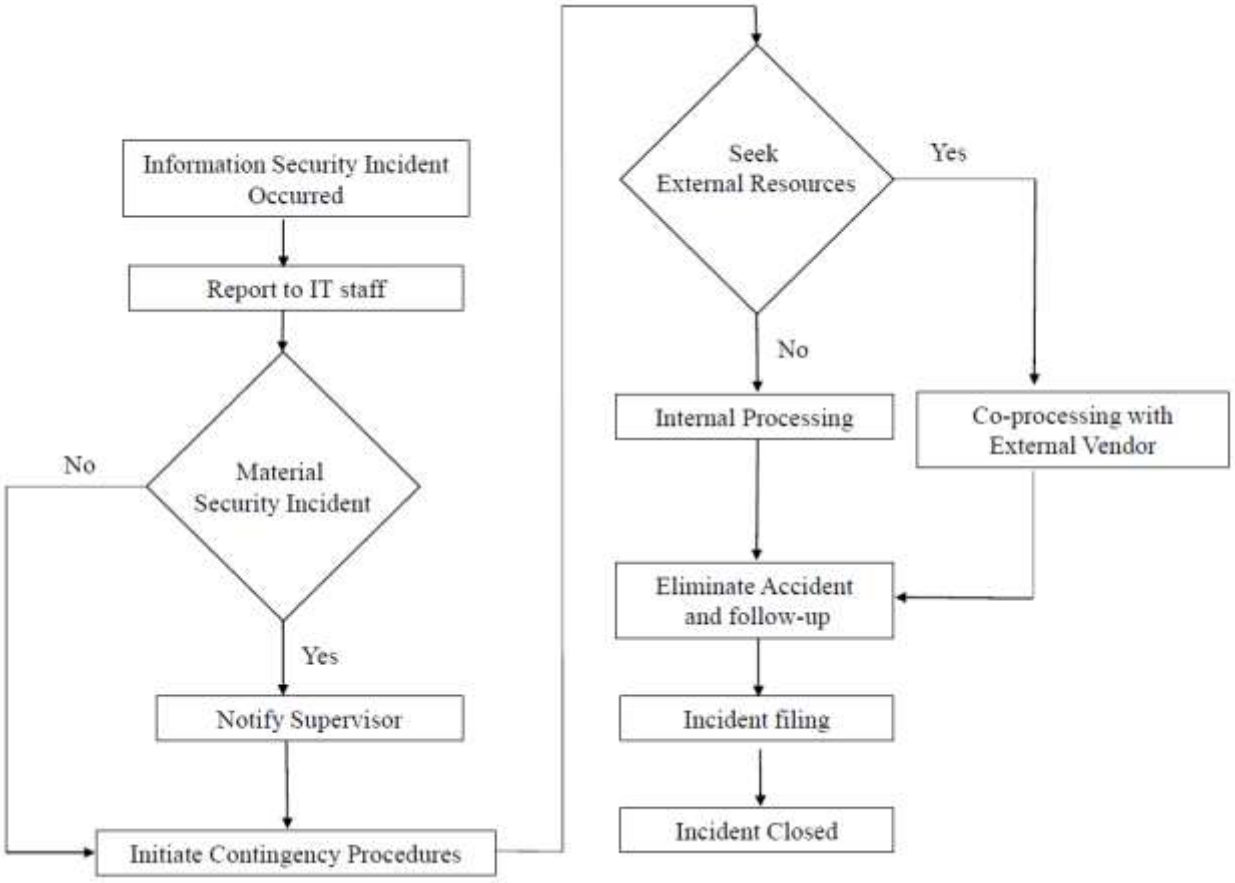
Item	Specific solutions
control	phishing emails, and spam before users receive emails, and to extend the protection against malicious links. • When a personal computer receives emails, the anti-virus software also scans for unsafe attachments. • It can count the number and details of external emails sent and received by users, monitor abnormal incoming and outgoing conditions, and prevent leakage of confidential information.
Backup mechanism	• The critical information system database is set to be fully backed up daily. • Back up important files once a day. • All important files are kept in an off-site office. • Conduct disaster recovery drills from time to time each year.
Machine room spot check mechanism	• The information center inspection record sheet records whether the temperature and humidity of the computer room is abnormal, data backup and other records.
Information security awareness cultivation	• Conduct information security awareness training from time to time. • Share information security news from time to time. • Conduct social engineering exercises half-yearly.

D.Information Security Management:

Information Security Incident Notification Procedures.

Information Technology Security Risks and Management Measures.

The Company has established comprehensive network and computer-related information security measures, but cannot guarantee that its computer systems that control or maintain critical corporate functions such as operations and accounting are completely protected from cyber attacks from any third party's paralyzed systems. These cyber attacks are illegal intrusions into the Company's internal network system to damage the Company's operations and reputation. In the event of a serious cyber attack, our system may lose important company data. By continually reviewing and evaluating its information



security protocols and procedures to ensure their appropriateness and effectiveness, it cannot guarantee that the Company will be immune to evolving risks and attacks in the face of rapidly changing information security threats. A cyberattack may also attempt to steal a company's business secrets and other confidential information, such as the proprietary information of customers or other interested parties and the personal information of our employees.

Malicious hackers can also attempt to introduce computer viruses, destructive software

or ransomware into our network systems to interfere with our operations, extort or blackmail us, gain control of our computer systems, or snoop on confidential information. These attacks could result in the Company being required to compensate customers for delayed or disrupted orders; or incur significant costs to implement remedial and improvement measures to strengthen the Company's network security systems; or expose the Company to significant legal liability in connection with legal cases or regulatory investigations arising from leaks of information about employees, customers or third parties to whom the Company has confidentiality obligations.

The Company may also face attacks in the future due to untimely updates. In order to prevent and reduce the damage caused by such attacks, the Company implements and continuously updates relevant improvement measures, such as enhance network firewall and network control to prevent cross-platform and cross-segment spread of computer viruses and import Patch Management to control system and application updates; build endpoint anti-virus measures by computer type; introduce advanced solutions to detect and handle malware; enhance phishing mail detection; and conduct regular employee alertness tests. Although the Company continues to strengthen its information security measures, it is still unable to guarantee the Company's protection from malware and hacker attacks.

In addition, the Company needs to share highly sensitive and confidential information with some of the third party vendors it employs to provide services to the Company and its global affiliates so that they can provide the relevant services. Although the Company requires third party service providers to comply with confidentiality and/or network security requirements in their service contracts, there is no guarantee that each third party service provider will strictly comply with these obligations. Internal network systems and external cloud computing networks (e.g., servers) maintained by the above service vendors and/or their contractors are also at risk of cyber attacks. The failure of the Company or its service providers to resolve technical problems caused by these cyber attacks in a timely manner, or to ensure the integrity and availability of the Company's data (and that of its customers or other third parties), or to take control of the Company's or its service providers' computer systems, could seriously undermine the Company's commitment to its customers and other interested parties. As a result, the Company's results of operations, financial condition, prospects and reputation may be materially and adversely affected.

(2) Specify the losses suffered as a result of major information and communications security incidents, their possible impact and the measures taken in response, for the most recent

year and up to the date of printing of the annual report, and if it is not reasonably estimable, state the fact that it is not reasonably estimable.

For the most recent year and up to April 30, 2023, the Company has not suffered any significant information security incidents and therefore has not suffered any significant losses due to their effects.

7. Important Contracts:

Nature of contract	Parties	Contract start date	Contract Date	Major content	Restrictive covenants
Patent transfer	Shendder Biodesign, Inc.	Nov. 6, 2015	-	The Company acquired intangible assets from Shendder Biodesign, Inc. for the following transaction price: ①The cost of acquiring the asset from Medeon Biosurgical, Inc. by Shinde Biomedical Co., Ltd. The above payment term is when the Company sells each R&D project to a third party in the future and receives the first installment of the price. ②If the price of future R&D projects sold to a third party is more than ①, then Shendder Biodesign, Inc. will further receive: 42.99% × (net revenue from project products - reasonable cost of subsequent development expense) -①	-
Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement	Terumo Medical Corporation	Mar. 2, 2018 Supplemented the contract on August 6, 2020 Supplemented the contract on February 24, 2021 Supplemented the contract on December 24, 2021	-	The Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system ("IVC-C01") with Terumo Medical Corporation ("Terumo"). The total transaction price of the aforementioned agreements is USD 50 million, consisting of the upfront cash payment of USD 20 million which is fully paid upon closing, and the additional milestone payment up to USD 30 million. The milestone payment will be paid upon achieving the following milestones: (a) completing next-generation product development verification and technical transfer before the end of December 2020 for USD 2.5 million (1A); and completing product design verification before the end of June 2022 for USD 1 million; (b) completing the preparation for the U.S. FDA cGMP audit before the end of June 2021 for USD 1 million (2A-1); completing the U.S. FDA cGMP on-site audit for USD 1 million (no due date specified) (2A-2); obtaining a PMA approvable letter conditioning PMA approval on an FDA site inspection before the end of December 2021 for USD 6.5 million (2B).	Each milestone payment must be made within a mutually agreed upon period of time to achieve the scheduled milestone.

Nature of contract	Parties	Contract start date	Contract Date	Major content	Restrictive covenants
				(c). submitting the PMA application for the nextgeneration product before December 2022 for USD 3 million (3A); obtaining FDA PMA approval for the next-generation product before the end of December 2023 for USD 7 million (3B). (d) launching the next-generation product before December 2023 for USD 4 million; reaching a sales target of 12,500 and 25,000 units within 3 years from product launch for USD 2 million respectively. Terumo is responsible for all product development costs (including regulatory and clinical related costs), except Terumo and the Company are responsible for its own respective design and development costs for the next-generation product. As agreed by both parties, if any design changes of the next-generation product lead to additional clinical studies requested by the U.S. FDA, the related costs shall be borne by the Company.	

XI. Financial Information

1. The most recent five-year condensed balance sheets and consolidated statements of income as of the date of the annual report should be disclosed if they have been audited or reviewed by a certified public accountant.

(1) Five-Year Condensed Balance Sheet and Comprehensive Income Statement

Consolidated Condensed Balance Sheet - Based on IFRS

Unit: NT$ thousands

Item \ Year		Financial Summary for the Last Five Years				
		2018	2019	2020	2021	2022
Current assets		1,486,115	1,947,346	2,419,740	2,389,828	1,637,721
Equity method investments		-	-	-	1,846,621	1,876,293
Property, Plant and Equipment		187,681	202,716	192,970	16,003	150,613
Right-of-use assets		-	114,970	473,059	28,515	189,628
Intangible assets		266,100	240,767	213,518	78,939	180,181
Other assets		7,477	11,103	15,048	4,584	5,587
Total assets		1,947,373	2,516,902	3,314,335	4,364,490	4,040,023
Current liabilities	Before Distribution	148,890	170,699	197,594	160,297	198,514
	After Distribution	148,890	170,699	197,594	233,327	242,337
Non-current liabilities		-	-	97,477	469,234	15,706
Total liabilities	Before Distribution	148,890	268,176	666,828	176,003	376,477
	After Distribution	148,890	268,176	666,828	249,033	420,300
Equity attributable to shareholders of the parent		1,639,243	2,004,225	2,045,042	4,130,333	3,597,442
Capital stock		549,733	664,952	665,032	732,341	878,401
Capital surplus		1,300,630	1,673,945	1,933,081	1,349,260	1,343,813
Retained earnings	Before Distribution	(214,443)	(333,177)	(525,912)	2,071,824	1,354,891
	After Distribution	(214,443)	(333,177)	(525,912)	1,633,062	1,267,245
Other equity interest		3,323	(1,495)	(6,681)	(12,489)	30,940
Treasury stock		-	-	(20,478)	(10,603)	(10,603)
Non-controlling interest		159,240	244,501	602,465	58,154	66,104
Total equity	Before Distribution	1,798,483	2,248,726	2,647,507	4,188,487	3,663,546
	After Distribution	1,798,483	2,248,726	2,647,507	4,115,457	3,619,723

Consolidated Comprehensive Income Statement - Based on IFRS

Unit: NT$ thousands; provided, the unit for earnings (loss) per share was NT$

Year / Item	Financial Summary for the Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	673,529	453,763	123,056	68,957	298,317
Gross profit	481,124	186,244	46,302	28,631	186,812
Operating income	176,274	(257,294)	(341,749)	(495,589)	(487,837)
Non-operating income and expenses	39,012	3,223	(367)	(18,318)	48,722
Net income (loss) before tax	215,286	(254,071)	(342,116)	(513,907)	(439,115)
Net income (loss) from continuing operations	215,286	(254,071)	(347,397)	(586,364)	(496,900)
Income from discontinued operation	-	-	177,811	2,617,810	-
Net income (loss)	215,748	(282,720)	(169,586)	2,031,446	(496,900)
Other comprehensive income (net income after tax)	6,218	(5,764)	(6,392)	(1,418)	36,909
Total comprehensive income	221,966	(288,484)	(175,978)	2,030,028	(459,991)
Net income (loss) attributable to shareholders of the parent	256,601	(261,985)	(192,735)	2,078,192	(433,758)
Net loss attributable to non-controlling interest	(40,853)	(20,735)	23,149	(46,746)	(63,142)
Comprehensive income attributable to Shareholders of the parent	261,437	(266,803)	(197,921)	2,072,384	(390,329)
Comprehensive income attributable to non-controlling interest	(39,471)	(21,681)	21,943	(42,356)	(69,662)
Earnings (Losses) per share - Before retrospective adjustment	4.94	(3.96)	(2.65)	28.54	(4.95)

Note: Delta Asia International was a consolidated subsidiary of the Group. After the Company disposed of its shareholding in 2021, it was evaluated to have lost control and had only significant influence, and was evaluated by the equity method instead, and the interest in 2020 to the discontinued operation was retroactively adjusted in accordance with the definition of a discontinued operation under IFRS 5.

Parent Company Only Condensed Balance Sheet - Based on IFRS

Unit: NT$ thousands

Item \ Year		Financial Summary for the Last Five Years				
		2018	2019	2020	2021	2022
Current assets		1,330,977	1,518,302	1,195,622	1,956,968	1,192,478
Equity method investments		426,622	551,517	888,344	2,296,876	2,530,605
Property, Plant and Equipment		5,429	5,843	4,469	2,447	1,262
Right-of-use assets		-	7,729	12,033	11,801	7,076
Intangible assets		8,126	6,790	5,019	3,180	1,311
Other assets		2,184	2,157	1,985	1,985	1,990
Total assets		1,773,338	2,092,338	2,107,472	4,273,257	3,734,722
Current liabilities	Before Distribution	134,095	86,930	57,152	137,770	136,067
	After Distribution	134,095	86,930	57,152	210,800	179,890
Non-current liabilities		-	1,183	5,278	5,154	1,213
Total liabilities	Before Distribution	134,095	88,113	62,430	142,924	137,280
	After Distribution	134,095	88,113	62,430	215,954	181,103
Capital stock		549,733	664,952	665,032	732,341	878,401
Capital surplus		1,300,630	1,673,945	1,933,081	1,349,260	1,343,813
Retained earnings	Before Distribution	(214,443)	(333,177)	(525,912)	2,071,824	1,354,891
	After Distribution	(214,443)	(333,177)	(525,912)	1,633,062	1,267,245
Other equity interest		3,323	(1,495)	(6,681)	(12,489)	30,940
Treasury stock		-	-	(20,478)	(10,603)	(10,603)
Total equity	Before Distribution	1,639,243	2,004,225	2,045,042	4,130,333	3,597,442
	After Distribution	1,639,243	2,004,225	2,045,042	4,057,303	3,553,619

Parent Company Only Comprehensive Income Statement - Based on IFRS

Unit: NT$ thousands; the unit for earnings (loss) per share was NT$

Year / Item	Financial Summary for the Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	540,513	110,766	123,056	65,972	209,537
Gross profit	457,832	5,258	33,816	23,673	182,706
Operating income	297,823	(181,315)	(114,370)	(118,724)	79,678
Non-operating income and expenses	(41,222)	(80,670)	(78,365)	2,263,656	(456,491)
Net loss before tax	256,601	(261,985)	(192,735)	2,144,932	(376,813)
Net income and loss from continuing operations	256,601	(261,985)	(192,735)	2,078,192	(433,758)
Net loss	256,601	(261,985)	(192,735)	2,078,192	(433,758)
Other comprehensive income (net income after tax)	4,836	(4,818)	(5,186)	(5,808)	43,429
Total comprehensive income	261,437	(266,803)	(197,921)	2,072,384	(390,329)
Earnings (Losses) per share - Before retrospective adjustment	4.94	(3.96)	(2.65)	28.54	(4.95)

(2) Name of CPA and audit opinion thereof for the last five years

Year	Accounting Firm	Name of CPA	Audit opinion
2018	PwC Taiwan	Hsiao Tzu Chou Hui Jin Zeng	Unqualified audit opinion
2019	PwC Taiwan	Hsiao Tzu Chou Jian Hong Zhou	Unqualified audit opinion
2020	PwC Taiwan	Hsiao Tzu Chou Yu Kuan Lin	Unqualified audit opinion
2021	PwC Taiwan	Hsiao Tzu Chou Yu Kuan Lin	Unqualified audit opinion
2022	PwC Taiwan	Hsiao Tzu Chou Hua Ling Liang	Unqualified audit opinion

2. Five-Year Financial Analysis

(1) Financial analysis of the last five years. The financial information as of the date of the annual report should be included in the analysis if it has been audited or reviewed by a certified public accountant.

A. Consolidated Financial Analysis - Based on IFRS

Analyzed Item \ Year (Note 1)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debit to Asset Ratio (%)	7.65	10.66	20.12	4.02	9.32
	Ratio of long-term capital to property, plant and equipment	958.27	1,157.38	1,615.14	26,271.28	2,550.58
Solvency (%)	Current ratio	998.13	1,140.81	1,224.60	1,490.88	824.99
	Quick ratio	973.25	1,102.81	1,192.60	1,474.23	809.13
	Interest earned ratio	23,921.67	Note 2			
Operating performance	Accounts receivable turnover (times)	16.25	7.65	1.04	0.79	14.05
	Average collection period	22	48	351	462	26
	Inventory turnover (times)	21.35	11.97	1.94	1.77	22.17
	Accounts payable turnover (times)	11.27	13.86	2.84	2.85	55.98
	Average days in sales	17	30	188	206	16
	Property, plant and equipment turnover (times)	3.61	2.27	0.64	4.31	1.98
	Total assets turnover (times)	0.38	0.18	0.04	0.02	0.07
Profitability	Return on total assets (%)	12.03	(12.56)	(5.78)	52.93	(11.72)
	Return on stockholders' equity (%)	12.95	(13.97)	(6.93)	59.43	(12.66)
	Pre-tax income to paid-in capital (%)	41.29	(38.21)	(51.44)	(70.17)	(49.99)
	Profit ratio (%)	32.03	(62.31)	(137.81)	2,945.96	(166.57)
	Earnings per share (NT$) - Before retrospective adjustment	4.94	(3.96)	(2.65)	28.54	(4.95)
Cash flow	Cash flow ratio (%)	216.30	Note 3			
	Cash flow adequacy ratio (%)	149.00	114.36	103.20	98.88	81.50
	Cash reinvestment ratio (%)	20.30	Note 3			
Leverage	Operating leverage	1.29	0.69	0.75	0.88	0.87
	Financial leverage	1.00	1.00	1.00	1.00	1.00
The reason for changes in various financial ratios of up to 20% is resulted by the acquisitions of MediBalloon, a company with leading medical balloon manufacturing technology, and Second Source Medical, a R&D and manufacturer for medical devices in the Silicon Valley of the United States at the end of 2021.						

2. Parent Company Only Financial Analysis— Based on IFRS

Analyzed Item \ Year (Note 1)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debit to Asset Rtio (%)	7.56	4.21	2.96	3.34	3.68
	Ratio of long-term capital to property, plant and equipment	30,194.20	34,321.55	45,878.72	169,002.33	285,154.91
Solvency (%)	Current ratio	992.56	1,746.58	2,092.00	1,420.46	876.39
	Quick ratio	976.56	1,717.21	2,086.54	1,419.70	875.01
	Interest earned ratio	28,512.2	Note 2		13,160.09	Note 2
Operating performance	Accounts receivable turnover (times)	62.20	6.62	2.58	1.39	25.25
	Average collection period	5.87	55	141	262.59	14.46
	Inventory turnover (times)	Note 4				
	Accounts payable turnover (times)					
	Average days in sales					
	Property, plant and equipment turnover (times)	78.56	18.96	27.54	26.96	166.04
	Total assets turnover (times)	0.34	0.05	0.06	0.02	0.06
Profitability	Return on total assets (%)	16.16	(13.55)	(9.17)	65.14	(10.83)
	Return on stockholders' equity (%)	17.21	(14.38)	(9.52)	67.31	(11.23)
	Pre-tax income to paid-in capital (%)	49.21	(39.4)	(28.98)	292.89	(42.90)
	Profit ratio (%)	47.47	(236.52)	(156.62)	3,150.11	(207.01)
	Earnings per share (NT$) - Before retrospective adjustment	4.94	(3.96)	(2.65)	28.54	(4.95)
Cash flow	Cash flow ratio (%)	287.57	Note 3		19.05	57.90
	Cash flow adequacy ratio (%)	2,426.96	2,688.36	2,653.95	3,178.79	610.14
	Cash reinvestment ratio (%)	23.44	Note 3		0.63	0.16
Leverage	Operating leverage	1.02	0.92	0.89	0.91	0.49
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years if the difference exceed 20%:

1. Solvency, Profitability, Cash Flow, Leverage:

The reasons for the decrease in solvency, profitability, cash flow and degree of leverage in 2022 compared to the previous year are the disposal of part of Delta Asia International Corporation’s equity in 2021 which resulted in gains recognized and the acquisition of MediBalloon and Second Source Medical in 2022.

2. Financial structure and operating capacity:

The reason for an increase in financial structure and operating capacity in 2022 compared to the previous year is the recognition of the milestone payment of USD 6.5 million at the end of 2021 for the Cross-Seal (IVC-C01) obtaining the US FDA’s PMA Approvable Letter for passing the on-site cGMP inspection as the final approval condition.

Note 1: The financial statements for 2018 to 2022 were audited by a certified public accountant. The calculation equations are listed below:

1. Financial structure
   (1) Debt to asset ratio = total liabilities / total assets.
   (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest coverage = net income before income tax and interest expense / interest expense for the period.
3. Operating performance
   (1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = net sales / average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.
   (2) Average collection days = 365/receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold / average inventory amount.
   (4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = net sales / average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.
   (5) Average sales days = 365 / inventory turnover rate.
   (6) Turnover rate of property, plant and equipment = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = profit or loss after tax / average total equity.
   (3) Net profit margin = profit or loss after tax / net sales.
   (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted-average number of shares outstanding. (Note 3)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow fair ratio = net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital). (Note 4)
6. Leverage
   (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating income (Note 5).
   (2) Financial leverage = operating income / (operating income - interest expense).

Note 2: The Company has no interest expense because the net income before tax and interest expense is a negative figure, so it is not applicable.

Note 3: The Company's cash flow from operating activities is negative and not meaningful for analysis, therefore, the ratios of cash flow are not prepared.

Note 4: The Company has no accounts payable and inventory, therefore, it is not applicable.

3. Audit Committee's Report in the Most Recent Year

Medeon Biodesign, Inc.

Audit Committee's Review Report

Dear Shareholders,

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements. Consolidated Financial Statements, and Proposal of 2022 Earning Distribution, etc. Among the above, the Financial Statements and Consolidated Financial Statements were audited, and the audit report has been issued by CPA Hsiao Tzu Chou and CPA Hua Ling Liang of PwC Taiwan appointed by the Board of Directors.

The aforementioned Business Report, Financial Statements, Consolidated Financial Statements and Proposal of 2022 Earning Distribution have been audited by the Audit Committee without any nonconformity identified. We hereby submit this report for your review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours faithfully,

Chia Ying Ma
Chair of the Audit Committee
March 22, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MEDEON BIODESIGN, INC.

Opinion

We have audited the accompanying consolidated balance sheets of MEDEON BIODESIGN, INC. AND SUBSIDIARIES (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effects as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we

do not provide a separate opinion on these matters.
Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Disposal of significant equity transaction

Description

For a description of the accounting policy for investments accounted for using equity method, please refer to Note 4(28); and for the information of investments accounted for using equity method, please refer to Note 6(26).

The Group acquired a 100% equity interest in Second Source Medical LLC for a consideration of USD 7,878,512 on April 8, 2022. The aforementioned equity transaction of Second Source Medical LLC was accounted for in accordance with IFRS 3, "Business Combination". As the measurement of the fair value of identifiable intangible assets arising from the equity transaction are based on management's estimation and prospects for the future operations of Second Source Medical LLC, which involved management's subjective judgement and significant estimation and the measurement results might be material to the financial statements, we consider the acquisition of equity transaction as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Interviewed management to understand the purpose of the equity transaction, assessed the process and the method of determination of the consideration, and reviewed the minutes of the Board of Directors' meetings and the equity transaction agreement to confirm that the relevant resolutions are consistent with the contents of the equity transaction agreement.
B. Assessed the competence and objectivity of the external appraisal expert appointed by the management and reviewed the original documentation and the reasonableness of the assumptions of the recognition and measurement of identifiable assets stated in the acquisition price allocation report made by the independent appraisal expert. The procedures performed by the auditors and the internal appraisal experts used by the auditors are as follows:
   (a) Reviewed the valuation methods and calculation formula settings used by appraisal expert.
   (b) Reviewed the expected growth rates and gross margin to compared with the historical data.
   (c) Reviewed the discount rate to compare with the similar return on assets in the market.
   (d) Assessed the measurements of the useful lives of identified intangible assets.

C. Reviewed the accounting treatments of the transaction and the presentation and disclosure of the financial statements.
D. Reviewed the bank statement and confirmed consideration of the acquisition has been paid.

Other matter – Parent company only financial statements

We have audited and expressed an unmodified opinion on the parent company only financial statements of Medeon Biodesign, Inc. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Chou, Hsiao-Tzu Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 483,898	12	$ 735,320	17
1110	Current financial assets at fair value through profit or loss	6(2)	37,870	1	6,479	-
1136	Current financial assets at amortised cost, net	6(3)	1,025,470	25	1,608,100	37
1170	Accounts receivable, net	6(4)	32,354	1	10,124	-
1200	Other receivables	7	26,653	1	4,492	-
1220	Current income tax assets		-	-	629	-
130X	Inventories	6(5)	10,059	-	-	-
1410	Prepayments		21,417	1	24,684	1
11XX	**Current Assets**		1,637,721	41	2,389,828	55
	Non-current assets					
1550	Investments accounted for using equity method	6(6)	1,876,293	46	1,846,621	42
1600	Property, plant and equipment	6(7)	150,613	4	16,003	-
1755	Right-of-use assets	6(8)	189,628	5	28,515	1
1780	Intangible assets	6(9)	180,181	4	78,939	2
1920	Guarantee deposits paid		5,587	-	4,584	-
15XX	**Non-current assets**		2,402,302	59	1,974,662	45
1XXX	**Total assets**		$ 4,040,023	100	$ 4,364,490	100

(Continued)

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Liabilities					
	Current liabilities					
2130	Current contract liabilities	6(18)	$ 856	-	$ 647	-
2170	Accounts payable		3,939	-	45	-
2200	Other payables	6(11)	99,646	3	78,131	2
2230	Current income tax liabilities		56,776	1	66,740	2
2280	Current lease liabilities	6(8)	36,686	1	14,532	-
2300	Other current liabilities		611	-	202	-
21XX	**Current Liabilities**		198,514	5	160,297	4
2570	Deferred tax liabilities	6(23)	15,739	-	-	-
2580	Non-current lease liabilities	6(8)	162,224	4	15,706	-
25XX	**Non-current liabilities**		177,963	4	15,706	-
2XXX	**Total Liabilities**		376,477	9	176,003	4
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		878,401	22	732,341	17
	Capital surplus	6(15)				
3200	Capital surplus		1,343,813	33	1,349,260	31
	Retained earnings	6(16)				
3310	Legal reserve		207,182	5	-	-
3320	Special reserve		12,489	-	-	-
3350	Unappropriated retained earnings		1,135,220	28	2,071,824	47
	Other equity interest	6(17)				
3400	Other equity interest		30,940	1	(12,489)	-
3500	Treasury shares	6(14)	(10,603)	-	(10,603)	-
31XX	**Equity attributable to owners of the parent**		3,597,442	89	4,130,333	95
36XX	Non-controlling interest		66,104	2	58,154	1
3XXX	**Total equity**		3,663,546	91	4,188,487	96
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 4,040,023	100	$ 4,364,490	100

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

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings(loss) per share)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	$ 298,317	100	$ 68,957	100
5000	Operating costs	6(5)(19)(20) and 7	(111,505)	(37)	(40,326)	(59)
5900	Net operating margin		186,812	63	28,631	41
	Operating expenses	6(19)(20) and 7				
6100	Selling expenses		(25,283)	(8)	(42,448)	(61)
6200	General and administrative expenses		(127,744)	(43)	(65,902)	(96)
6300	Research and development expenses		(521,622)	(175)	(415,870)	(603)
6000	Total operating expenses		(674,649)	(226)	(524,220)	(760)
6900	Operating loss		(487,837)	(163)	(495,589)	(719)
	Non-operating income and expenses					
7100	Interest income	6(21)	10,288	3	6,117	9
7020	Other gains and losses	6(2)(22) and 7	(4,044)	(1)	(43,072)	(62)
7050	Finance costs	6(8)	(5,211)	(2)	(1,027)	(2)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	47,689	16	19,664	29
7000	Total non-operating income and expenses		48,722	16	(18,318)	(26)
7900	**Loss before income tax**		(439,115)	(147)	(513,907)	(745)
7950	Income tax expense	6(23)	(57,785)	(19)	(72,457)	(105)
8000	**Loss for the year from continuing operations**		(496,900)	(166)	(586,364)	(850)
8100	Profit from discontinued operations	6(10)	-	-	2,617,810	3796
8200	**(Loss) profit for the year**		($ 496,900)	(166)	$ 2,031,446	2946

(Continued)

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings(loss) per share)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income(loss)					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	$ 36,909	12	($ 1,418)	(2)
8500	**Total comprehensive (loss) income for the year**		($ 459,991)	(154)	$ 2,030,028	2944
	Profit (loss), attributable to:					
8610	Owners of the parent		($ 433,758)	(145)	$ 2,078,192	3014
8620	Non-controlling interest		(63,142)	(21)	(46,746)	(68)
			($ 496,900)	(166)	$ 2,031,446	2946
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		($ 390,329)	(131)	$ 2,072,384	3005
8720	Non-controlling interest		(69,662)	(23)	(42,356)	(61)
			($ 459,991)	(154)	$ 2,030,028	2944
	Basic earnings (loss) per share	6(24)				
9710	Basic earnings (loss) per share from continuing operations		($ 4.95)		($ 5.84)	
9720	Basic earnings (loss) per share from discontinued operations		-		29.62	
9750	Total basic earnings (loss) per share		($ 4.95)		$ 23.78	
9810	Diluted earnings (loss) per share from continuing operations		($ 4.95)		($ 5.81)	
9820	Diluted earnings (loss) per share from discontinued operations		-		29.51	
9850	Total diluted earnings (loss) per share		($ 4.95)		$ 23.70	

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

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
			Capital Surplus					Retained Earnings							
	Notes	Share capital - common stock	Additional paid-in capital	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Treasury shares	Total	Non-controlling interest	Total equity
2021															
Balance at January 1, 2021		$ 665,032	$ 1,630,906	$ -	$ 5,900	$ 290,247	$ 6,028	$ -	$ -	($ 525,912)	($ 6,681)	($ 20,478)	$ 2,045,042	$ 602,465	$ 2,647,507
Profit (loss) for the year		-	-	-	-	-	-	-	-	2,078,192	-	-	2,078,192	(46,746)	2,031,446
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	-	-	-	(5,808)	-	(5,808)	4,390	(1,418)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	2,078,192	(5,808)	-	2,072,384	(42,356)	2,030,028
Capital surplus used to offset accumulated deficit	6(15)	-	(235,665)	-	-	(290,247)	-	-	-	525,912	-	-	-	-	-
Capital surplus transferred to capital	6(15)	66,159	(66,159)	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	6(13)	-	2,010	5,602	-	-	(2,010)	-	-	-	-	-	5,602	350	5,952
Changes in ownership interests in subsidiaries		-	-	-	(65,253)	-	-	-	-	(5,438)	-	-	(70,691)	69,283	(1,408)
Disposal of subsidiaries		-	-	-	67,901	-	-	-	-	-	-	-	67,901	(596,782)	(528,881)
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	25,194	25,194
Exercise of employee stock options	6(14)	1,150	612	-	-	-	(612)	-	-	-	-	-	1,150	-	1,150
Treasury shares reissued to employees		-	-	-	-	-	-	-	-	(930)	-	9,875	8,945	-	8,945
Balance at December 31, 2021		$ 732,341	$ 1,331,704	$ 5,602	$ 8,548	$ -	$ 3,406	$ -	$ -	$ 2,071,824	($ 12,489)	($ 10,603)	$ 4,130,333	$ 58,154	$ 4,188,487
2022															
Balance at January 1, 2022		$ 732,341	$ 1,331,704	$ 5,602	$ 8,548	$ -	$ 3,406	$ -	$ -	$ 2,071,824	($ 12,489)	($ 10,603)	$ 4,130,333	$ 58,154	$ 4,188,487
Loss for the year		-	-	-	-	-	-	-	-	(433,758)	-	-	(433,758)	(63,142)	(496,900)
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	-	-	-	43,429	-	43,429	(6,520)	36,909
Total comprehensive income		-	-	-	-	-	-	-	-	(433,758)	43,429	-	(390,329)	(69,662)	(459,991)
Appropriation and distribution of retained earnings															
Stock dividends of ordinary share	6(16)	146,060	-	-	-	-	-	-	-	(146,060)	-	-	-	-	-
Cash dividends of ordinary share	6(16)	-	-	-	-	-	-	-	-	(73,030)	-	-	(73,030)	-	(73,030)
Legal reserve	6(16)	-	-	-	-	-	-	207,182	-	(207,182)	-	-	-	-	-
Special reserve	6(16)	-	-	-	-	-	-	-	12,489	(12,489)	-	-	-	-	-
Share-based payments	6(13)	-	-	-	-	3,101	-	-	-	-	-	-	3,101	5	3,106
Changes in ownership interests in subsidiaries		-	-	-	(8,548)	-	-	-	-	(64,085)	-	-	(72,633)	73,678	1,045
Acquisition of subsidiaries is adjusted according to the net equity value report		-	-	-	-	-	-	-	-	-	-	-	-	3,929	3,929
Balance at December 31, 2022		$ 878,401	$ 1,331,704	$ 5,602	$ -	$ 3,101	$ 3,406	$ 207,182	$ 12,489	$ 1,135,220	$ 30,940	($ 10,603)	$ 3,597,442	$ 66,104	$ 3,663,546

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

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss from continuing operations before tax		($ 439,115)	($ 513,907)
Profit from discontinued operations before tax	6(10)	-	2,634,218
(Loss) profit before tax		(439,115)	2,120,311
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(13)	3,106	5,952
Expected credit loss (gain)	12(2)	-	(359)
Depreciation expense(including right-of-use assets)	6(7)(8)(19)	47,218	42,882
Amortization expense	6(9)(19)	16,582	16,133
Interest income	6(21)	(10,288)	(6,864)
Interest expense	6(8)	4,596	4,430
Other income		-	(12,755)
Dividend income		(160)	-
Revaluation gains on current financial assets measured at fair value through profit or loss	6(2)	(681)	(2,479)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(47,689)	(19,664)
Gains on disposals of investments	6(22)	-	(2,504,096)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		5,302	39,646
Other receivables		11,388	(1,747)
Inventories		(4,397)	(10,042)
Other prepayments		8,887	(6,235)
Changes in operating liabilities			
Accounts payable		2,870	4,420
Other payables		6,171	44,415
Contract liabilities		209	(8,179)
Other current liabilities		409	125
Cash outflow generated from operations		(395,592)	(294,106)
Interest received		8,057	6,635
Interest paid		(4,596)	(1,553)
Income tax paid		(69,209)	(4,353)
Net cash flows used in operating activities		(461,340)	(293,377)

(Continued)

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal (acquisition) of financial assets at amortised cost		$ 582,630	($ 842,762)
Acquisition of current financial assets at fair value through profit and loss		(29,720)	(4,000)
Acquisition of property, plant and equipment	6(27)	(140,572)	(8,317)
Acquisition of intangible assets		(145)	(695)
Increase in refundable deposits		(1,046)	(832)
Acquired net cash of subsidiaries	6(25)	(165,888)	4,210
Changes in net cash of subsidiaries	6(27)	-	364,786
Proceeds from disposal of investments accounted for using equity method		-	310,839
Proceeds of disposal of ownership interests in subsidiaries		-	86,136
Dividends received		18,177	-
Net cash flows from (used in) investing activities		263,436	(90,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(28)	(29,172)	(17,395)
Exercise of employee share options	6(14)	-	1,150
Treasury shares reissued to employees	6(14)	-	8,945
Change in non-controlling interests		1,045	-
Proceeds of disposal of holding trust of employee		-	3,398
Cash dividends paid	6(16)	(73,030)	-
Net cash flows used in financing activities		(101,157)	(3,902)
Effect of exchange rate changes		47,639	(4,891)
Net decrease in cash and cash equivalents		(251,422)	(392,805)
Cash and cash equivalents at beginning of year		735,320	1,128,125
Cash and cash equivalents at end of year		$ 483,898	$ 735,320

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

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medeon Biodesign, Inc. (the "Company") was incorporated and approved by the Ministry of Economic Affairs, R.O.C. on December 22, 2012. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research and development of minimally invasive medical devices, and medical device contract manufacturing. The shares of the Company have been trading on the Taipei Exchange since July, 2016.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
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

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Financial assets at fair value through profit or loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when

the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2022	Ownership(%) December 31, 2021	Description
Medeon Biodesign, Inc.	MedeonBio, Inc.	Manufacturing and sale of medical	-	100	Note 5
Medeon Biodesign, Inc.	Medeon International, Inc.	Equity investment and commerce of medical devices	100	100	Note 1
Medeon Biodesign, Inc.	Delta Asia International Corporation	Manufacturing and sales of medical device components	-	-	Note 3
Medeon Biodesign, Inc.	Prodeon Medical Corporation	Manufacturing and development of medical devices	85.05	80.10	Note 4
Medeon Biodesign, Inc.	Yi Chuang Biodesign, Inc.	Sales of medical devices	100	100	
Medeon Biodesign, Inc.	Medeologix, Inc.	Manufacturing and sale of medical devices	94.49	80	Note 7
Medeon International, Inc.	Panther Orthopedics, Inc.	Manufacturing and development of medical devices	-	68.05	Note 1,9
Medeon International, Inc.	Aquedeon Medical, Inc.	Manufacturing and development of medical devices	97.14	97.14	Note 1
Medeon International, Inc.	Jaguar Orthopedics, Inc.	Manufacturing and development of medical devices	-	-	Note 2
Prodeon Medical Corporation	Prodeon Medical, Inc.	Manufacturing and development of medical devices	100.00	100.00	Note 6
Medeologix, Inc.	MedeonBio, Inc.	Manufacturing and sale of medical devices	100.00	-	Note 5
Medeologix, Inc.	MediBalloon, Inc.	Manufacturing and sale of medical devices	100.00	100.00	Note 7
Medeologix, Inc.	Second Source Medical LLC	Manufacturing and sale of medical devices	100.00	-	Note 8

Note l: The Company increased the capital of Medeon International, Inc. through a cash investment in June 2021, and participated in the Series C Preferred stock issuance amounting to USD 999,999 of Panther Orthopedics, Inc. through that subsidiary. The shareholding ratio to Panther Orthopedics, Inc. was increased to 68.05%. Also, the Company increased the capital of Medeon International, Inc. through a cash investment in September and November 2021, and participated in the Series D Preferred stock issuance amounting to USD 6,000,000 of Aquedeon Medical, Inc. through that subsidiary. The shareholding ratio to Aquedeon Medical, Inc. was then increased to 97.14%. In April 2022, the Company's total amount of capital increase of Medeon International, Inc. was USD 1,030,000.

Note 2: Jaguar Orthopedics, Inc. was spun-off from Panther Orthopedics, Inc. and Medeon International, Inc. holds 50% equity. The subsidiary was dissolved in August 2021.

Note3: The Company sold a portion of equity investment in Delta Asia International Corporation in March 2021, totaling $85,135, and reduced its shareholding to approximately 50.75%; and sold a portion of equity investment in Delta Asia International Corporation in June 2021, reduced its shareholding to approximately 33.40%, and lost its control over Delta Asia International Corporation. The sale price was $1,016,809. Fair value of remaining investment accounted for using equity method, a gain on partial disposal of subsidiary, and a gain of valuation of $2,192,873, $700,128, and $1,859,045 respectively, were measured based on the market price at the disposal date. The gains were recognized in "profit(loss) from discontinued operations". Details of cash flow related to the subsidiary are provided in Note 6(27) for supplementary information of cash flow.

Note 4: The Company acquired 3,685,000 shares of Series A preferred stock issued by Prodeon Medical Corporation for the total consideration of $280,060 in September 2021, and the Company's shareholding increased to approximately 80.1%. The Company subsequently acquired 4,935,000 shares of Series B preferred stock issued by Prodeon Medical Corporation for the total consideration of $394,800 in March 2022, and the Company's shareholding increased to approximately 85.05%.

Note 5: The Company increased the capital of MedeonBio, Inc. through a cash investment in March 2021, amounting to USD2,000,000. The Company sold its shares of subsidiary, MedeonBio, Inc. for USD 3,334,757.19 to another subsidiary, Medeologix, Inc. in May 2022.

Note 6: Prodeon Medical, Inc. was funded and established by Prodeon Medical Corporation in July 2021 at a total cash consideration of USD 3,000,000.

Note 7: The Company acquired 80% of the equity interests in Medeologix, Inc., for a cash consideration of $140,000 in December 2021 and obtained the control over Medeologix, Inc., and the entity was merged in the Group. Details of the subsidiary are provided in Note 6(26). Additionally, in April 2022, the Company increased the capital in Medeologix, Inc. amounting to $460,000, and the Company's shareholding increased to approximately 94.49%.

Note 8: The Company acquired a 100% equity interest in Second Source Medical LLC for a consideration of USD 7,878,512 in April 2022, and the entity has been included in the consolidated financial statements from the date. Details of the subsidiary are provided in Note 6(26).

Note 9: In December 2022, the Board of Directors resolved the dissolution and liquidation of Panther Orthopedics, Inc.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not

contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition

causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Research and development equipment	3 years
Office equipment	3~5 years
Machinery and equipment	3~10 years
Leasehold improvements	3~11 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

A. Computer software is started at cost and amortised on a straight-line basis over its estimated useful life of 2~5 years.

B. Patents is amortised on a straight-line basis over its economic benefit period of 10 years.

C. Customer relationship is amortised on a straight-line basis over its estimated useful life of 8 years.

D. Proprietary technology is amortised on a straight-line basis over its estimated useful life of 15 years.

E. Goodwill arises in a business combination accounted for by applying the acquisition method.

(17) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained

earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Revenue recognition

A. Revenue from sale of intellectual property and revenue from contract research and development services

The Group entered into the contract with the customer to sell the Group's certain intellectual property and to provide follow-up contract research and development services to the customer. The Group has determined that the sale of its intellectual property and follow-up contract research and development services are distinguishable. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The possibility of a variable price contained in the contract resulting in revenue to be written off may be significant when the uncertainty between the expected and variable price is eliminated. In this case, variable price is included in the contract. Revenue recognition is based on the different types of revenue is as follows:

(a) Revenue from sale of intellectual property

The Group entered into the contract with the customer to sell the Group's intellectual property to the customer. The Group recognises the revenue when the intellectual property is transferred to a customer at a point in time.

(b) Revenue from contract research and development services

The Group provided services related to contract research and development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on a ratio of the actual costs spent relative to the total expected costs. Under the circumstances that the Group lacks reliable information in the application of the appropriate method of measuring completion, the Group could estimate the collectible completed cost obligated, it then becomes possible for the Group to recognise revenue in the range of completed cost before the outcome of reasonable obligation. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Group's estimates on revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

B. Sales of goods

(a) The Group manufactures and sales medical devices. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. It has been identified as the Board of Directors makes major strategic decisions of the Group.

(28) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

B. Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 53	$ 50
Checking accounts and demand deposits	483,845	735,270
	$ 483,898	$ 735,320

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 4,000	$ 4,000
Unlisted stocks	31,750	-
	35,750	4,000
Valuation adjustment	3,160	2,479
Effect of exchange rate changes	(1,040)	-
	$ 37,870	$ 6,479

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 841	$ 2,479

B. There are no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Current financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Time deposits maturing in excess of three months	$ 1,025,470	$ 1,608,100

A. There are no time deposits pledged to others as collateral.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 32,354	$ 10,124
Less: Allowance for bad debts	-	-
	$ 32,354	$ 10,124

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 20,872	$ 4,581
Up to 30 days	3,980	2,511
31 to 90 days	4,438	3,032
91 to 180 days	3,064	-
	$ 32,354	$ 10,124

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable was all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $165,312.

C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

D. The Group does not hold any collateral as security.

E. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was $32,354 and $10,124, respectively.

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 9,875	$ -	$ 9,875
Finished goods	184	-	184
	$ 10,059	$ -	$ 10,059

There are no inventories for the year ended December 31, 2021.

The cost of inventories recognised as expense for the period:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of goods sold	$ 3,090	$ 99,985
Cost of services	86,437	40,326
Unallocated manufacturing expense	21,978	3,344
Loss on decline in market value	-	1,358
Loss of inventory scrap	-	522
Others	-	317
	111,505	145,852
Cost of goods sold related to the discontinued operation	-	(105,526)
	$ 111,505	$ 40,326

(6) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Associates:		
Delta Asia International Corporation	$ 1,876,293	$ 1,846,621

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio	Nature of relationship	Methods of measurement
		December 31, 2022		
Delta Asia International Corporation	Taiwan	27.84%	Research collaboration	Equity method

Company name	Principal place of business	Shareholding ratio	Nature of relationship	Methods of measurement
		December 31, 2021		
Delta Asia International Corporation	Taiwan	27.84%	Research collaboration	Equity method

(b) The summarised financial information of the associates that are material to the Group is as follows:

	Delta Asia International Corporation	
	December 31, 2022	December 31, 2021
Current assets	$ 570,935	$ 1,000,919
Non-current assets	1,258,899	583,037
Current liabilities	(167,668)	(106,471)
Non-current liabilities	(484,384)	(409,870)
Total net assets	$ 1,177,782	$ 1,067,615
Share in associate's net assets	$ 327,895	$ 297,224
Goodwill	1,548,398	1,549,397
Carrying amount of the associate	$ 1,876,293	$ 1,846,621

	Delta Asia International Corporation	
	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	$ 462,974	$ 531,317
Profit from continuing operations	$ 171,297	$ 130,252
Other comprehensive income	-	-
Total comprehensive income	$ 171,297	$ 130,252
Dividends from associates	$ 18,017	$ 55,428

B. As described in Note 4(3), the Group disposed part of the equity interest in Delta Asia International Corporation, which was the consolidated subsidary of the Group, in June 2021, and no longer controls the subsidiary after evaluation. Following the loss of control, investment in Delta Asia International Corporation has been accounted for using equity method and reassessed by the market price of disposal date. The aforementioned transaction was recognised as gain on disposal of investment at the amount of $2,559,173.

C. The Group, which has a 27.84% interest in Delta Asia International Corporation, is the largest sole shareholder of the associate. However, the total shareholding of the other majority shareholders, who are not related parties, exceeds the shareholding of the Group. As a result, the Group no longer controls Delta Asia International Corporation, only remain siginificant influence to the Group.

D. Delta Asia International Corporation, which is an associate of the Group, has an open market quotation with a fair value of $1,657,558,710 and $1,591,497 in respect of the years ended December 31,2022 and 2021, respectively.

(7) Property, plant and equipment

	2022					
	Research and development equipment	Office equipment	Machinery	Leasehold improvements	Unfinished construction	Total
At January 1						
Cost	$ 37,064	$ 9,271	$ -	$ 6,431	$ -	$ 52,766
Accumulated depreciation	(22,131)	(8,201)	-	(6,431)	-	(36,763)
	$ 14,933	$ 1,070	$ -	$ -	$ -	$ 16,003
Opening net book amount as at January 1	$ 14,933	$ 1,070	$ -	$ -	$ -	$ 16,003
Additions (including transfers)	66,376	6,869	-	33,246	35,157	141,648
Additions - acquired through business combination	-	422	2,301	509	-	3,232
Disposal of subsidiary	(300)	-	-	-	-	(300)
Depreciation charge	(10,775)	(1,155)	(669)	(1,049)	-	(13,648)
Net exchange differences	2,179	195	121	169	1,014	3,678
Closing net book amount as at December 31	$ 72,413	$ 7,401	$ 1,753	$ 32,875	$ 36,171	$ 150,613
At December 31						
Cost	$ 104,325	$ 19,608	$ 8,862	$ 45,604	$ 36,171	$ 214,570
Accumulated depreciation	(31,912)	(12,207)	(7,109)	(12,729)	-	(63,957)
	$ 72,413	$ 7,401	$ 1,753	$ 32,875	$ 36,171	$ 150,613

	2021				
	Research and development equipment	Office equipment	Machinery	Leasehold improvements	Total
At January 1					
Cost	$ 25,165	$ 17,870	$ 196,484	$ 74,409	$ 313,928
Accumulated depreciation	(13,488)	(13,833)	(67,713)	(25,924)	(120,958)
	$ 11,677	$ 4,037	$ 128,771	$ 48,485	$ 192,970
Opening net book amount as at January 1	$ 11,677	$ 4,037	$ 128,771	$ 48,485	$ 192,970
Additions (including transfers)	5,151	-	2,160	-	7,311
Additions - acquired through business combination	3,812	181	-	-	3,993
Disposal of subsidiary	-	(2,113)	(122,741)	(45,813)	(170,667)
Depreciation charge	(5,477)	(1,016)	(8,190)	(2,672)	(17,355)
Net exchange differences	(230)	(19)	-	-	(249)
Closing net book amount as at December 31	$ 14,933	$ 1,070	$ -	$ -	$ 16,003
At December 31					
Cost	$ 37,064	$ 9,271	$ -	$ 6,431	$ 52,766
Accumulated depreciation	(22,131)	(8,201)	-	(6,431)	(36,763)
	$ 14,933	$ 1,070	$ -	$ -	$ 16,003

A. The aforementioned plants were all for its own use.

B. There are no property, plant and equipment that were pledged to others as collaterals.

(8) Leasing arrangements－lessee

A. The Group leases various assets including buildings and land. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise certain buildings.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings and land	$ 189,628	$ 28,515
	Year ended December 31, 2022	Year ended December 31, 2021
	Depreciation charge	Depreciation charge
Buildings and land	$ 33,570	$ 25,527

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $184,689 and $6,877, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4,596	$ 4,430
Expense on short-term lease contracts	3,542	1,348

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $37,310 and $23,173, respectively.

(9) Intangible assets

	2022					
	Patent	Software	Proprietary technology	Goodwill	Customer relationship	Total
At January 1						
Cost	$ 83,250	$ 1,404	$ -	$ 39,226	$ -	$ 123,880
Accumulated amortisation	(44,014)	(927)	-	-	-	(44,941)
	$ 39,236	$ 477	$ -	$ 39,226	$ -	$ 78,939
Opening net book amount as at January 1	$ 39,236	$ 477	$ -	$ 39,226	$ -	$ 78,939
Additions	145	-	-	-	-	145
Additions - acquired through business combination	-	253	-	83,229	46,582	130,064
Disposal of subsidiary	(22,834)	-	-	-	-	(22,834)
Remeasurements	-	-	23,778	(15,718)	-	8,060
Amortisation charge	(8,741)	(443)	(1,585)	-	(5,813)	(16,582)
Net exchange differences	2,380	9	-	-	-	2,389
Closing net book amount as at December 31	$ 10,186	$ 296	$ 22,193	$ 106,737	$ 40,769	$ 180,181
At December 31						
Cost	$ 34,269	$ 7,446	$ 23,778	$ 106,737	$ 46,582	$ 218,812
Accumulated amortisation	(24,083)	(7,150)	(1,585)	-	(5,813)	(38,631)
	$ 10,186	$ 296	$ 22,193	$ 106,737	$ 40,769	$ 180,181

	2021				
	Patent	Software	Goodwill	Customer relationship	Total
At January 1					
Cost	$ 84,848	$ 12,447	$ 72,189	$ 153,646	$ 323,130
Accumulated amortisation	(35,933)	(9,661)	-	(64,018)	(109,612)
	$ 48,915	$ 2,786	$ 72,189	$ 89,628	$ 213,518
Opening net book amount as at January 1	$ 48,915	$ 2,786	$ 72,189	$ 89,628	$ 213,518
Additions	-	315	-	-	315
Additions - acquired through business combination	-	-	39,226	-	39,226
Disposal of subsidiary	-	(1,633)	(72,189)	(83,226)	(157,048)
Amortisation charge	(8,740)	(991)	-	(6,402)	(16,133)
Net exchange differences	(939)	-	-	-	(939)
Closing net book amount as at December 31	$ 39,236	$ 477	$ 39,226	$ -	$ 78,939
At December 31					
Cost	$ 83,250	$ 1,404	$ 39,226	$ -	$ 123,880
Accumulated amortisation	(44,014)	(927)	-	-	(44,941)
	$ 39,236	$ 477	$ 39,226	$ -	$ 78,939

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Operating costs	$ 374	$ 597
Selling expenses	7	6,420
Administrative expenses	7,429	84
Research and development expenses	8,772	9,032
	$ 16,582	$ 16,133

A. Patent is comprised of the related patents and professional technologies of developing minimally invasive medical devices.

B. (i) With the aim of better management of intellectual property, the Company centralized resources on research and development of related projects to speed up commercialization and afterward asset sale in November 2015. Medeon Biosurgical, Inc. (the "MBS" Company, and the liquidation was completed on June 30, 2016), a second-tier subsidiary of the Company, transfers the technology of Click Clean^{TM} and Abclose^{TM}, etc. Based on a tripartite agreement with the MBS Company, Shendder, Inc. (the "Shendder" Company) and Medeon International, Inc. (the "MBI" Company). The patent rights, which are owned by the MBS Company, was transferred to the

shareholders, Shendder Company and MBI Company who owned approximately 42.99% and 57.01% of the shareholdings respectively, based on the equity ratio. The transfer prices are USD168,293 and USD223,178 respectively. Meanwhile, Shendder Company and MBI Company transferred the patent rights to the Company based on the cost of acquisition. The Company shall pay immediately following the date of the sale of patent rights.

(ii)The asset purchase agreement between Shendder Company and the Company states that if the licensing price of research and development results exceeds the transfer price, the Company should allocate 42.99 % of the profit to Shendder Company. For the year ended December 31, 2022, there was no payment to be allocated to Shendder Company and MBI Company.

C. The proprietary technology arose from the business combination of Medeologix, Inc. by the Group.

D. The customer relationship arose from the business combination of Second Source Medical LLC by the Group.

E. Goodwill arose from business combination of Medeologix, Inc. and Second Source Medical LLC. Refer to Note 6(26) for details.

F. (a) Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2022	December 31, 2021
Medeologix, Inc.	$ 23,508	$ 39,226
Second Source Medical LLC	83,229	-
	$ 106,737	$ 39,226

(b) The recoverable amount of all cash-generating units was determined based on value-in-use calculations. These calculations use future cash flow projections for Medeologix, Inc. and Second Source Medical LLC.

(c) The recoverable amount calculated using the value-in use exceeded their carrying amount, so goodwill was not impaired. The key consideration used for value-in-use are growth and discount rate.

Management determined the budget according to previous performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports and the discount rates used reflect the specific risk relating to the relevant operating segments.

(10) Discontinued operations

A. As described in Note 4(3)(B)Note 3, Delta Asia International Corporation, which is in accordance with the definition of discontinued operation, is a sales department of medical components (Please refer to Note 14 for more details). Upon the completion of the disposal, the Group measured the remaining investment based on fair value and recorded a gain on disposal of investment of approximately $2,559,173.

B. The cash flow information of the discontinued operations is as follows:

	Year ended December 31, 2021
Operating cash flows	$ 45,628
Investing cash flows	(296,317)
Financing cash flows	461
Total cash flows	($ 250,228)

C. Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:

	Year ended December 31, 2021
After-tax profit(loss) from discontinued operations	
Sale revenue	$ 230,867
Operating cost	(105,526)
Operating expenses	(33,499)
Non-operating income and expense	2,542,376
Pre-tax gain of disposal group	2,634,218
Income tax	(16,408)
After-tax profit(loss) from discontinued operations	$ 2,617,810

D. Profit from continuing and discontinued operations attributable to owners of the parent: Please refer to Note 6(25).

(11) Other accounts payable

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 45,522	$ 35,319
Emplyees compensation and directors remuneration	20,018	29,000
Legal and professional fees payable	5,314	1,966
Labour health insurance payable and pension	2,233	2,044
Payable on equipment	1,076	-
Others	25,483	9,802
	$ 99,646	$ 78,131

(12) Pensions

A. The Company and its Taiwan subsidiary have established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its subsidiary contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Group's foreign subsidiaries contribute pensions and pension insurance in accordance with the local regulations. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were $3,207 and $4,659, respectively.

(13) Share-based payment

A. The Company issues employee stock options to full-time employee by issuing new stock. The main content is as follows:

Issuer	Type of arrangement	Grant date	Quantity granted	Contract period	Estimates resign rate	Vesting conditions
The company	Employee stock options	2013.9.27 and 2014.8.13	2,570,000	10 years	21.0%~ 36.8%	Note 1
〃	Employee stock options	2014.8.13	260,000	10 years	6.1%~ 11.6%	Note 1
〃	Employee stock options	2014.11.18	820,000	10 years	6%~12%	Note 1
〃	Employee stock options	2015.6.8	642,000	10 years	11.6%~ 23.3%	Note 1
〃	Employee stock options	2015.11.3	538,000	10 years	29.5%~ 59.1%	Note 1
〃	Treasury shares to be reissued to employees	2021.8.30	110,000	NA	NA	Vested immediately
〃	Treasury shares to be reissued to employees	2021.12.15	80,000	NA	NA	Vested immediately
Medeologix	Employee stock options	2022.2.15 and 2022.10.13	553,370	10 years	5%	Note 3
〃	Employee stock options	2022.10.13	569,000	10 years	5%	Note 1
Panther	Employee stock options	2017.7.11	200,000	10 years	0%	Note 2
Aquedeon	Employee stock options	2018.10.1	219,275	10 years	0%	Note 3
〃	Employee stock options	2019.10.1	125,558	10 years	0%	Note 4
〃	Employee stock options	2021.7.26	84,000	10 years	0%	Note 3

Note 1: When employee stock options have expired two years, stock options can be exercised based on the following schedule:

Accumulated ratio stock options that can be exercised

Expired 2 years 50%

Expired 3 years 75%

Expired 4 years 100%

Note 2: Exercising stock options based on the different service condition as follows:

Vested 1/4 stock-options after serviced one year or at given day, other stock-options can be exercised 1/36 – 1/48 month by month after 36 to 48 months of the aforementioned first-time acquired.

Note 3: Vested 1/4 stock-options after serviced one year, other stock-options can be exercised 1/48 month by month after 48 months of the effective date.

Note 4: 35,000 shares after 48 months of the effective date, the stock-options can be exercised 1/48 month by month; vested 1/4 of 90,558 shares after serviced one year, other stock-options can be exercised 1/48 month by month after 48 months of the aforementioned first-time acquired.

B. Details of the share-based payment arrangements are as follows:

a. The Company

	2022		2021	
	No. of options	Exercise price (NTD)	No. of options	Exercise price (NTD)
Options outstanding at January 1	319,500	$ 10~175	619,500	$ 10~175
Options forfeited	-	10~144	(185,000)	10~175
Options exercised	-	10~144	(115,000)	10~175
Options outstanding at December 31	319,500	10~144	319,500	10~175
Options exercisable at December 31	319,500	10~144	319,500	10~175

b. The subsidiary-Medeologix, Inc.

	2022	
	No. of options	Exercise price (NTD)
Options outstanding at January 1	-	$ -
Options granted	1,812,000	10
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	(483,630)	10
Options forfeited	(206,000)	10
Options exercised	-	10
Options outstanding at December 31	1,122,370	10
Options exercisable at December 31	-	-

c. The second-tier subsidiary-Panther

	2022		2021	
	No. of options	Exercise price (USD)	No. of options	Exercise price (USD)
Options outstanding at January 1	200,000	$ 0.15	100,000	$ 0.15
Options granted	-	-	100,000	0.15
Options forfeited	(200,000)	0.15	-	-
Options outstanding at December 31	-	0.15	200,000	0.15
Options exercisable at December 31	-	0.15	200,000	0.15

Note: As Panther completed the dissolution and liquidation in December 2022, the former outstanding options issued by the company were all expired.

d. The second-tier subsidiary-Aquedeon

	2022		2021	
	No. of options	Exercise price (USD)	No. of options	Exercise price (USD)
Options outstanding at January 1	357,441	$0.17~0.27	306,581	$0.17~0.25
Options granted	-	-	84,000	0.27
Options forfeited	(22,098)	0.17~0.27	(33,140)	0.17~0.25
Options exercised	(35,696)	0.17~0.27	-	-
Options outstanding at December 31	299,647	0.17~0.27	357,441	0.17~0.27
Options exercisable at December 31	249,611	0.17~0.27	216,819	0.17~0.27

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

a. The company

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (NTD)	No. of shares (in thousands)	Exercise price (NTD)
2013.9.27	2023.9.27	-	$ 10	-	$ 10
2013.9.27	2024.8.13	-	10	-	10
2014.8.13	2024.8.13	13	10	13	10
2014.11.18	2024.11.18	10	10	10	10
2015.6.8	2025.6.8	227	126	227	154
2015.11.3	2025.11.3	70	144	70	175

b. The subsidiary-Medeologix, Inc.

		December 31, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (NTD)
2022.2.15	2032.2.15	553	$ 10
2022.10.13	2032.10.13	569	10

c. The second-tier subsidiary-Panther

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (USD)	No. of shares (in thousands)	Exercise price (USD)
2017.7.11	2027.7.11	-	$ 0.15	200	$ 0.15

d. The second-tier subsidiary-Aquedeon

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (USD)	No. of shares (in thousands)	Exercise price (USD)
2018.10.1	2028.9.30	169	$ 0.17	198	$ 0.17
2019.10.1	2029.9.30	51	0.25	76	0.25
2021.7.26	2031.7.25	80	0.27	84	0.27

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model or other. Relevant information is as follows:

Issuer	Grant date	Stock price (NTD)	Expected price volatility	Option life	Expected dividends rate	Risk-free interest rate	Fair value per unit (NTD)
The company	2013.9.27	$ 10	39.93%~41.53%	7 years	0%	0.78%~1.66%	$2~$2.29
〃	2014.8.13~11.18	$ 10	39.75%~40.67%	6~7 years	0%	1.37%~1.48%	$5.55~$7.07
〃	2015.6.8	$ 204	34.75%~42.35%	6~7 years	0%	1.26%~1.39%	$10.15~$13.28
〃	2015.11.3	$ 222	44.25%~45.22%	6~7 years	0%	1.01%~1.09%	$34.14~$40.26
Medeologix, Inc.	2022.02.15	$ 10	29.91%~32.42%	5.5~7 years	0%	0.64%~0.67%	$18.7
〃	2022.10.13	$ 10	29.72%~31.09%	5.5~7 years	0%	1.56%~1.59%	$28.8
Panther	2017.7.11	USD$0.15	50.00%	6.08 years	0%	1.97%	USD$0.07
Aquedeon	2018.10.1	USD$0.17	47.30%	6.08 years	0%	3.10%	USD$0.08
〃	2019.10.1	USD$0.25	67.40%	6.08 years	0%	1.42%	USD$0.15
〃	2021.7.26	USD$0.27	49.00%	6.08 years	0%	0.90%	USD$0.13

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2022	Year ended December 31, 2021
Equity-settled	$ 3,106	$ 5,952

(14) Share capital/ Treasury shares

A. As of December 31, 2022, the Company's authorised capital was $2,000,000, consisting of 200,000,000 shares of ordinary stock, and the paid-in capital was $878,401 with a par value of $10 (NTD) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	No. of shares	No. of shares
At January 1	$ 73,030,074	$ 66,109,159
Stock dividends of ordinary share	14,606,015	-
Capital surplus transferred to capital	-	6,615,915
Treasury shares to be reissued to employees	-	190,000
Employee stock options exercised	-	115,000
At December 31	$ 87,636,089	$ 73,030,074

B. In 2022 and 2021, the separate amount recollected due to the exercised employee stock options by the Company is $0 and $1,150, respectively.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	204,000	$ 10,603

		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	204,000	$ 10,603

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued are to be retired. The amendment of the cancellation of shares should have been completed.

(15) Capital surplus

(a) Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(b) The Company approved the proposal of loss off-setting by the shareholders' meeting on July 16, 2021 to cover accumulated deficit by capital surplus of $525,912. The amendment of registration had been completed.

(c) As of July 16, 2021, the capital surplus of $66,159 and capital increase by retained earnings through the issuance of 6,615,915 of new shares with a par value of NTD 10 were approved at the shareholders' meeting. The above capital increase had been approved by the Financial Supervisory Commission and registered.

(16) Retained earnings(Accumulated deficit)

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. There is no need for such action if legal reserve meets paid-in capital, it then distributes or rotates legal reserve based on the law. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders.

The dividend distribution policy of the Company reported to shareholders, meeting annually by the Board of Directors is based not only on the current and future investing environment, funds needed , domestic and foreign competition, and the situation of capital, but an the interest of shareholders, balanced dividend and the long-term plans for the Company. The category and ratio of the dividend from the dividend policy may be adjusted by the shareholders based on the actual profit and the situation of available funds of the year. The only restriction is that the total amount of dividend distributed must not be lower than 10 percent of the year's distributable dividend and the ratio of cash dividend distributed must not be lower than 10 percent of the total dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. The distribution of earnings in respect of the year ended December 31, 2021 was approved by the shareholders meeting on June 20 2022, as follows:

	2021	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 207,182	
Special reserve	12,489	
Cash dividends	73,030	$ 1.00
Stock dividends	146,060	2.00

The abovementioned distribution of 2021 earnings were in agreement with those amounts proposed by the Board of Directors on March 24, 2022.

(17) Other equity items

	2022	2021
At January 1	($ 12,489)	($ 6,681)
Currency translation differences:		
–Group	43,429	(5,808)
At December 31	$ 30,940	($ 12,489)

(18) Operating revenue

	Year ended December 31,	
	2022	2021
Revenue from research and development service	$ 209,537	$ 65,972
Sales revenue	88,780	232,020
Others revenue	-	1,832
	298,317	299,824
Less: Operating revenue from discontinued operations	-	(230,867)
	$ 298,317	$ 68,957

A. The Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system (“IVC-C01”) with Terumo Medical Corporation (“Terumo”) on March 2, 2018. According to the agreements, the Company continues to provide services including product development, clinical studies, regulatory affairs, and product supply after the transaction.

The total transaction price of the aforementioned agreements is USD 50 million, consisting of the upfront cash payment of USD 20 million which is fully paid upon closing, and the additional milestone payment up to USD 30 million. The milestone payment will be paid upon achieving the following milestones: (a) completing next-generation product design verification before the end of March 2020 for USD 5 million; (b) obtaining U.S. FDA premarket approval (PMA approval) for the current generation product before the end of June 2021 for USD 10 million; (c) obtaining U.S. FDA PMA approval for the next-

generation product before the end of June 2022 for USD 15 million.

Terumo is responsible for all product development costs (including regulatory and clinical related costs), except Terumo and the Company are responsible for its own respective design and development costs for the next-generation product. As agreed by both parties, if any design changes of the next-generation product lead to additional clinical studies requested by the U.S. FDA, the related costs shall be borne by the Company.

Considering the external factors and product development timeline, both parties agreed to revise the agreements accordingly and executed the Amendment in August 2020.

Consistent with the overall milestone payments of USD 30 million in the original agreements, each milestone and timeline has been adjusted as follows: (a) completing engineering verification and technology transfer of the next-generation product before the end of December 2020 for USD 2.5 million (already obtained); completing design verification of the next-generation product before the end of June 2022 for USD 1 million; (b)(i) completing FDA cGMP audit before the end of June 2021 for USD 2 million; (ii)obtaining U.S. FDA PMA approval for the product before the end of December 2021 for USD 6.5 million; (c) submitting the PMA application for the next-generation product before December 2022 for USD 3 million; obtaining FDA PMA approval for the next-generation product before the end of December 2023 for USD 7 million; (d) launching the next-generation product before December 2023 for USD 4 million; reaching a sales target of 12,500 and 25,000 units within 3 years from product launch for USD 2 million respectively. Other clauses remain unchanged except for the amendments described above. The Amendment has been approved by the Board of Directors on August 6, 2020.

However, the U.S. FDA might postpone overseas on-site audits due to the impact of the COVID-19 pandemic. Considering both parties have cooperated in good faith to move the project forward and to acknowledge the achievements of the project up to now, both parties agreed to divide the first item of milestone payment (b)(i) in the aforementioned amendment into the following two payments: (i) completing the preparation for the U.S. FDA cGMP audit before the end of June 2021 for USD 1 million (already obtained); (ii) completing the U.S. FDA cGMP on-site audit for USD 1 million (no due date specified). Except for the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 24, 2020.

Under the impact of COVID-19 pandemic, the U.S. FDA continued to postpone overseas on-site audits. Considering both parties have cooperated in good faith to move the project forward and to acknowledge the achievements of the project up to now, both parties agreed to adjust the milestone payment (b)(i)(ii) and (b)(ii) in the aforementioned amendment into two payments according to certain situation and signed the third amendment to asset purchase agreement. The adjustment amendments are as follows: 1.(b)(i)(ii) completing a successful FDA cGMP audit and obtaining PMA Approval for

USD 1 million (no due date specified); 2.(b)(ii) obtaining a PMA approvable letter conditioning PMA approval on an FDA site inspection before the end of December 2021 for USD 6.5 million (The US$6.5 million mentioned in b(ii) above has been received in January 2022). Except for the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first and second Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 11, 2021.

B. The representations and warranties provided by the Company to Terumo, under this agreement, includes:
   (a) The Company is a validly existing legal entity, which is warranted indefinitely. In case of violation, the liability cap of the Company for the breach of this warranty is equal to the transaction price.
   (b) The intellectual property warranty which shall remain in effect until the first anniversary of the FDA PMA approval of the next generation product, but no later than July 2023. The liability cap of the Company for the breach of this warranty is initially $2.5 million and will increase with an amount equal to 37.5% of the total receivable milestone payments.
   (c) The warranties, except for (a) and (b), shall become effective from the closing and remain valid for a period of 18 months, and the liability cap of the Company for the breach is initially USD 2.5 million and will increase with an amount equal to 12.5% of the total receivable milestone payments.

   The maximum amount of liability for the breach of warranties specified above shall not exceed USD 13.75 million unless any of such losses and damages is arising from intentional breach or fraud.

C. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Medical Device Development Department		Medical Device Components Manufacturing and Sales Department		
2022	Revenue from research and development services	Sales Revenue	Sales Revenue	Others	Total
Revenue by region					
America	$ 209,537	$ -	$ 88,780	$ -	$ 298,317
Timing of revenue recognition					
At a point in time	$ -	$ -	$ 88,780	$ -	$ 88,780
Over time	209,537	-	-	-	209,537
	$ 209,537	$ -	$ 88,780	$ -	$ 298,317

	Medical Device Development Department		Medical Device Components Manufacturing and Sales Department		
2021	Revenue from research and development services	Sales Revenue	Sales Revenue	Others	Total
Revenue by region					
America	$ 65,972	$ 2,985	$ 229,035	$ 1,832	$ 299,824
Less: Revenue from discontinued operations	-	-	(229,035)	(1,832)	(230,867)
Total segment revenue	$ 65,972	$ 2,985	$ -	$ -	$ 68,957
Timing of revenue recognition					
Over time	$ 65,972	$ 2,985	$ -	$ -	$ 68,957

D. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities – current	$ 856	$ 647	$ 11,132

(a) As of December 31, 2022, other contracts of the group are shorter than one year.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period.

	Year ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 597	$ 7,796

(19) Expenses by nature

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expense	Total
Employee benefit expense	$ 76,393	$ 361,196	$ 437,589
Depreciation charges on property, plant and equipment	2,288	11,360	13,648
Depreciation charges on right-of-use assets	11,408	22,162	33,570
Amortisation charge	374	16,208	16,582
Manufacturing cost and operating cost	$ 90,463	$ 410,926	$ 501,389

	Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expense	Total
Employee benefit expense	$ 54,463	$ 303,008	$ 357,471
Depreciation charges on property, plant and equipment	12,505	4,850	17,355
Depreciation charges on right-of-use assets	8,067	17,460	25,527
Amortisation charge	597	15,536	16,133
	75,632	340,854	416,486
Less: Manufacturing cost and operating cost from discontinued	(43,504)	(26,512)	(70,016)
Manufacturing cost and operating cost	$ 32,128	$ 314,342	$ 346,470

(20) Employee benefit expense

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	$ 387,905	$ 316,111
Labour and health insurance fees	25,958	19,236
Pension costs	3,207	4,659
Directors' remuneration	2,228	7,273
Other personnel expenses	18,291	10,192
	$ 437,589	$ 357,471

A. In accordance with the Articles of Incorporation of the Company, the distributable profit of the current year, after covering accumulated losses, shall be reserved no less than 1% for employees compensation and no more than 2% for directors remuneration.

B. For the year ended December 31, 2022, the Company incurred loss before tax, and thus did not accrue employees' compensation and directors' remuneration. For the year ended December 31, 2021, employees' compensation was accrued at $24,000 while directors' remuneration was accrued at $5,000. The aforementioned amounts were recognised in salary expenses.

C. Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Interest income

	Year ended December 31,	
	2022	2021
Interest income from bank deposits	$ 10,288	$ 6,864
Less: Interest income from discontinued operations	-	(747)
	$ 10,288	$ 6,117

(22) Other gains and losses

	Year ended December 31,	
	2022	2021
Net foreign exchange losses	$ 15,351	($ 19,667)
Gain (loss) on disposal of investment	(20,412)	2,504,096
Gains on financial asset at fair value through profit and loss	681	2,479
Others	336	15,039
	(4,044)	2,501,947
Less: Other gains and losses from discontinued operations	-	(2,545,019)
	($ 4,044)	($ 43,072)

(23) Income tax

A. Components of income tax expense:

	Year ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 2,892	$ 88,865
Tax on undistributed surplus earnings	57,037	-
Prior year income tax overestimation	(92)	-
Total current tax	59,837	88,865
Deferred tax:		
Origination and reversal of temporary differences	(2,052)	-
Total deferred tax	(2,052)	-
	57,785	88,865
Less: Other gains and losses from discontinued operations	-	(16,408)
Income tax expense	$ 57,785	$ 72,457

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	($ 263,683)	$ 350,703
Effect on income tax expense by tax regulation	95,439	(470,618)
Prior year income tax overestimation	(92)	-
Temporary differences not recognised as deferred tax assets	30,906	27,448
Taxable loss not recognised as deferred tax assets	137,339	108,195
Effect from alternative minimum tax	-	66,740
Tax on undistributed earnings	57,037	-
Separate taxation	2,891	5,717
Others	(2,052)	680
	57,785	88,865
Less: Other gains and losses from discontinued operations	-	(16,408)
Income tax expense	$ 57,785	$ 72,457

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Business combination	Recognised in profit or loss	December 31
Temporary differences:				
－Deferred tax liabilities:				
Proprietary technology	$ -	$ 4,756	($ 317)	$ 4,439
Customer relationship	-	13,035	(1,735)	11,300
Total	$ -	$ 17,791	($ 2,052)	$ 15,739

	2021			
	January 1	Recognised in profit or loss	Belonged to discontinued operation	December 31
Temporary differences:				
－Deferred tax assets:				
Allowance for loss on inventory	$ 1,117	$ 271	($ 1,388)	$ -
No vacation bonus	407	(16)	(391)	-
Unrealized exchange loss	2,597	1,843	(4,440)	-
Total	$ 4,121	$ 2,098	($ 6,219)	$ -

D. As of December 31, 2022, details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

Qualifying items	Year incurred	Total deductible amount	Unused tax credits	Expiry year
Research and development	2013	$ 5,059	$ 5,059	Note
Research and development	2014	6,144	6,144	Note
Research and development	2015	14,475	14,475	Note
Research and development	2016	24,158	24,158	Note
Research and development	2017	29,625	29,625	Note
Research and development	2018	30,369	30,369	Note
		$ 109,830	$ 109,830	

Note: Under the Regulations Governing Application of Investment Tax Credits to the Funds Invested in Research and Development and Personnel Training by a Biotech and New Pharmaceuticals Company, the Company is entitled to the investment tax credits, which can be used to offset against the income tax payable starting from the time when the Company is subject to corporate income tax. Any unused tax credit is available for the following four years.

Due to the uncertainty of its realization, the aforementioned unused research and development deductible is not recognized as deferred tax assets.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	$ 210,408	$ 2,870	$ 2,870	2026
2017	215,412	175,769	175,769	2027
2018	47,645	47,645	47,645	2028
2019	231,917	231,917	231,917	2029
2020	176,597	176,597	176,597	2030
2021	273,136	273,136	273,136	2031
2022	257,722	257,722	257,722	2032
	$ 1,412,837	$ 1,165,656	$ 1,165,656	

F. For the year ended December 31, 2022, the Company and its domestic subsidiary's income tax returns through 2020 have been assessed and approved by the Tax Authority.

G. There were no tax payables for the years 2022 and 2021 due to losses in the US subsidiaries, and related deferred tax assets have not been recognized due to the deductible temporary differences and the uncertainty of future realisation caused by unused tax loss. As of December 31, 2022, the total amount of unused tax deduction of the US subsidiaries is USD 11,682 thousand. According to the revised US Federal Tax Law, income tax is deductible for future profit year, and according to the California Tax Law, deductible profit loss can be used up to 10 years.

(24) Earnings (losses) per share

	Year ended December 31, 2022		
		Retrospective adjustment	
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
Basic loss per share			
Loss from continuing operations attributable to ordinary shareholders of the parent	($ 433,758)	87,636	($ 4.95)

	Year ended December 31, 2021		
		Retrospective adjustment	
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings (losses) per share (in dollars)
Basic earnings (loss) per share			
Loss from continuing operations attributable to ordinary shareholders of the parent	($ 509,701)	87,384	($ 5.84)
Profit from discontinued operations attributable to the parent	2,587,893	87,384	$ 29.62
Profit attributable to ordinary shareholders of the parent	$ 2,078,192		$ 23.78
Diluted earnings (loss) per share			
Loss from continuing operations attributable to ordinary shareholders of the parent	($ 509,701)	87,384	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	47	
Employees' compensation	-	265	
Loss from continuing operations attributable to ordinary shareholders of the parent	(509,701)	87,696	($ 5.81)
Profit from discontinued operations attributable to the parent	2,587,893	87,696	29.51
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,078,192		$ 23.70

A. When calculating earnings per share of ordinary shares, the effect of distribution of stock dividends was adjusted retroactively. The effective date of distribution of stock dividends was set on August 22, 2022.

B. Due to loss in 2022, potential ordinary stocks are excluded since such stocks are antidilutive. Therefore, it is the same as basic losses per share

(25) Transactions with non-controlling interest

A. The Group did not participate in the capital increase raised by the subsidiaries mentioned below proportionally to its interest to the subsidiary and the second-tier subsidiary.

Subsidiaries, Prodeon Medical Corporation, as well as second-tier subsidiary Aquedeon Medical,Inc. and Panther Orthopedics, Inc. of the Group increased its capital by issuing new shares on September, November and June, 2021, respectively. The Group did not acquire shares proportionally to its interest. As a result, the Group increased its share

interest by 6.56%, 1.49% and 2.01%, respectively. The transactions increased non-controlling interest by $70,918 and decreased the equity attributable to owners of parent by $70,918. Subsidiaries, Prodeon Medical Corporation and Medeologix,Inc. of the Group increased its capital by issuing new shares on March and April, 2022, respectively. The Group did not acquire shares proportionally to its interest. As a result, the Group increased its share interest by 4.95%, increased by 14.49%, respectively. The transactions increased non-controlling interest by $66,140 and decreased the equity attributable to owners of parent by $66,140.

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

The Group disposed 3% of the equity interest of Delta Asia International Corporation at the total consideration of $86,135 in March 2021. The transactions increased non-controlling interest by $18,236 and decreased the equity attributable to owners of parent by $67,901.

(26) Business combinations

A.Second Source Medical LLC (the "SSM")

(a) On April 8, 2022, the Group acquired a 100% equity interest in SSM for a cash consideration of USD 7,878,512 and obtained the control over it. The company's main business in the United States of America is medical device contract manufacturing.

(b) The following table summarises the consideration paid for Medeologix and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	April 8,2022
Purchase consideration	
Cash paid	$ 227,847
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	61,959
Accounts receivable	30,270
Inventories	5,662
Other receivables	28,580
Prepaid expenses	5,582
Property, plant and equipment	3,232
Intangible assets	46,835
Refundable deposits	43
Accounts payable	(10,240)
Other payables	(14,270)
Deferred tax liabilities	(13,035)
Total identifiable net assets	144,618
Goodwill	$ 83,229

(c) The operating revenue included in the consolidated statement of comprehensive

income since April 8, 2022 contributed by SSM was $75,430. SSM also contributed loss before income tax of ($44,630) over the same period. Had SSM been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue of $330,238 and loss before income tax of ($483,144).

B. Medeologix, Inc. (the "Medeologix")

(a). On December 9, 2021, the Group acquired 80% of the share capital of Medeologix, Inc.(the "Medeologix") for $140,000 and obtained the control over Medeologix. The company's main bussiness in Taiwan is medical device contract manufacturing and sales.

(b). The following table summarises the consideration paid for Medeologix and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	December 31, 2021
Purchase consideration	
Cash paid	$ 140,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	- 29,123
	169,123
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	144,210
Accounts receivable	660
Other receivables	332
Prepaid expenses	8,098
Property, plant and equipment	3,850
Intangible assets	23,921
Refundable deposits	97
Accounts payable	(34)
Other payables	(29,363)
Unearned sales revenue	(1,401)
Deferred tax liabilities	(4,756)
Total identifiable net assets	145,614
Goodwill	$ 23,509

(c) The operating revenue included in the consolidated statement of comprehensive income since December 9, 2021 contributed by Medeologix was $2,985. Medeologix also contributed profit before income tax of $36 over the same period. Had Medeologix been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of $308,213 and loss before income tax of ($442,761).

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31,	
	2022	2021
Purchase of property, plant and equipment (including transfer)	$ 141,648	$ 7,311
Add: Opening balance of payable on equipment	-	2,712
Prepaid equipment of disposed subsidiary	-	27
Less: Ending balance of payable on equipment	(1,076)	-
Opening balance of prepayment on equipment	-	(1,618)
Payables on equipment of disposed subsidiary	-	(115)
Cash paid during the year	$ 140,572	$ 8,317

B. The Group sold a portion of equity investment of Delta Asia International Corporation in June 2021, reduced its shareholding to approximately 33.40%, and lost its control over Delta Asia International Corporation. (Please refer to Note 4(3)b.). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	2021/5/31
Carrying amount of the assets and liabilities of the subsidiary - Delta Asia International Company	
Cash	652,023
Financial assets at amortised cost	292,740
Accounts receivable	116,054
Other receivables	1,313
Inventories	55,517
Prepayment	7,413
Property, plant and equipment	170,667
Right-of-use assets	425,282
Intangible assets	157,048
Prepaid equipment	27
Refundable deposits	5,654
Deferred tax assets	6,219
Accounts payable	(32,673)
Other payables	(196,116)
Other current liabilities	(83,269)
Other non-current liabilities	(422,902)
Non-controlling interest	(504,488)
Carrying amount on the disposal of subsidiary	650,509
Gains on disposals of subsidiary	2,559,173
Investments accounted for using equity method	(2,192,873)
Consideration amount received on disposal of subsidiary	1,016,809
Cash and cash equivalents on disposal of subsidiary	(652,023)
Net changes in cash on disposal of subsidiary	$ 364,786

(28) Changes in liabilities from financing activities

	2022	2021
	Lease Liability	Lease Liability
At January 1	$ 30,239	$ 479,828
Changes in cash flow from financing activities	(29,172)	(17,395)
Disposal on subsidiary	-	(441,291)
Changes in other non-cash items	184,689	9,754
Changes in foreign exchange rates	13,154	(657)
At December 31	$ 198,910	$ 30,239

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Delta Asia International Corporation	The Group has significant influence to entity

Note: The Company disposed part of the equity interest of Delta Asia International Corporation in June 2021. Delta Asia International Corporation ceased to be a controlling subsidiary of the Company, but only with significant influence.

(2) Significant related party transactions

A. Operating Cost

	2022	2021
Delta Asia International Corporation	$ 4,615	$ 433

The Company commissioned Delta Asia International Corporation to assist in the development of medical devices. The terms of the transaction are agreed by both parties. The period of payment is 30 to 60 days.

B. Operating expense

	2022	2021
Delta Asia International Corporation	$ 156	$ 2,050

The Company is commissioned by Delta Asia International Corporation to assist in the research and management of medical devices. The terms of transaction are agreed by both parties. The period of payment is 30 to 60 days.

C. Other revenue

	2022	2021
Delta Asia International Corporation	$ -	$ 26

The transaction between the Company and Delta Asia International Corporation is the sale of materials for research and development and the period of payment is 30 to 60 days.

D. Other receivables

	2022	2021
Delta Asia International Corporation	$ -	$ 27

(3) Key management compensation

	Year ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 93,716	$ 89,978
Share-based payments	86	4,310
Total	$ 93,802	$ 94,288

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

As of December 31, 2022 and 2021, the other significant commitments of the Group are as follows:

A. Information relating to the profit distribution of the commercialization of research products according to the intangible asset transfer contract signed between the Company and Shendder, Inc. is provided in Note 6(9).

B. Information relating to the commitment stipulated in the Assets Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro^{TM} Suture-Mediated Vascular Closure Device system signed with Terumo is provided in Note 6(18).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On January 12, 2023, the Board of Directors resolved to participate in capital increase of the subsidiary, Medeon International, Inc. by subscribing for 1,600,000 shares with the total amount of USD 4,000,000, and participated in capital increase of Aquedeon Medical, Inc. by subscribing for 1,600,000 shares with the total amount of USD 4,000,000 through the subsidiary, Medeon International, Inc..

12. Others

(1) Capital management

The Company's objectives when managing capital at this stage are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital, and to provide stable returns for shareholders after the future operation become profitable. To achieve the aforementioned targets, the Company maintains or adjusts its capital structure through, but not limited to, cash capital increase to repay or replenish working capital, dividend distribution, capital reduction and others. The Company monitors and manages capital on the basis of the debt-to-equity ratio. The ratio is calculated as 'net debt' divided by 'total equity'. The net debt is calculated as 'total liability' less cash and cash equivalents. 'Total equity' is calculated as 'total equity' as shown in the balance sheet.

During the years ended December 31, 2022 and 2021, the Group's total liabilities are less than cash and cash equivalents, thus, the debt-to-equity ratio is 0%.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit and		
Financial assets mandatorily measured at fair value through profit and loss	$ 37,870	$ 6,479
Financial assets at amortised cost		
Cash and cash equivalents	$ 483,898	$ 735,320
Financial assets at amortised cost	1,025,470	1,608,100
Accounts receivable	32,354	10,124
Other receivables(including related parties)	26,653	4,492
Guarantee deposits paid	5,587	4,584
	$ 1,611,832	$ 2,369,099
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 3,939	$ 45
Other accounts payable(including related parties)	99,646	78,131
	$ 103,585	$ 78,176
Lease liability	$ 198,910	$ 30,238

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to coordinate with the Group treasury to hedge the overall foreign exchange risk.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,712	30.71	$ 298,256
Financial liabilities			
Monetary items			
USD:NTD	485	30.71	14,894

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 703	27.68	$ 19,459
Financial liabilities			
Monetary items			
USD:NTD	56	27.68	1,550

v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $15,351 and ($19,667), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,983	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	149	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 195	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	16	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only rated parties with a good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are

set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

iii. The Group considers the historical experience, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customers' accounts receivable in accordance with credit rating of customers. The Group applies the simplified approach using provision matrix to estimate expected credit loss.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 30 days past due	90 days past due	180 days past due	Total
At December 31, 2022					
Expected loss rate	0.03%	0.03%	0.03%	25%	
Total book value	$ 20,872	$ 3,980	$ 4,438	$ 3,064	$ 32,354
Loss allowance	$ -	$ -	$ -	$ -	$ -

	Not past due	Up to 30 days past due	90 days past due	180 days past due	Total
At December 31, 2021					
Expected loss rate	0.03%	0.03%	0.03%	25%	
Total book value	$ 4,581	$ 2,511	$ 3,032	$ -	$ 10,124
Loss allowance	$ -	$ -	$ -	$ -	$ -

ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ -	$ 506
Disposal of subsidiary	-	(147)
Loss on reversal of impairment loss on disposal of subsidiary classified as discontinued operation	-	(359)
At December 31	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed by the Group. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational and research needs.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 3,939	$ -	$ -	$ -
Other payables(including related parties)	99,646	-	-	-
Lease liability	42,048	37,650	85,670	50,678

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 45	$ -	$ -	$ -
Other payables(including related parties)	78,131	-	-	-
Lease liability	15,248	13,818	2,173	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with

sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in emerging stock is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The book value of financial assets and liabilities that does not use fair value is approximate to fair value, including cash and cash equivalents, current financial asset at amortised cost, accounts receivable, other receivables, guarantee deposits paid, accounts payable and other payables.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 7,160	$ -	$ 30,710	$ 37,870

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 6,479	$ -	$ -	$ 6,479

(b)The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices, which was measured by the average of the highest and the lowest stock price of the day, as their fair values (that is, Level 1).

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the year ended December 31, 2022:

	2022
	Equity instruments
At January 1	$ -
Additions	29,720
Changes in foreign exchange rates	990
At December 31	$ 30,710

F. For the year ended December 31, 2022, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

(4) Other

Under the impact of COVID-19 pandemic and the promotion of infection control measures by the government, there was no material effect on the operation of the Company after the evaluation. There was no doubt on the entity's ability to continue as a going concern, no impairment loss and no increase in the risk of fundraising. Management of the Company had complied with epidemic prevention and control measures announced by the Central Epidemic Command Center (CECC).

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to Table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods (Individual transactions not exceeding $100 are not disclosed. Additionally, the related party transactions for counterparty are not disclosed.): Please refer to Table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to Table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to Table 5.

14. Segment Information

(1) General information

The main services of the Group are the research and development of medical devices, manufacturing and sale of injection molding and components of medical devices. The Board of Directors of the Group evaluates the performance of each operating department based on the operating outcome categorized by function presented in the consolidated financial statements.

(2) Measurement of segment information

The accounting policies of operating departments and the summary of significant accounting policies stated in Note 4 of the consolidated financial statements are the same. Evaluation of the performance of operating departments is based on after-tax operating income of each operating department.

(3) Information about segment profit or loss, assets and liabilities

A. The after-tax profit and loss presented to the operation decision maker is under the same evaluation method of the consolidated statement of comprehensive income. Therefore, there is no need for adjustment.

B. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year 2022：

	Medical Device Development Department	Medical Device Components Manufacturing and Sales Department	Total
Revenue from external customers	$ 209,537	$ 88,780	$ 298,317
Inter-segment revenue	-	-	-
Operating revenue	$ 209,537	$ 88,780	$ 298,317
Segment income (loss)	($ 330,531)	($ 166,369)	($ 496,900)
Segment income (loss), including the following			
Depreciation expense	$ 10,577	$ 36,641	$ 47,218
Amortisation expense	$ 8,909	$ 7,673	$ 16,582
Interest income	$ 9,070	$ 1,218	$ 10,288
Income tax expense	($ 59,083)	$ 1,298	($ 57,785)

Year 2021：

	Medical Device Development Department	Medical Device Components Manufacturing and Sales Department	Total
Revenue from external customers	$ 68,957	$ 230,867	$ 299,824
Inter-segment revenue	-	-	-
Operating revenue	$ 68,957	$ 230,867	$ 299,824
Segment income (loss)	($ 586,364)	$ 2,617,810	$ 2,031,446
Segment income (loss), including the following			
Depreciation expense	$ 21,926	$ 22,339	$ 44,265
Amortisation expense	$ 2,720	$ 7,011	$ 9,731
Interest income	$ 6,117	$ 747	$ 6,864
Income tax expense	$ 72,457	$ 16,408	$ 88,865

Description of the adjustment for the fiscal year 2021:

The profit or loss from the discontinued operations is adjusted to the gains on discontinued operation, which are all related to medical device components manufacturing and sales

department.

(4) Information on products and services

Revenue from external customers is mainly from the research and development services and the manufacturing and sale of medical device components.

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ -	$ 155,386	$ -	$ 75,791
US	298,317	365,878	299,824	57,474
	298,317	$ 521,264	299,824	$ 133,265
Less: Operating revenue from discontinued operation	-		(230,867)	
Total	$ 298,317		$ 68,957	

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	Revenue	Revenue
B	$ 209,537	$ 65,972

MEDEON BIODESIGN, INC.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Medimaging Integrated Solution Inc.	None	Current financial assets at fair value through profit or loss	100,000	$ 7,160	0.30	$ 7,160	
The Company's subsidiary	Star Victoria Limited	None	Current financial assets at fair value through profit or loss	714	30,710	1.43	30,710	

MEDEON BIODESIGN, INC.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Medeologix, Inc.	Second Source Medical LLC	Investments accounted for using equity method	Not applicable	Second - tier subsidiary	-	$ -	-	$ 227,847	-	$ -	$ -	$ -	-	$ 184,725

NOTE：For the investment in this period.

MEDEON BIODESIGN, INC.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Medeon Biodesign, Inc.	Medeon International, Inc.	1	Other payables- related parties	$ 6,854	Agreed by both parties	0.17
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other Revenue	13,678	Agreed by both parties	4.59
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other receviable- related parties	2,931	Agreed by both parties	0.07
0	Medeon Biodesign, Inc.	Medeologix, Inc.	1	Other Revenue	4,500	Agreed by both parties	1.51
0	Medeon Biodesign, Inc.	Medeologix, Inc.	1	Other receviable- related parties	4,725	Agreed by both parties	0.12
0	Medeon Biodesign, Inc.	Aquedeon Mediacal, Inc.	1	Other Revenue	1,224	Agreed by both parties	0.41
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Other payables- related parties	18,426	Agreed by both parties	0.46
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Operating Expense	18,426	Agreed by both parties	6.18
1	MedeonBio, Inc.	Prodeon Medical Corporation	3	Other Revenue	14,683	Agreed by both parties	4.92
1	MedeonBio, Inc.	Aquedeon Mediacal, Inc.	3	Other Revenue	29,240	Agreed by both parties	9.80
1	MedeonBio, Inc.	Aquedeon Mediacal, Inc.	3	Accounts receviable- related parties	2,709	Agreed by both parties	0.07
1	MedeonBio, Inc.	Prodeon Medical, Inc.	3	Other Revenue	19,498	Agreed by both parties	6.54
1	MedeonBio, Inc.	Prodeon Medical, Inc.	3	Operating Expense	360	Agreed by both parties	0.12
1	MedeonBio, Inc.	Second Source Medical LLC	3	Accounts receviable- related parties	2,068	Agreed by both parties	0.05
1	MedeonBio, Inc.	Second Source Medical LLC	3	Other Revenue	8,985	Agreed by both parties	3.01
1	MedeonBio, Inc.	Second Source Medical LLC	3	Operating Cost	170	Agreed by both parties	0.06
1	MedeonBio, Inc.	Second Source Medical LLC	3	Operating Expense	349	Agreed by both parties	0.12
3	Prodeon Medical Corporation	Prodeon Medical Inc.	3	Operating Expense	207,016	Agreed by both parties	69.39
3	Prodeon Medical Corporation	Prodeon Medical Inc.	3	Other payables- related parties	52,295	Agreed by both parties	1.29
6	Second Source Medical LLC	MediBalloon, Inc.	3	Accounts receviable- related parties	126	Agreed by both parties	0.00
6	Second Source Medical LLC	MediBalloon, Inc.	3	Other Revenue	399	Agreed by both parties	0.13

NOTE1： The above transactions between the Company and its subsidiaries and those between the subsidiaries have been wrote-off in the consolidated financial reports.

NOTE2： The numbers for the company in respect of inter-company transactions are as follows：

Medeon Biodesign, Inc.：0

MedeonBio, Inc.：1

Medeon International, Inc.：2

Prodeon Medical Corporation：3

Aquedeon Mediacal, Inc.：4

Prodeon Medical Inc.：5

Second Source Medical LLC：6

MediBalloon, Inc.：7

NOTE3： Relationship between transaction company and counterparty is classified into the following three categories：

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

MEDEON BIODESIGN, INC.

Information on investees

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31,2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Medeon Biodesign, Inc.	Delta Asia International	Taiwan (R.O.C)	Manufacturing and sales of medical device components	$ 149,726	$ 149,726	7,206,777	27.84	$ 1,876,293	$ 171,298	$ 47,689	
Medeon Biodesign, Inc.	Prodeon Medical Corporation	Taiwan (R.O.C)	Manufacturing and development of medical devices	967,658	572,858	16,848,500	85.05	167,514	(283,455)	(237,854)	NOTE4
Medeon Biodesign, Inc.	Yi Chuang Biodesign, Inc.	Taiwan (R.O.C)	Sales of medical devices	100	100	10,000	100.00	74	-	-	
Medeon Biodesign, Inc.	Medeologix, Inc.	Taiwan (R.O.C)	Manufacturing and sales of medical device components	600,000	140,000	30,614,174	94.49	445,680	(152,603)	(144,779)	
Medeon Biodesign, Inc.	MedeonBio, Inc.	US	Manufacturing and development of medical devices	-	159,912	2,900,000	-	-	(25,079)	(25,079)	
Medeon Biodesign, Inc.	Medeon International, Inc.	Samoa	Equity investment and commerce of medical devices	675,539	645,917	22,939,999	100.00	41,044	(147,043)	(147,043)	
Medeon International, Inc.	Panther Orphopedics, Inc.	US	Manufacturing and development of medical devices	166,080	166,080	3,833,333	-	-	(15,857)	(10,791)	NOTE1,6
Medeon International, Inc.	Aquedeon Mediacal, Inc.	US	Manufacturing and development of medical devices	375,341	375,341	6,800,000	97.14	3,098	(118,267)	(114,885)	NOTE2.3
Prodeon Medical Corporation	Prodeon Medical, Inc.	US	Manufacturing and development of medical devices	84,270	84,270	3,000	100.00	67,284	(26,511)	(26,511)	
Medeologix, Inc.	MediBalloon, Inc.	US	Manufacturing and sales of medical device components	141,059	83,159	13,500,000	100.00	101,491	(48,272)	(48,272)	NOTE5
Medeologix, Inc.	MedeonBio, Inc.	US	Manufacturing and development of medical devices	99,509	-	2,900,000	100.00	71,101	(18,345)	(18,345)	
Medeologix, Inc.	Second Soure Medical, LLC	US	Manufacturing and sales of medical device components	227,847	-	-	100.00	184,725	(48,709)	(48,709)	

Note 1：It is originally 5,999,999 US dollars.
Note 2：It is originally 13.56 million US dollars.
Note 3：Preferred stock.
Note 4：Preferred stock in the amount of 8,615,000 shares is included.
Note 5：Preferred stock in the amount of 2,500,000 shares is included.
Note 6：Panther Orthopedics, Inc. was dissolved and liquidated in December 2022, and its intangible assets were inherited by Medeon International, Inc.。

MEDEON BIODESIGN, INC.

Major shareholders information

December 31,2022

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Center Laboratories, Inc	26,102,187	29.71
Medeon, Inc. (US)	9,953,317	11.33

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medeon Biodesign, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Medeon Biodesign, Inc. as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Medeon Biodesign, Inc. as at December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Medeon Biodesign, Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 of the current period. 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, we do not provide a separate opinion on these matters.

Key audit matters for Medeon Biodesign, Inc.'s 2022 parent company only financial statements of the current period are stated as follows:

Significant equity transaction

Description

For a description of the accounting policy for investments accounted for using equity method, please refer to Note 4(11); and for the information of investments accounted for using equity method, please refer to Note 6(5).

As described in Note 6(5), the Company's subsidiary, Medeologix, Inc., acquired a 100% equity interest in Second Source Medical LLC for a consideration of USD 7,878,512 on April 8, 2022. The aforementioned equity transaction of Second Source Medical LLC was accounted for in accordance with IFRS 3, "Business Combination". As the measurement of the fair value of identifiable intangible assets arising from the equity transaction are based on management's estimation and prospects for the future operations of Second Source Medical LLC, which involved management's subjective judgement and significant estimation and the measurement results might be material to the financial statements, we consider the acquisition of equity transaction as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Interviewed management to understand the purpose of the equity transaction, assessed the process and the method of determination of the consideration, and reviewed the minutes of the Board of Directors' meetings and the equity transaction agreement to confirm that the relevant resolutions are consistent with the contents of the equity transaction agreement.
B. Assessed the competence and objectivity of the external appraisal expert appointed by the management and reviewed the original documentation and the reasonableness of the assumptions of the recognition and measurement of identifiable assets stated in the acquisition price allocation report made by the independent appraisal expert. The procedures performed by the auditors and the internal appraisal experts used by the auditors are as follows:
   (a) Reviewed the valuation methods and calculation formula settings used by appraisal expert.
   (b) Reviewed the expected growth rates and gross margin to compared with the historical data.
   (c) Reviewed the discount rate to compare with the similar return on assets in the market.
   (d) Assessed the measurements of the useful lives of identified intangible assets.

C. Reviewed the accounting treatments of the transaction and the presentation and disclosure of the financial statements.
D. Reviewed the bank statement and confirmed consideration of the acquisition has been paid.

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 Medeon Biodesign, Inc.'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 Medeon Biodesign, Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Medeon Biodesign, Inc.'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 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 Medeon Biodesign, Inc.'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 Medeon Biodesign, Inc.'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 Group 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 appropriate audit evidence regarding the financial information of the entities or business activities within Medeon Biodesign, Inc. to express an opinion on the parent company only 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 parent company only financial statements of the current period 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.

Chou, Hsiao-Tzu Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 146,945	4	$ 362,255	9
1110	Current financial assets at fair value through profit or loss	6(2)	7,160	-	6,479	-
1136	Current financial assets at amortised cost	6(3)	1,015,670	27	1,568,900	37
1170	Accounts receivable, net	6(4) and 12(2)	8,775	1	7,823	-
1200	Other receivables		4,397	-	2,255	-
1210	Other receivables - related parties	7	7,656	-	7,577	-
1220	Current tax assets		-	-	629	-
1410	Prepayments		1,875	-	1,050	-
11XX	**Current Assets**		1,192,478	32	1,956,968	46
	Non-current assets					
1550	Investments accounted for using equity method	6(5)	2,530,605	68	2,296,876	54
1600	Property, plant and equipment	6(6)	1,262	-	2,447	-
1755	Right-of-use assets	6(7)	7,076	-	11,801	-
1780	Intangible assets	6(8)	1,311	-	3,180	-
1920	Guarantee deposits paid		1,990	-	1,985	-
15XX	**Non-current assets**		2,542,244	68	2,316,289	54
1XXX	**Total assets**		$ 3,734,722	100	$ 4,273,257	100

(Continued)

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(15)	$ -	-	$ -	-
2200	Other payables		47,492	1	54,643	1
2220	Other payables - related parties	7	25,280	1	9,464	-
2230	Current tax liabilities		56,776	2	66,740	2
2280	Current lease liabilities		5,945	-	6,720	-
2300	Other current liabilities		574	-	203	-
21XX	**Current Liabilities**		136,067	4	137,770	3
2580	Non-current lease liabilities		1,213	-	5,154	-
25XX	**Non-current liabilities**		1,213	-	5,154	-
2XXX	**Total Liabilities**		137,280	4	142,924	3
	Equity					
	Share capital	6(11)				
3110	Share capital - common stock		878,401	23	732,341	17
	Capital surplus	6(12)				
3200	Capital surplus		1,343,813	36	1,349,260	31
	Retained earnings	6(13)				
3310	Legal reserve		207,182	6	-	-
3320	Special reserve		12,489	-	-	-
3350	Unappropriated retained earnings		1,135,220	30	2,071,824	49
	Other equity interest	6(14)				
3400	Other equity interest		30,940	1	(12,489)	-
3500	Treasury shares	6(11)	(10,603)	-	(10,603)	-
3XXX	**Total equity**		3,597,442	96	4,130,333	97
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 3,734,722	100	$ 4,273,257	100

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings(loss) per share)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(15)	$ 209,537	100	$ 65,972	100
5000	Operating costs	6(16)(17) and 7	(26,831)	(13)	(42,299)	(64)
5900	Net operating margin		182,706	87	23,673	36
	Operating expenses	6(16)(17) and 7				
6100	Selling expenses		(6,957)	(3)	(25,229)	(38)
6200	General and administrative expenses		(57,726)	(28)	(47,883)	(73)
6300	Research and development expenses		(38,345)	(18)	(69,285)	(105)
6000	Total operating expenses		(103,028)	(49)	(142,397)	(216)
6900	Operating profit (loss)		79,678	38	(118,724)	(180)
	Non-operating income and expenses					
7100	Interest income	6(18)	8,694	4	5,973	9
7010	Other income	6(19) and 7	19,562	9	44,872	68
7020	Other gains and losses	6(2)(5)(20)	22,490	11	2,502,098	3792
7050	Finance costs	6(7)	(171)	-	(163)	-
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(5)	(507,066)	(242)	(289,124)	(438)
7000	Total non-operating income and expenses		(456,491)	(218)	2,263,656	3431
7900	**Profit (loss) before income tax**		(376,813)	(180)	2,144,932	3251
7950	Income tax expense	6(21)	(56,945)	(27)	(66,740)	(101)
8200	**Profit (loss) for the year**		($ 433,758)	(207)	$ 2,078,192	3150
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive loss, before tax, exchange differences on translation		$ 43,429	21	($ 5,808)	(9)
8500	**Total comprehensive income(loss) for the year**		($ 390,329)	(186)	$ 2,072,384	3141
	Basic earnings(loss) per share	6(22)				
9750	Total basic earnings(loss) per share		($ 4.95)		$ 23.78	
9850	Total diluted earnings(loss) per share		($ 4.95)		$ 23.70	

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus						Retained Earnings					
	Notes	Common stock	Additional paid-in capital	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Treasury shares	Total equity
2021														
Balance at January 1, 2021		$ 665,032	$ 1,630,906	$ -	$ 5,900	$ 290,247	$ -	$ 6,028	$ -	$ -	($ 525,912)	($ 6,681)	($ 20,478)	$ 2,045,042
Profit for the year		-	-	-	-	-	-	-	-	-	2,078,192	-	-	2,078,192
Other comprehensive loss for the year	6(14)	-	-	-	-	-	-	-	-	-	-	(5,808)	-	(5,808)
Total comprehensive income(loss)		-	-	-	-	-	-	-	-	-	2,078,192	(5,808)	-	2,072,384
Capital surplus used to offset accumulated deficit	6(12)	-	(235,665)	-	-	(290,247)	-	-	-	-	525,912	-	-	-
Capital surplus transferred to capital	6(12)	66,159	(66,159)	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	6(10)	-	2,010	5,602	-	-	-	(2,010)	-	-	-	-	-	5,602
Changes in ownership interests in subsidiaries		-	-	-	(65,253)	-	-	-	-	-	(5,438)	-	-	(70,691)
Disposal of investments accounted for using equity method		-	-	-	67,901	-	-	-	-	-	-	-	-	67,901
Exercise of employee stock options	6(10)	1,150	612	-	-	-	-	(612)	-	-	-	-	-	1,150
Treasury shares reissued to employees		-	-	-	-	-	-	-	-	-	(930)	-	9,875	8,945
Balance at December 31, 2021		$ 732,341	$ 1,331,704	$ 5,602	$ 8,548	$ -	$ -	$ 3,406	$ -	$ -	$ 2,071,824	($ 12,489)	($ 10,603)	$ 4,130,333
2022														
Balance at January 1, 2022		$ 732,341	$ 1,331,704	$ 5,602	$ 8,548	$ -	$ -	$ 3,406	$ -	$ -	$ 2,071,824	($ 12,489)	($ 10,603)	$ 4,130,333
Loss for the year		-	-	-	-	-	-	-	-	-	(433,758)	-	-	(433,758)
Other comprehensive income for the year	6(14)	-	-	-	-	-	-	-	-	-	-	43,429	-	43,429
Total comprehensive income(loss)		-	-	-	-	-	-	-	-	-	(433,758)	43,429	-	(390,329)
Appropriation and distribution of retained earnings														
Stock dividends of ordinary share		146,060	-	-	-	-	-	-	-	-	(146,060)	-	-	-
Cash dividends of ordinary share	6(13)	-	-	-	-	-	-	-	-	-	(73,030)	-	-	(73,030)
Legal reserve	6(13)	-	-	-	-	-	-	-	207,182	-	(207,182)	-	-	-
Special reserve	6(13)	-	-	-	-	-	-	-	-	12,489	(12,489)	-	-	-
Share-based payments	6(10)	-	-	-	-	-	3,101	-	-	-	-	-	-	3,101
Changes in ownership interests in subsidiaries		-	-	-	(8,548)	-	-	-	-	-	(64,085)	-	-	(72,633)
Balance at December 31, 2022		$ 878,401	$ 1,331,704	$ 5,602	$ -	$ -	$ 3,101	$ 3,406	$ 207,182	$ 12,489	$ 1,135,220	$ 30,940	($ 10,603)	$ 3,597,442

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 376,813)	$ 2,144,932
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(10)	-	5,602
Depreciation expense(including right-of-use assets)	6(6)(7)(16)	8,748	9,131
Amortization expense	6(8)(16)	1,869	2,004
Revaluation gains on current financial assets measured at fair value through profit or loss	6(2)(20)	(681)	(2,479)
Interest expense	6(7)	171	163
Dividend income		(160)	-
Interest income	6(18)	(8,694)	(5,973)
Gain on disposal of investments	6(20)	-	(2,504,096)
Share of loss of associates and joint ventures accounted for using equity method	6(5)	507,066	289,124
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(952)	71,060
Other accounts receivable		96	668
Other receivables - related parties		(79)	(7,126)
Prepayments		(825)	2,072
Changes in operating liabilities			
Current contract liabilities		-	(2,494)
Other payables		(6,788)	27,174
Other payables to related parties		15,815	(10,557)
Other current liabilities		8	(50)
Cash inflow generated from operations		138,781	19,155
Interest received		6,456	5,887
Interest paid	6(7)	(170)	(163)
Income taxes refund (paid)		(66,280)	1,363
Net cash flows from operating activities		78,787	26,242
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of current financial assets at fair value through profit or loss		-	(4,000)
Proceeds from disposal (acquisition) of financial assets at amortised cost		553,230	(510,822)
Acquisition of investments accounted for using equity method		(884,423)	(671,370)
Dividends received		18,177	55,428
Proceeds from disposal of investment using equity method		99,508	1,413,784
Acquisition of property, plant and equipment	6(6)(23)	(444)	(89)
Acquisition of intangible assets	6(8)	-	(165)
Increase in guarantee deposits paid		(5)	-
Net cash flows (used in) from investing activities		(213,957)	282,766
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(7)(24)	(7,110)	(7,107)
Exercise of employee share options	6(10)	-	1,150
Treasury shares reissued to employees		-	8,945
Cash dividends paid	6(13)	(73,030)	-
Net cash flows (used in) from financing activities		(80,140)	2,988
Net (decrease) increase in cash and cash equivalents		(215,310)	311,996
Cash and cash equivalents at beginning of year		362,255	50,259
Cash and cash equivalents at end of year		$ 146,945	$ 362,255

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

MEDEON BIODESIGN, INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medeon Biodesign, Inc. (the "Company") was incorporated and approved by the Ministry of Economic Affairs, R.O.C. on December 22, 2012. The Company is primarily engaged in the research and development, and marketing and sales of minimally invasive medical devices. The shares of the Company have been trading on the Taipei Exchange since July, 2016.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and become effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
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

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

Financial assets at fair value through profit or loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Investments accounted for using equity method/subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

C. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

D. The Company's share of its subsidiary and associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise

losses proportionate to its ownership; When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

E. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the nonconsolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the nonconsolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Research and development equipment	3 years
Office equipment	3~ 5 years
Leasehold improvements	3~ 5 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Intangible assets, mainly patent and computer software are amortized on a straight-line basis over its economic benefit period of 3~8 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(17) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(18) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(19) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(20) Revenue recognition

A. Revenue from sale of intellectual property and revenue from contract research and development services.

The Company entered into the contract with the customer to sell the Company's certain intellectual property and to provide follow-up contract research and development services to the customer. The Company has determined that the sale of its intellectual property and follow-up contract research services are distinguishable. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The possibility of a variable price contained in the contract resulting in revenue to be written off may be significant when the uncertainty between the expected and variable price is eliminated. In this case, variable price is included in the contract. Revenue recognition is based on the different types of revenue is as follows:

(a) Revenue from sale of intellectual property

The Company entered into the contract with the customer to sale the Company's intellectual property to the customer. The Company recognises the revenue when the intellectual property is transferred to a customer at a point in time.

(b) Revenue from contract research and development services

The Company provided services related to contract research and development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on a ratio of the actual costs spent relative to the total expected costs. Under the circumstances that the Company lacks reliable information in the application of the appropriate method of measuring completion, the Company could estimate the collectible completed cost obligated, it then becomes possible for the Company to recognise revenue in the range of completed cost before the outcome of reasonable obligation. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Company's estimates on revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

B. Sales of goods

(a) The Company manufactures and sells medical devices. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(21) Business combinations

A. The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values

at the acquisition date. For each business combination, the Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 50	$ 50
Demand deposits	146,895	362,205
Time deposits	-	-
	$ 146,945	$ 362,255

(2) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stock	$ 4,000	$ 4,000
Valuation adjustment	3,160	2,479
	$ 7,160	$ 6,479

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2022	2021
Financial assets mandatorily measured as at fair value through profit or loss		
Equity instruments	$ 841	$ 2,479

B. There are no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Current financial assets at amortised cost

	December 31, 2022	December 31, 2021
Time deposits maturing in excess of three months	$ 1,015,670	$ 1,568,900

A. There are no time deposits pledged to others as collateral.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 8,775	$ 7,823
Less: Allowance for bad debts	-	-
	$ 8,775	$ 7,823

A. The ageing analysis of accounts receivable that was past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 8,775	$ 2,280
Up to 30 days	-	2,511
31 to 90 days	-	3,032
91 to 180 days	-	-
	$ 8,775	$ 7,823

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable was all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $78,883.

C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

D. The Company does not hold any collateral as security.

E. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $8,775 and $7,823, respectively.

(5) Investments accounted for using equity method

A. Long-term equity investment is as follows:

Investee	December 31, 2022	December 31, 2021
Delta Asia International Corporation	$ 1,876,293	$ 1,846,621
Medeon International, Inc.	41,044	143,553
Medeologix, Inc.	445,680	139,711
MedeonBio, Inc.	-	105,317
Prodeon Medical Corporation	167,514	61,600
Yi Chuang Biodesign, Inc.	74	74
	$ 2,530,605	$ 2,296,876

B. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2022.

C. The Company increased the capital of Medeon International, Inc. through a cash investment during 2021 and in April 2022, amounting to USD 6,999,999 and USD 1,030,000, respectively.

D. The Company's subsidiary, Prodeon Medical Corporation issued 3,685,000 shares of Series A preferred stock for cash in September 2021. Offered shares are fully subscribed by the Company at the total consideration of $280,060, and increased its shareholding to approximately 80.1%. Subsequently, Prodeon Medical Corporation issued 4,935,000 shares of Series B preferred stock for cash in March 2022. Offered shares are fully held by the Company at the total consideration of $394,800, and increased its shareholding to approximately 85.05%. Also, the amendment of registration has been completed.

E. The Company sold a portion of equity investment in Delta Asia International Corporation in March 2021, totaling $86,135, and reducing its shareholding to approximately 50.75%; and sold a portion of equity investment in Delta Asia International Corporation in June 2021, reducing its shareholding to approximately 33.40%, and lost control over Delta Asia International Corporation. The sale price was $1,016,809. Fair value of remaining investment accounted for using equity method, a gain on partial disposal of subsidiary and a gain of valuation of $2,192,873, $700,128, and $1,859,045 respectively, were measured based on the market price at the disposal date. The gains were recognized in "other gains and losses on income statement". Details of the discontinued operation of the investee are provided in Note 6(10) in the Company's consolidated financial

statements for the year ended December 31, 2021. Upon the completion of the above transaction, the Company sold a portion of equity investment of Delta Asia International Corporation in July 2021, totaling $310,838, and reduced its shareholding to approximately 27.84%.

F. The Company increased the capital in MedeonBio, Inc. through a cash investment in March 2021, amounting to USD 2,000,000. Offered shares are fully subscribed by the Company. The Company sold its shares of subsidiary, MedeonBio, Inc., for USD 3,334,757.19 to another subsidiary, Medeologix, Inc., in May 2022.

G. The Company acquired 80% of the equity interests in Medeologix, Inc. ("Medeologix") on December 9, 2021, totaling $140,000, and obtained control over Medeologix, Inc. Details of the business combination are provided in Note 6(26) in the Company's consolidated financial statements for the year ended December 31, 2022. Additionally, in April 2022, the Company increased the capital in Medeologix amounting to $460,000, and the Company's shareholding increased to approximately 94.49%.

H. The Company's subsidiary, Medeologix, Inc. acquired a 100% equity interest in Second Source Medical LLC for a consideration of USD 7,878,512 on April 8, 2022. The aforementioned transaction was accounted for in accordance with IFRS 3, "Business Combination". Refer to Note 6(26) of the Company's consolidated financial statements as of and for the year ended December 31, 2022 for further information.

(6) Property, plant and equipment

	2022			
	Research and development equipment	Office equipment	Leasehold improvements	Total
At January 1				
Cost	$ 13,385	$ 6,105	$ 6,430	$ 25,920
Accumulated depreciation	(11,327)	(5,716)	(6,430)	(23,473)
	$ 2,058	$ 389	$ -	$ 2,447
Opening net book amount as at January 1	$ 2,058	$ 389	$ -	$ 2,447
Additions	-	284	160	444
Depreciation charge	(1,388)	(223)	(18)	(1,629)
Closing net book amount as at December 31	$ 670	$ 450	$ 142	$ 1,262
At December 31				
Cost	$ 13,385	$ 6,389	$ 6,591	$ 26,365
Accumulated depreciation	(12,715)	(5,939)	(6,449)	(25,103)
	$ 670	$ 450	$ 142	$ 1,262

	2021			
	Research and development equipment	Office equipment	Leasehold improvements	Total
At January 1				
Cost	$ 13,607	$ 6,105	$ 6,430	$ 26,142
Accumulated depreciation	(9,691)	(5,552)	(6,430)	(21,673)
	$ 3,916	$ 553	$ -	$ 4,469
Opening net book amount as at January 1	$ 3,916	$ 553	$ -	$ 4,469
Depreciation charge	(1,858)	(164)	-	(2,022)
Closing net book amount as at December 31	$ 2,058	$ 389	$ -	$ 2,447
At December 31				
Cost	$ 13,385	$ 6,105	$ 6,430	$ 25,920
Accumulated depreciation	(11,327)	(5,716)	(6,430)	(23,473)
	$ 2,058	$ 389	$ -	$ 2,447

A. The aforementioned plants were all for its own use.

B. There are no property, plant and equipment that were pledged to others as collaterals.

(7) Leasing arrangements－lessee

A. The Company leases assets including buildings and land. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings and land	$ 7,076	$ 11,801
	Year ended December 31, 2022	Year ended December 31, 2021
Buildings and land	Depreciation charge	Depreciation charge
	$ 7,119	$ 7,109

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $2,394 and $6,877, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 171	$ 163

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $7,281 and $7,107, respectively.

(8) Intangible assets

	2022		
	Patent	Software	Total
At January 1			
Cost	$ 12,707	$ 1,404	$ 14,111
Accumulated amortisation	(10,003)	(928)	(10,931)
	$ 2,704	$ 476	$ 3,180
Opening net book amount as at January 1	$ 2,704	$ 476	$ 3,180
Amortisation charge	(1,622)	(247)	(1,869)
Closing net book amount as at December 31	$ 1,082	$ 229	$ 1,311
At December 31			
Cost	$ 12,707	$ 1,404	$ 14,111
Accumulated amortisation	(11,625)	(1,175)	(12,800)
	$ 1,082	$ 229	$ 1,311

	2021		
	Patent	Software	Total
At January 1			
Cost	$ 12,707	$ 4,225	$ 16,932
Accumulated amortisation	(8,381)	(3,532)	(11,913)
	$ 4,326	$ 693	$ 5,019
Opening net book amount as at January 1	$ 4,326	$ 693	$ 5,019
Additions	-	165	165
Amortisation charge	(1,622)	(382)	(2,004)
Closing net book amount as at December 31	$ 2,704	$ 476	$ 3,180
At December 31			
Cost	$ 12,707	$ 1,404	$ 14,111
Accumulated amortisation	(10,003)	(928)	(10,931)
	$ 2,704	$ 476	$ 3,180

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Operating costs	$ 178	$ 219
Selling expenses	7	18
Administrative expenses	31	70
Research and development expenses	1,653	1,697
Total	$ 1,869	$ 2,004

A. Patent is comprised of the related patents and professional technologies of developing minimally invasive medical devices.

B. With the aim of better management of intellectual property, the Company centralized resources on research and development of related projects to speed up commercialization and afterward asset sale in November 2015. Medeon Biosurgical, Inc. (the "MBS" Company, and the liquidation was completed on June 30, 2016), a second-tier subsidiary of the Company, transfers the technology of ClickClean^{TM}and Abclose^{TM}, etc. Based on a tripartite agreement with the MBS Company, Shendder, Inc. (the "Shendder" Company), and Medeon International, Inc. (the "MBI" Company). The patent rights, which owned by the MBS Company, was transferred to the shareholders, Shendder Company and MBI Company who owned approximately 42.99% and 57.01% of the shareholdings respectively, based on the equity ratio. The transfer prices are USD168,293 and USD223,178 respectively. Meanwhile, Shendder Company and MBI Company transferred the patent rights to the Company based on the cost of acquisition. The Company shall pay immediately following the date of the sale of patent rights.

C. The asset purchase agreement between Shendder Company and the Company states that if the licensing price of research and development results exceeds the transfer price, the Company should allocate 42.99 % of the profit to Shendder Company.

D. For the year ended at December 31, 2022, there was no payment to be allocated to Shendder Company and MBI Company.

(9) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were $2,363 and $2,990, respectively.

(10) Share-based payment

A. The Company issues employee stock options to full-time employees by issuing new stock. The main content is as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Estimated resign rate	Vesting conditions
Employee stock options	2013.9.27 and 2014.8.13	2,570,000	10 years	21.0%~36.8%	Note
Employee stock options	2014.8.13	260,000	10 years	6.1%~11.6%	Note
Employee stock options	2014.11.18	820,000	10 years	6%~12%	Note
Employee stock options	2015.6.8	642,000	10 years	11.6%~23.3%	Note
Employee stock options	2015.11.3	538,000	10 years	29.5%~59.1%	Note
Treasury stock reissued to employees	2021.8.30	110,000	NA	NA	Vested immediately
Treasury stock reissued to employees	2021.12.15	80,000	NA	NA	Vested immediately

Note: When employee stock options have expired two years, stock options can be exercised based on the following schedule:

Accumulated ratio stock options that can be exercised

Expired 2 years 50%

Expired 3 years 75%

Expired 4 years 100%

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options	Weighted-average exercise price (NTD)	No. of options	Weighted-average exercise price (NTD)
Options outstanding at January 1	319,500	$ 10~175	619,500	$ 10~175
Options forfeited	-	10~144	(185,000)	10~175
Options exercised	-	10~144	(115,000)	10~175
Options outstanding at December 31	319,500	10~144	319,500	10~175
Options exercisable at December 31	319,500	10~144	319,500	10~175

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (NTD)	No. of shares (in thousands)	Exercise price (NTD)
2013.9.27	2023.9.27	-	$ 10	-	$ 10
2013.9.27	2024.8.13	-	10	-	10
2014.8.13	2024.8.13	13	10	13	10
2014.11.18	2024.11.18	10	10	10	10
2015.6.8	2025.6.8	227	126	227	154
2015.11.3	2025.11.3	70	144	70	175

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	Stock price (NTD)	Expected price volatility	Option life	Expected dividends rate	Risk-free interest rate	Fair value per unit (NTD)
2013.9.27	$ 10	39.93% ~ 41.53%	7 years	0%	0.78% ~ 1.66%	$ 2~2.29
2014.8.13 ~ 11.18	$ 10	39.75% ~ 40.67%	6~7 years	0%	1.37% ~ 1.48%	$ 5.55~7.07
2015.6.8	$ 204	34.75% ~ 42.35%	6~7 years	0%	1.26% ~ 1.39%	$ 10.15~13.28
2015.11.3	$ 222	44.25% ~ 45.22%	6~7 years	0%	1.01% ~ 1.09%	$ 34.14~ 40.26

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2022	Year ended December 31, 2021
Equity-settled	$ -	$ 5,602

(11) Share capital/Treasury shares

A. As of December 31, 2022, the Company's authorised capital was $1,000,000, consisting of 100,000,000 shares of ordinary stock, and the paid-in capital was $878,401 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	No. of shares	No. of shares
At January 1	73,030,074	66,109,159
Stock dividends of ordinary share	14,606,015	-
Capital surplus transferred to capital	-	6,615,915
Treasury stock reissued to employees	-	190,000
Employee stock options exercised	-	115,000
Purchase of treasury shares	-	-
At December 31	87,636,089	73,030,074

B. In 2022 and 2021, the separate amount recollected due to the exercised employee stock options by the Company is $0 and $1,150, respectively.

C. Treasury Shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2021		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount	Number of shares	Carrying amount
The Company	To be reissued to employees	204,000	$ 10,603	204,000	$ 10,603

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(12) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The Company approved the proposal of loss off-setting by the shareholders' meeting on July 16, 2021 to cover accumulated deficit by capital surplus of $525,912. The amendment of registration had been completed.

C. As of July 16, 2021, the capital surplus of $66,159 and capital increase by retained earnings through the issuance of 6,615,915 of new shares with a par value of NTD 10 were approved at the shareholders' meeting. The above capital increase had been approved by the Financial Supervisory Commission and registered.

(13) Retained earnings(Accumulated deficit)

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. There is no need for such action if legal reserve meets paid-in capital, it then distributes or rotates legal reserve based on the law. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders.

The dividend distribution policy of the Company reported to shareholders' meeting annually by the Board of Directors is based not only on the current and future investing environment, funds needed, domestic and foreign competition, and the situation of capital, but on the interest of shareholders, balanced dividend and the long-term plans for the Company. The category and ratio of the dividend from the dividend policy may be adjusted by the shareholders based on the actual profit and the situation of available funds of the year. The only restriction is that the total amount of dividend distributed must not be lower than 10 percent of the year's distributable dividend and the ratio of cash dividend distributed must not be lower than 10 percent of the total dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. The distribution of earnings in respect of the year ended 31 December 2021 was proposed by the shareholders meeting on June 20, 2022 as follows:

	2021	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 207,182	
Special reserve	12,489	
Cash dividends	73,030	$ 1.00
Stock dividends	146,060	$ 2.00

The abovementioned distribution of 2021 earnings were in agreement with those amounts proposed by the Board of Directors on March 24, 2022.

(14) Other equity items

	2022	2021
	Currency translation	Currency translation
At January 1	($ 12,489)	($ 6,681)
Currency translation differences:		
–Group	43,429	(5,808)
At December 31	$ 30,940	($ 12,489)

(15) Operating revenue

	Year ended December 31,	
	2022	2021
Revenue from research and development services	$ 209,537	$ 65,972

A. The Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system ("IVC-C01") with Terumo Medical Corporation ("Terumo") on March 2, 2018. According to the agreements, the Company continues to provide services including product development, clinical studies, regulatory affairs, and product supply after the transaction.

The total transaction price of the aforementioned agreements is USD 50 million, consisting of the upfront cash payment of USD 20 million which is fully paid upon closing, and the additional milestone payment up to USD 30 million. The milestone payment will be paid upon achieving the following milestones: (a) completing next-generation product design verification before the end of March 2020 for USD 5 million; (b) obtaining U.S. FDA premarket approval (PMA approval) for the current generation product before the end of June 2021 for USD 10 million; (c) obtaining U.S. FDA PMA approval for the next-generation product before the end of June 2022 for USD 15 million.

Terumo is responsible for all product development costs (including regulatory and clinical related costs), except Terumo and the Company are responsible for its own respective design and development costs for the next-generation product. As agreed by both parties, if any design changes of the next-generation product lead to additional clinical studies requested by the U.S. FDA, the related costs shall be borne by the Company.

Considering the external factors and product development timeline, both parties agreed to revise the agreements accordingly and executed the Amendment in August 2020.

Consistent with the overall milestone payments of USD 30 million in the original agreements, each milestone and timeline has been adjusted as follows: (a) completing engineering verification and technology transfer of the next-generation product before the end of December 2020 for USD 2.5 million (already obtained); completing design verification of the next-generation product before the end of June 2022 for USD 1 million; (b)(i) completing FDA cGMP audit before the end of June 2021 for USD 2 million; (ii)obtaining U.S. FDA PMA approval for the product before the end of December 2021 for USD 6.5 million; (c) submitting the PMA application for the next-

generation product before December 2022 for USD 3 million; obtaining FDA PMA approval for the next-generation product before the end of December 2023 for USD 7 million; (d) launching the next-generation product before December 2023 for USD 4 million; reaching a sales target of 12,500 and 25,000 units within 3 years from product launch for USD 2 million respectively. Other clauses remain unchanged except for the amendments described above. The Amendment has been approved by the Board of Directors on August 6, 2020.

However, the U.S. FDA might postpone overseas on-site audits due to the impact of the COVID-19 pandemic. Considering both parties have cooperated in good faith to move the project forward and to acknowledge the achievements of the project up to now, both parties agreed to divide the first item of milestone payment (b)(i) in the aforementioned amendment into the following two payments: (i) completing the preparation for the U.S. FDA cGMP audit before the end of June 2021 for USD 1 million (already obtained); (ii) completing the U.S. FDA cGMP on-site audit for USD 1 million (no due date specified). Except for the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 24, 2020.

Under the impact of COVID-19 pandemic, the U.S. FDA continued to postpone overseas on-site audits. Considering both parties have cooperated in good faith to move the project forward and to acknowledge the achievements of the project up to now, both parties agreed to adjust the milestone payment (b)(i)(ii) and (b)(ii) in the aforementioned amendment into two payments according to certain situation and signed the third amendment to asset purchase agreement. The adjustment amendments are as follows: 1.(b)(i)(ii) completing a successful FDA cGMP audit and obtaining PMA Approval for USD 1 million (no due date specified); 2.(b)(ii) obtaining a PMA approvable letter conditioning PMA approval on an FDA site inspection before the end of December 2021 for USD 6.5 million (The US$6.5 million mentioned in b(ii) above has been received in January 2022). Except for the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first and second Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 11, 2021.

B. The representations and warranties provided by the Company to Terumo, under this Agreement, includes:
   (a) The Company is a validly existing legal entity, which is warranted indefinitely. In case of violation, the liability cap of the Company for the breach of this warranty is equal to the transaction price.
   (b) The intellectual property warranty which shall remain in effect until the first anniversary of the FDA PMA approval of the next generation product, but no later than July 2023. The liability cap of the Company for the breach of this warranty is initially $2.5 million and will increase with an amount equal to 37.5% of the total receivable milestone payments.

(c) The warranties, except for (a) and (b), shall become effective from the closing and remain valid for a period of 18 months, and the liability cap of the Company for the breach is initially USD 2.5 million and will increase with an amount equal to 12.5% of the total receivable milestone payments.

The maximum amount of liability for the breach of warranties specified above shall not exceed USD 13.75 million unless any of such losses and damages is arising from intentional breach or fraud.

C. Disaggregation of revenue from contracts with customers

The revenue of the Company can be disaggregated as follows:

2022	Revenue from research and development services
Revenue by region	
United States	$ 209,537
Timing of revenue recognition	
At a point in time	$ 209,537

2021	Revenue from research and development services
Revenue by region	
United States	$ 65,972
Timing of revenue recognition	
At a point in time	$ 65,972

D. Contract liabilities

(a)The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract relating to research and development services	$ -	$ -	$ 2,494

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ -	$ 2,494

(16) Expenses by nature

	2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 14,328	$ 46,100	$ 60,428
Depreciation charges on property, plant and equipment	1,163	466	1,629
Depreciation charges on right-of-use assets	5,521	1,598	7,119
Amortisation charges	178	1,691	1,869

	2021		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 25,252	$ 95,989	$ 121,241
Depreciation charges on property, plant and equipment	1,456	566	2,022
Depreciation charges on right-of-use assets	5,202	1,907	7,109
Amortisation charges	219	1,785	2,004

(17) Employee benefit expense

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	$ 49,287	$ 103,658
Labour and health insurance fees	4,321	4,949
Pension costs	2,363	2,990
Directors' remuneration	2,228	7,273
Other personnel expenses	2,229	2,371
	$ 60,428	$ 121,241

A. In accordance with the Articles of Incorporation of the Company, the distributable profit of the current year, after covering accumulated losses, shall be reserved no less than 1% for employees' compensation and no more than 2% for directors' remuneration.

B. For the year ended December 31, 2021, employees' compensation and directors' remuneration ware accrued at $24,000 and $5,000, respectively. The aforementioned amounts were recognized in salary expenses. For the year ended December 31, 2022, no employees' compensation and directors' remuneration were accrued due to accumulated deficit of the Company.

C. Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Interest income

	Year ended December 31,	
	2022	2021
Interest income from bank deposits	$ 8,694	$ 5,973

(19) Other income

	Year ended December 31,	
	2022	2021
Service income	$ 19,402	$ 44,846
Dividend income	160	-
Other income	-	26
Total	$ 19,562	$ 44,872

Information relating to service income is provided in Note 7(2)C.

(20) Other gains and losses

	Year ended December 31,	
	2022	2021
Gain on disposals of investment	$ -	$ 2,504,096
Gains on financial assets at fair value through profit or loss	681	2,479
Net foreign exchange (losses) and gains	21,809	(4,477)
	$ 22,490	$ 2,502,098

(21) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31, 2022	Year ended December 31, 2021
Current tax:		
Current tax on profits for the year	$ -	$ 66,740
Tax on undistributed surplus earnings	57,037	-
Adjustments in respect of prior years	(92)	-
Income tax expense	$ 56,945	$ 66,740

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2022	2021
Tax calculated based on (loss)profit before tax and statutory tax rate	($ 75,363)	$ 428,986
Effect on income tax expense by tax regulation	63,490	(470,621)
Tax on undistributed surplus earnings	57,037	-
Temporary differences not recognised as deferred tax assets	31,061	27,712
Taxable loss not recognised as deferred tax assets	(19,188)	13,923
Prior year income tax underestimation (overestimation)	(92)	-
Effect from alternative minimum tax	-	66,740
Income tax expense	$ 56,945	$ 66,740

C. As of December 31, 2022, details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

Qualifying items	Year incurred	Total deductible amount	Unused tax credits	Expiry year
Research and development	2013	$ 5,059	$ 5,059	Note
Research and development	2014	6,144	6,144	Note
Research and development	2015	14,475	14,475	Note
Research and development	2016	24,158	24,158	Note
Research and development	2017	29,625	29,625	Note
Research and development	2018	30,369	30,369	Note
		$ 109,830	$ 109,830	

Note: Under the Regulations Governing Application of Investment Tax Credits to the Funds Invested in Research and Development and Personnel Training by a Biotech and New Pharmaceuticals Company, the Company is entitled to the investment tax credits, which can be used to offset against the income tax payable starting from the time when the Company is subject to corporate income tax. Any unused tax credit is available for the following four years.

Due to the uncertainty of its realization, the aforementioned unused research and development deductible is not recognized as deferred tax assets.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 208,621	$ 141,151	$ 141,151	2027
2019	146,059	144,851	144,851	2029
2020	110,811	67,453	67,453	2030
2021	69,615	14,187	14,187	2031
	$ 535,106	$ 367,642	$ 367,642	

E. For the year ended December 31, 2022, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(22) Losses /Earnings per share

	Year ended December 31, 2022		
	Retrospective adjustment		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings (Losses) per share (in dollars)
Basic earnings per share			
Loss attributable to ordinary shareholders of the parent	($ 433,758)	87,636	($ 4.95)

	Year ended December 31, 2021		
	Retrospective adjustment		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings (Losses) per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,078,192	87,383	$ 23.78
Diluted earnings per share			
Profit attributable to shareholders of the parent	$ 2,078,192	87,383	
Assumed conversation of all dilutive potential ordinary shares			
Employees' stock options	-	47	
Employees' compensation	-	265	
Profits attributable to ordinary shareholders plus assumed conversation of all dilutive potential ordinary shares	$ 2,078,192	87,695	$ 23.70

A. When calculating earnings per share of ordinary shares, the effect of distribution of stock dividends was adjusted retroactively. The effective date of distribution of stock dividends was set on August 22, 2022.

B. Due to loss in 2022, potential ordinary stocks are excluded since such stocks are antidilutive. Therefore, it is the same as basic losses per share.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31,	
	2022	2021
Purchase of property, plant and equipment	$ 444	$ -
Add: Opening balance of payable on equipment	-	89
Less: Ending balance of payable on equipment	-	-
Cash paid during the period	$ 444	$ 89

(24) Changes in liabilities from financing activities

	2022	2021
	Lease Liability	Lease Liability
At January 1	$ 11,874	$ 12,104
Changes in cash flow from financing activities	(7,110)	(7,107)
Changes in other non-cash items	2,394	6,877
At December 31	$ 7,158	$ 11,874

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Delta Asia International Corporation (Note 1)	Investment in equity method investees
Prodeon Medical Corporation	The Company's subsidiary
Yi Chuang Biodesign, Inc.	The Company's subsidiary
Medeologix, Inc.	The Company's subsidiary
Medeon International, Inc.	The Company's subsidiary
Aquedeon Medical, Inc.	The Company's second-tier subsidiary
Prodeon Medical, Inc.	The Company's second-tier subsidiary
MediBalloon, Inc.	The Company's second-tier subsidiary
Second Source Medical LLC	The Company's second-tier subsidiary
MedeonBio, Inc. (Note 2)	The Company's second-tier subsidiary

Note 1: The Company disposed part of the equity interest in Delta Asia International Corporation in June 2021. Delta Asia International Corporation ceased to be a subsidiary of the Company and accounted for as investment in associate.

Note 2: The Company sold shares of former subsidiary, MedeonBio, Inc. to another subsidiary, Medeologix, Inc. in May 2022.

(2) Significant related party transactions

A. Operating cost

	Year ended December 31,	
	2022	2021
Delta Asia International Corporation	$ 4,615	$ 3,832

The Company commissioned its subsidiary to assist in the development of medical devices. The terms of the transaction is agreed by both parties. The period of payment is 30 to 60 days.

B. Operating expense

	Year ended December 31,	
	2022	2021
MedeonBio, Inc.	$ 18,426	$ 19,998
Delta Asia International Corporation	156	2,477
	$ 18,582	$ 22,475

The Company is commissioned by its subsidiary MedeonBio, Inc. and Delta Asia International Corporation to assist in the research and promotion of medical devices. The terms of transaction is agreed by both parties. The period of payment is 30 to 60 days.

C. Other income

	Year ended December 31,	
	2022	2021
Prodeon Medical Corporation	$ 13,678	$ 43,328
Medeologix, Inc.	4,500	-
Aquedeon Medical, Inc.	1,224	1,518
Delta Asia International Corporation	-	26
	$ 19,402	$ 44,872

(a) The Company is commissioned by its subsidiary Prodeon Medical Corporation and second-tier subsidiary Aquedeon Medical, Inc. to assist in the research and management of medical devices. The terms of transaction is agreed by both parties. The Company receives payments every 3 months and the period of payment is 30 to 60 days.

(b) The Company is commissioned by the subsidiary, Medeologix, Inc. to assist in the segment management. The terms are based on mutual agreement. The Company receives payments every 3 months and the period of payment is 30 to 60 days.

(c) The transaction between the Company and Delta Asia International Corporation was the sale of materials for research and development and the period of payment is 30 to 60 days.

D. Other receivables

	December 31, 2022	December 31, 2021
Medeologix, Inc.	$ 4,725	$ -
Prodeon Medical Corporation	2,931	7,177
Aquedeon Medical, Inc.	-	373
Delta Asia International Corporation	-	27
	$ 7,656	$ 7,577

The abovementioned other receivables arose from the research and management of medical devices commissioned to the Company by the subsidiaries, Prodeon Medical Corporation, Medeologix, Inc. and second-tier subsidiary, Aquedeon. The Company receives payments every 3 months and the period of payment is 30 to 60 days. Additionally, The Company sold the materials for research and development to Delta Asia International Corporation and receives payments every 3 months. The period of payment is 30 to 60 days.

E. Other payables

	December 31, 2022	December 31, 2021
MedeonBio, Inc.	$ 18,426	$ 3,287
Medeon International, Inc.	6,854	6,177
	$ 25,280	$ 9,464

The abovementioned other payables arose from commissioning the second-tier subsidiary, MedeonBio, for research and development of medical devices and business promotion for products. Additionally, the Company shall pay the subsidiary, Medeon Int., for acquiring the intangible assets,

and in which the information of payables that did not meet the payment terms based on the contract is provided in the Note 6(8) B.

(3) Key management compensation

	Year ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 15,455	$ 24,027
Share-based payment	-	4,182
Total	$ 15,455	$ 28,209

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

A. Information relating to the profit distribution of the commercialization of research products according to the intangible asset transfer contract signed between the Company and Shendder, Inc. is provided in Note 6(8).

B. Information relating to the commitment stipulated in the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system signed with Terumo is provided in Note 6(15).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On January 12, 2023, the Board of Directors of the Company resolved to participate in capital increase of the subsidiary, Medeon International, Inc., by subscribing for 1,600,000 shares with the amount of USD 4,000,000.

12. Others

(1) Capital management

The Company's objectives when managing capital at this stage are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital, and to provide stable returns for shareholders after the future operation becomes profitable. To achieve the aforementioned targets, the Company maintains or adjusts its capital structure through, but not limited to, cash capital increase to repay or replenish working capital, dividend distribution, capital reduction and others. The Company monitors and manages capital on the basis of the debt-to-equity ratio. The ratio is calculated as 'net debt' divided by 'total equity'. The net debt is calculated as 'total liability' less cash and cash equivalents. 'Total equity' is calculated as 'total equity' as shown in the balance sheet.

On December 31, 2022 and 2021, the Company's total liabilities are less than cash and cash equivalents, and therefore the debt-to-equity ratio is 0%.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 7,160	$ 6,479
Financial assets at amortised cost		
Cash and cash equivalents	146,945	362,255
Financial assets at amortised cost	1,015,670	1,568,900
Accounts receivable	8,775	7,823
Other receivables(including related parties)	12,053	9,832
Guarantee deposits paid	1,990	1,985
	$ 1,192,593	$ 1,957,274
Financial liabilities		
Financial liabilities at amortised cost		
Other accounts payable(including related parties)	$ 72,772	$ 64,107
Lease liability	$ 7,158	$ 11,874

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, the Company focuses its financial risk management policies on the unpredictable in financial markets.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Company operates internationally and is exposed to foreign exchange risk, primarily USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investment to foreign operations.

ii. Management has set up a policy to manage their foreign exchange risk against their functional currency. The company is required to coordinate with the treasury to hedge their entire foreign exchange risk. Foreign exchange risk occurs when future commercial transactions and recognised assets and liabilities uses currency that is not the main functional currency.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,348	30.71	$ 287,077
Non-monetary items			
USD:NTD	1,337	30.71	41,044
Financial liabilities			
Monetary items			
USD:NTD	1,064	30.71	32,675

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 701	27.68	$ 19,404
Non-monetary items			
USD:NTD	8,991	27.68	248,870
Financial liabilities			
Monetary items			
USD:NTD	343	27.68	9,494

v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $21,810 and ($4,477), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,871	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	327	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 194	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	95	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.

ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only rated parties with a good rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external

ratings. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customers' accounts receivable in accordance with credit rating of customers. The Company applies the simplified approach using provision matrix to estimate expected credit loss.

vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	180 days past due	Total
At December 31, 2022					
Expected loss rate	0.03%	0.03%	0.03%	25.00%	
Total book value	$ 8,775	$ -	$ -	$ -	$ 8,775
Loss allowance	$ -	$ -	$ -	$ -	$ -
At December 31, 2021					
Expected loss rate	0.03%	0.03%	0.03%	25.00%	
Total book value	$ 2,280	$ 2,511	$ 3,032	$ -	$ 7,823
Loss allowance	$ -	$ -	$ -	$ -	$ -

vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ -	$ -
Reversal of impairment loss	-	-
At December 31	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed by treasury. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational and research needs.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected

maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other payables (including related parties)	$ 72,772	$ -	$ -	$ -
Lease liability	6,009	820	410	-

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other payables (including related parties)	$ 64,107	$ -	$ -	$ -
Lease liability	6,871	5,189	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in emerging stock market is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The book value of financial assets and liabilities that does not use fair value is approximate to fair value, including cash and cash equivalents, current financial asset at amortised cost, accounts receivable, other receivables, guarantee deposits paid, accounts payable and other payables.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(1) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 7,160	$ -	$ -	$ 7,160

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 6,479	$ -	$ -	$ 6,479

(2)The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics: the quotation was measured by the average of the highest and the lowest stock price of the day.

D. For the years ended December 31, 2022 and 2021, there was no transfer between level 1 and level 2.

(4) Others

Under the impact of COVID-19 pandemic and the promotion of infection control measures by the government, there was no material effect on the operation of the Company after the evaluation. There was no doubt on the entity's ability to continue as a going concern, no impairment loss and no increase in the risk of fundraising. Management of the Company had complied with epidemic prevention and control measures announced by the Central Epidemic Command Center (CECC).

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to Table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods (Individual transactions not exceeding $100 are not disclosed. Additionally, the related party transactions for counterparty are not disclosed.): Please refer to Table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to Table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Please refer to Table 5.

14. Segment Information

Parent company only financial statements is exempted from segment information disclosure.

MEDEON BIODESIGN, INC.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Medimaging Integrated Solution Inc.	None	Current financial assets at fair value through profit or loss	100,000	$ 7,160	0.30	$ 7,160	
The Company's subsidiary	Star Victoria Limited	None	Current financial assets at fair value through profit or loss	714	30,710	1.43	30,710	

MEDEON BIODESIGN, INC.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Medeologix, Inc.	Second Source Medical LLC	Investments accounted for using equity method	Not applicable	Second - tier subsidiary	-	$ -	-	$ 227,847	-	$ -	$ -	$ -	-	$ 184,725

NOTE：For the investment in this period.

MEDEON BIODESIGN, INC.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Medeon Biodesign, Inc.	Medeon International, Inc.	1	Other payables- related parties	$ 6,854	Agreed by both parties	0.17
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other Revenue	13,678	Agreed by both parties	4.59
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other receviable- related parties	2,931	Agreed by both parties	0.07
0	Medeon Biodesign, Inc.	Medeologix, Inc.	1	Other Revenue	4,500	Agreed by both parties	1.51
0	Medeon Biodesign, Inc.	Medeologix, Inc.	1	Other receviable- related parties	4,725	Agreed by both parties	0.12
0	Medeon Biodesign, Inc.	Aquedeon Mediacal, Inc.	1	Other Revenue	1,224	Agreed by both parties	0.41
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Other payables- related parties	18,426	Agreed by both parties	0.46
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Operating Expense	18,426	Agreed by both parties	6.18
1	MedeonBio, Inc.	Prodeon Medical Corporation	3	Other Revenue	14,683	Agreed by both parties	4.92
1	MedeonBio, Inc.	Aquedeon Mediacal, Inc.	3	Other Revenue	29,240	Agreed by both parties	9.80
1	MedeonBio, Inc.	Aquedeon Mediacal, Inc.	3	Accounts receviable- related parties	2,709	Agreed by both parties	0.07
1	MedeonBio, Inc.	Prodeon Medical, Inc.	3	Other Revenue	19,498	Agreed by both parties	6.54
1	MedeonBio, Inc.	Prodeon Medical, Inc.	3	Operating Expense	360	Agreed by both parties	0.12
1	MedeonBio, Inc.	Second Source Medical LLC	3	Accounts receviable- related parties	2,068	Agreed by both parties	0.05
1	MedeonBio, Inc.	Second Source Medical LLC	3	Other Revenue	8,985	Agreed by both parties	3.01
1	MedeonBio, Inc.	Second Source Medical LLC	3	Operating Cost	170	Agreed by both parties	0.06
1	MedeonBio, Inc.	Second Source Medical LLC	3	Operating Expense	349	Agreed by both parties	0.12
3	Prodeon Medical Corporation	Prodeon Medical Inc.	3	Operating Expense	207,016	Agreed by both parties	69.39
3	Prodeon Medical Corporation	Prodeon Medical Inc.	3	Other payables- related parties	52,295	Agreed by both parties	1.29
6	Second Source Medical LLC	MediBalloon, Inc.	3	Accounts receviable- related parties	126	Agreed by both parties	0.00
6	Second Source Medical LLC	MediBalloon, Inc.	3	Other Revenue	399	Agreed by both parties	0.13

NOTE1： The above transactions between the Company and its subsidiaries and those between the subsidiaries have been wrote-off in the consolidated financial reports.

NOTE2： The numbers for the company in respect of inter-company transactions are as follows：

Medeon Biodesign, Inc.：0

MedeonBio, Inc.：1

Medeon International, Inc.：2

Prodeon Medical Corporation：3

Aquedeon Mediacal, Inc.：4

Prodeon Medical Inc.：5

Second Source Medical LLC：6

MediBalloon, Inc.：7

NOTE3： Relationship between transaction company and counterparty is classified into the following three categories：

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

MEDEON BIODESIGN, INC.

Information on investees

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31,2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Medeon Biodesign, Inc.	Delta Asia International	Taiwan (R.O.C)	Manufacturing and sales of medical device components	$ 149,726	$ 149,726	7,206,777	27.84	$ 1,876,293	$ 171,298	$ 47,689	
Medeon Biodesign, Inc.	Prodeon Medical Corporation	Taiwan (R.O.C)	Manufacturing and development of medical devices	967,658	572,858	16,848,500	85.05	167,514	(283,455)	(237,854)	NOTE4
Medeon Biodesign, Inc.	Yi Chuang Biodesign, Inc.	Taiwan (R.O.C)	Sales of medical devices	100	100	10,000	100.00	74	-	-	
Medeon Biodesign, Inc.	Medeologix, Inc.	Taiwan (R.O.C)	Manufacturing and sales of medical device components	600,000	140,000	30,614,174	94.49	445,680	(152,603)	(144,779)	
Medeon Biodesign, Inc.	MedeonBio, Inc.	US	Manufacturing and development of medical devices	-	159,912	2,900,000	-	-	(25,079)	(25,079)	
Medeon Biodesign, Inc.	Medeon International, Inc.	Samoa	Equity investment and commerce of medical devices	675,539	645,917	22,939,999	100.00	41,044	(147,043)	(147,043)	
Medeon International, Inc.	Panther Orphopedics, Inc.	US	Manufacturing and development of medical devices	166,080	166,080	3,833,333	-	-	(15,857)	(10,791)	NOTE1,6
Medeon International, Inc.	Aquedeon Mediacal, Inc.	US	Manufacturing and development of medical devices	375,341	375,341	6,800,000	97.14	3,098	(118,267)	(114,885)	NOTE2.3
Prodeon Medical Corporation	Prodeon Medical, Inc.	US	Manufacturing and development of medical devices	84,270	84,270	3,000	100.00	67,284	(26,511)	(26,511)	
Medeologix, Inc.	MediBalloon, Inc.	US	Manufacturing and sales of medical device components	141,059	83,159	13,500,000	100.00	101,491	(48,272)	(48,272)	NOTE5
Medeologix, Inc.	MedeonBio, Inc.	US	Manufacturing and development of medical devices	99,509	-	2,900,000	100.00	71,101	(18,345)	(18,345)	
Medeologix, Inc.	Second Soure Medical, LLC	US	Manufacturing and sales of medical device components	227,847	-	-	100.00	184,725	(48,709)	(48,709)	

Note 1：It is originally 5,999,999 US dollars.
Note 2：It is originally 13.56 million US dollars.
Note 3：Preferred stock.
Note 4：Preferred stock in the amount of 8,615,000 shares is included.
Note 5：Preferred stock in the amount of 2,500,000 shares is included.
Note 6：Panther Orthopedics, Inc. was dissolved and liquidated in December 2022, and its intangible assets were inherited by Medeon International, Inc.。

MEDEON BIODESIGN, INC.

Major shareholders information

December 31,2022

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Center Laboratories, Inc	26,102,187	29.71
Medeon, Inc. (US)	9,953,317	11.33

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. Analysis and Risk Management on Financial Status and Financial Performance

I. Financial position: The main reasons for the significant changes in assets, liabilities and shareholders' equity in the last two years and their effects, and if the effects are significant, the future response plans.

Unit: NT$ thousands

Item \ Year	2021	2020	Differences	
			Amount	%
Current assets	1,637,721	2,389,828	(752,107)	(31)
Equity method investments	1,876,293	1,846,621	29,672	2
Property, Plant and Equipment	150,613	16,003	134,610	841
Right-of-use assets	189,628	28,515	161,113	565
Intangible assets	180,181	78,939	101,242	128
Deposits	5,587	4,584	1,003	22
Total assets	4,040,023	4,364,490	(324,467)	(7)
Current liabilities	198,514	160,297	38,217	24
Non-current liabilities	177,963	15,706	162,257	1,033
Total liabilities	376,477	176,003	200,474	114
Capital stock	878,401	732,341	146,060	20
Capital surplus	1,343,813	1,349,260	(5,447)	(0.4)
Unappropriated retained earnings	1,135,220	2,071,824	(936,604)	(45)
Other equity interest	30,940	(12,489)	43,429	348
Treasury stock	(10,603)	(10,603)	-	-
Non-controlling interest	66,104	58,154	7,950	14
Total equity	3,663,546	4,188,487	(524,941)	(13)

A. If the percentage of increase or decrease is 20% or more, and the amount of change reaches NT$10 million or more, please explain.

(1) Decrease in current assets and unappropriated retained earnings:

The decrease in current assets and unappropriated retained earnings is resulted by the acquisition of MediBalloon and Second Source Medical at the end of 2021 and the beginning of 2022, and the distribution of NT$1 in cash dividends and NT$2 in stock dividends in 2022.

(2) Increase in property, plant and equipment, right-of-use assets, intangible assets, current liabilities, non-current liabilities, total liabilities, and other equity:

It is resulted by the acquisition of MediBalloon and Second Source Medical at the end of 2021 and the beginning of 2022, and the relevant financial figures consolidated into the Company’s consolidated statements.

(3) The increase in share capital is resulted by the distribution of stock dividends of NT$2 in 2022.

B. Future response measures: Not applicable.

2. Financial Performance

(1) The main reasons for the significant changes in operating income, net operating income and net income before income tax for the last two years, the expected sales volume and its basis, the possible impact on the Company's future financial operations, and the plan to respond.
(b) The possible impact on the Company's future financial operations and its plans for the future.

Unit: NT$ thousands

Item \ Year	2022	2021	Differences	
			mount	%
Net operating revenue	298,317	68,957	229,360	333
Operating cost	111,505	40,326	71,179	177
Gross profit	186,812	28,631	158,181	552
Operating expenses	674,649	524,220	150,429	29
Operating income (loss)	(487,837)	(495,589)	7,752	2
Non-operating income and expenses	48,722	(18,318)	67,040	366
Income from discontinued operation	-	2,617,810	(2,617,810)	(100)
Net income (loss)	(496,900)	2,031,446	(2,528,346)	(124)
Other comprehensive income (net income)	36,909	(1,418)	38,327	2,702
Total comprehensive income (loss)	(459,991)	2,030,028	(2,490,019)	(123)
Net income attributable to shareholders of the parent	(433,758)	2,078,192	(2,511,950)	(121)
Net income attributable to non-controlling interest	(63,142)	(46,746)	(16,396)	(35)
Comprehensive income attributable to Shareholders of the parent	(390,329)	2,072,384	2,462,713	119
Comprehensive income attributable to non-controlling interest	(69,662)	(42,356)	(27,306)	(64)

If the percentage of increase or decrease is 20% or more, and the amount of change reaches NT$10 million or more, please explain.

1. Net operating income, operating gross profit, and operating expenses: It is resulted by the acquisition of MediBalloon and Second Source Medical at the end of 2021 and the beginning of 2022, and the relevant financial figures consolidated into the Company’s consolidated statements.
2. Non-operating income and expenses: It is resulted by the gains and losses arising from the evaluation of exchange rate fluctuations and investment income recognized using the equity method.
3. Gain on discontinued operations: This is mainly due to the disposal of part of Delta Asia International Co. in 2021 and the loss of control over Delta Asia International Co.

(2) Expected sales volumes and their basis, the possible impact on the Company's future financial operations and the plan to respond to it.

The Company usually starts the conversation with top global medical device manufacturers for licensing deals as soon as the product development enters into a certain stage. Moving forward, we will strive to generate licensing revenue by licensing our projects to global medical device manufacturers. The licensing fees are estimated based on the market size, such as procedure volume, compound annual growth rate, usage of the product, end user price and market share, etc.

On March 2, 2018, the Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement with Terumo Medical Corporation, a subsidiary of Terumo Corporation, for a total consideration of $50 million for Cross-Seal™ - large bore vascular closure system (IVC-C01). The upfront payment of US$20 million was received on the date of the transaction. An additional US$10 million has been received so far. It is expected that the on-site inspection of FDA cGMP will be accomplished in 2023 and to receive official PMA Approval from FDA. The Company will provide support for Terumo and spare no effort in launching products of the next generation to market for collecting the remaining milestone payment of US$20 million as the primary goal.

As for the CDMO business, the objective of 2023 will be to continuously enhance of the production and assembly of advanced medical balloon, catheters, semi-finished items and final-assembly to provide solutions in one-stop shopping service for a greater variety of parts and components of the medical devices firms all over the world. Medeologix will provide prototyping in the preliminary stage of development and pilot run service to local customers in the USA through subsidiaries MediBalloon, Second Source Medical, and Medeonbio, and continue to broaden the customer base. The Company will assist the customers in product development for generating revenue from these outsourced research and development service. The mass production center of Medeologix in Taiwan will support the mass production in line with the progress of product development for generating revenue from contract manufacturing. In addition, Medeologix expects to increase its capital expenditures in 2023 for the procurement of machine and equipment to meet the need of mass production from subsequent purchase orders. Medeologix will actively construct its complete marketing and sale system to enhance its visibility in the international market and penetrate into the global medical device supply ecosystem for broadening customer base and increase the size of revenue, and assure a steady cash flow for the Group for the future.

3. Cash Flow

(1) Cash Flow Analysis for the Current Year

Unit: NT$ thousands

Year / Item	2022	2021	Increase (decrease)	
	Amount	Amount	Amount	%
Cash inflows (outflows) from operating activities	(461,340)	(293,377)	(167,963)	(57)
Cash inflows (outflows) from investing activities	263,436	(90,635)	354,071	391
Cash inflows (outflows) from fundraising activities	(101,157)	(3,902)	(97,255)	(2,492)

A. From operating activities: The increase in the net cash outflow from consolidated operating activities in 2022 compared to 2021 is resulted by the acquisition of sub-subsidiaries, MediBalloon and Second Source Medical, in 2022.

B. From investing activities: The net cash outflows from investing activities is resulted by the acquisition of financial assets measured at amortized cost in 2022 for the capital expenditure of subsidiaries.

C. From financing activities: It is resulted by the distribution of cash dividends in 2022 and 2021.

(2) Improvement plan for liquidity deficiency in the most recent year: Not applicable.

(3) Cash Flow Analysis for the Coming Year:

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year (1) (Note)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	inancing Plans
483,898	1,431,102	1,255,000	660,000	-	-

A. Cash Flow Analysis for the Coming Year:
No significant cash inflow and outflow variances are expected for the whole year.

B. Remediation measures for projected cash shortage and flowability analysis: Not applicable.

Note: Not including time deposits of more than 3 months NT$1,608,100.

4. Significant capital expenditures in recent years and the impact on financial operations: Not applicable

5. Investment policy in the most recent fiscal year, main causes for profits or losses, improvement plans and the investment plans for the coming year:

(1) Reinvestment policy: The Company's reinvestment policy is implemented by the relevant departments in accordance with the internal control "Investment Cycle" and "Supervision and

Management of Subsidiaries", and the aforementioned methods or procedures are approved by the Board of Directors.

(2) Profits or Losses:

Dec. 31, 2022

Unit: NT$ thousands

Name of the investment company	Place of Registration	Business items	2022(Loss) Income	Cause of loss and improvement plan
Medeon International, Inc.	Somoa	Investment and trading business	(147,043)	It is a holding company. This is due to the recognition of a loss on re-investment.
Panther Orthopedics, Inc.	USA	Manufacturing and R&D of medical devices	(15,857)	It was dissolved and liquidated in December 2022, and its intangible assets were assumed by Medeon International, Inc.
Aquedeon Medical, Inc.	USA	Manufacturing and R&D of medical devices	(118,267)	The product is still in the R&D stage. This is due to the manpower and material resources invested in product development.
Delta Asia International Corporation	R.O.C.	anufacturing and sales of medical device components	171,298	Not applicable.
Prodeon Medical Corporation	R.O.C.	Manufacturing and R&D of medical devices	(283,455)	The product is still in the R&D stage. This is due to the manpower and material resources invested in product development.
Prodeon Medical, Inc.	USA	Manufacturing and R&D of medical devices	(26,511)	The product is still in the R&D stage. This is due to the manpower and material resources invested in product development.
Yi Chuang Biodesign, Inc.	R.O.C.	Sales of medical devices	-	Not applicable.
Medeologix, Inc.	R.O.C.	Manufacturing and sales of medical	(152,603)	It is resulted by the establishment of the mass production facility, the

		devices		production line configuration, and post-acquisition consolidation.
MediBalloon, Inc.	USA	Manufacturing and sales of medical devices	(48,272)	Expand R&D equipment and factories, develop medical devices CDMO business, and accelerate the development of various components and manufacturing of finish goods.
MedeonBio, Inc.	USA	Manufacturing and R&D of medical devices	(18,345)	Expand R&D equipment and factories, develop medical devices CDMO business, and accelerate the development of various components and manufacturing of finish goods.
Second Source Medical, LLC	USA	Manufacturing and sales of medical devices	(48,709)	Develop medical devices CDMO business, and accelerate the development of various components and manufacturing of finish goods.

(3) Investment plan for the coming year: The investee company will actively conduct human clinical trials and develop the contract development and contract manufacturing (CDMO) business for high-end medical materials manufacturing in the coming year.

6. Analysis of risk management in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

A. Effects of Changes in Interest Rates on Corporate Finance, and Future Response Measures

The Company currently has no bank borrowings and interest income is not a major source of profit for the Company, therefore, overall changes in interest rates are not likely to have a significant impact on the Company. However, the Company still actively establishes and maintains good relationships with banks. If there is a need for bank financing in the future, the Company should be able to obtain favorable interest rate terms and raise the necessary funds in the most efficient manner.

B. Effects of Changes in Foreign Exchange Rates on Corporate Finance, and Future Response

Measures

We pay attention to the trend of major currencies in the international exchange market and international changes in non-economic factors, so that we can grasp the trend of the exchange rate and respond to it in a timely manner. At the same time, when negotiating R&D contracts or receiving technical service fees from foreign vendors, we will consider the foreign currency on our books and try to pay in foreign currency to reduce the risk arising from changes in the exchange rate.

C. Effects of Inflation on Corporate Finance, and Future Response Measures:

According to the Office of the Comptroller of the Executive Yuan, the consumer price index increased at an annual rate of 2.95% in 2022. Inflation was minimal and had no significant impact on the Company's profit or loss.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

A. The Company does not engage in high-risk or highly leveraged investments, and all investments are carefully evaluated and executed in accordance with the Company's rules and regulations. The Company does not lend funds to others, does not endorse guarantees for others, and does not engage in derivative financial instruments.

B. If, in the future, the Company needs to enter into financial transactions, endorse guarantees for others, or engage in derivative financial instruments for business purposes, it will follow the relevant procedures established by the Company and announce all information in a timely and accurate manner in accordance with the law.

(3) Future Research & Development Projects and Corresponding Budget:

The Company is currently developing medical dedeputy products, and has been conducting human clinical trials. Among them, the treatment for lower urinary tract symptoms (LUTS) associated with benign Prostatic Hyperplasia (BPH) (URO-T01) is approved by the US FDA to facilitate the IDE study in mid 2022. By the end of 2022, the company have completed more than 30 cases/treatments. Clinical trial is actively recruiting and ongoing now. About Vascular Graft System for Aortic Dissection Repair (CVS-T01), the Company has two meetings with the US FDA regarding the regulatory approval planning before the 3rd quarter of 2022, and continue to carry out the First-in-Human Study in the USA. And we expect to continue to invest in research and development. In addition, the Company continuously evaluates products with high market value and clinical demand and uses a careful evaluation process to ensure that its resources are properly allocated to new product development programs with a high return on investment. In addition, the company is actively entering the field of high-end medical dedeputy contract manufacturing services (CDMO), and is working to establish upstream medical dedeputy manufacturing technology and downstream mass production capacity, and expects to spend approximately NT$760 million on R&D in 2023.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The Company operates in accordance with the relevant domestic and foreign laws and regulations, and the relevant personnel are always aware of the changes in laws and regulations for the management's reference. Therefore, the Company can immediately grasp and effectively respond to important domestic and foreign policies and legal changes. For the most recent year and up to the date of printing of the annual report, there was no material adverse effect on the Company's finance and business due to changes in domestic and foreign policies and laws.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

Our R&D team is capable of product development and actively develops innovative technologies and applies for patent protection. Our R&D team regularly tracks industry R&D trends and regulatory policies, and takes immediate measures to address any trends that may affect the overall industry and our company. As a result, recent technological and industry changes will not have an immediate material impact on the Company's business.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

Since its founding, the company has always adhered to the principles of sustainability and integrity, focusing on the research and development of high-end medical devices and OEM, hoping to provide patients with new medical options, while continuing to strengthen the company's internal management, actively moving into the international market and improving quality management capabilities. For the most recent year and as of the date of the annual report, the Company has not experienced any corporate crisis arising from the change in corporate image. In the future, the Company will continue to implement corporate governance requirements and consult with experts in a timely manner to reduce the impact of such risk on the Company's operations.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

The Company currently has no plans to engage in mergers and acquisitions.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

Medeologix, Inc., a subsidiary established in 2021, has successively acquired MediBalloon, a company with leading medical balloon manufacturing technology, and Second Source Medical, a R&D and manufacturer for medical devices in the Silicon Valley of the United States at the end of the same year. At the same time, it integrates Medeonbio, a subsidiary of the group with advance catheter technology, to create a one-stop CDMO business for high-end medical devices. The new business focuses on the manufacture of advanced medical balloons, which are widely used in minimally invasive interventional procedures such as cardiovascular and peripheral vascular procedures to dilate blocked blood vessels or to block blood vessels for stent placement. Medeologix and its subsidiaries have established and expanded the manufacturing facilities in the Hsin-Tien "Pao Gao Intelligent Industrial Park" in New Taipei City and in the United States respectively, equipped with state-of-the-art equipment and multiple complete production lines to meet the strong demand for medical balloons from global medical device companies. They have established a comprehensive global supply system of "taking orders from the USA, conducting pilot production in place, and mass production in Taiwan" to provide high-quality medical devices

to patients worldwide.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

A. Excessive Concentration of Purchasing Sources:

Most of the Group's suppliers are long-term collaborative manufacturers with stable supply, and the goods are not exclusive or oligopolistic in the market with low purchase risk.

B. Excessive Customer Concentration:

The Group has established a long-term relationship with the customers, and has increased the customer dependence through swift product development and innovative services. It also actively develops customers to diversify the concentration risk.

(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

In the latest year and up to the publication date of the annual report, there has not been any major quantity of shares belonging to a director, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, resulting in significant impact on the operation.

(11) Effects of, Risks Relating to and Response to the Changes in Management Rights:

In order to strengthen the structure of the Board of Directors, the Company re-elected 8 directors (including 3 independent directors) at the Annual General Meeting on July 16, 2021, to strengthen the corporate governance, build the strength of the management team and comply with legal requirements. There was no change in the Company's management rights as of the publication date of the annual report.

(12) Litigation or Non-litigation Matters:

A.For the last two years and as of the printing date of the annual report, the Company should disclose the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved in the litigation, and the current status of the litigation if the outcome of the litigation, non-litigation, or administrative dispute has been determined or is still in progress, and the outcome of the litigation may have a significant impact on shareholders' equity or the price of securities: None.

B.Directors, supervisors, general managers, persons in charge of the Company, substantial shareholders holding more than 10% of the shares, and affiliates of the Company, and litigation, non-litigation or administrative disputes that have been determined or are currently pending as of the date of the annual report, the outcome of which may have a significant impact on the Company's shareholders' equity or securities prices: None.

C.Directors, supervisors, managers, and major shareholders holding more than 10% of the shares of the Company, as of the last two years and as of the date of printing of the annual report, have been subject to the provisions of Article 157 of the Securities and Exchange Act and the Company’s handling of such circumstances: None.

(13) Other Major Risks and Countermeasures:

Information security risks: Strengthen information security promotion, internal/external access control, firewall/virus protection, information backup measures, local/offsite backup mechanism, regular disaster recovery drills, and organize information security education training and social engineering drills for all employees to increase their information security protection concepts. In 2022, there were 25 information security presentations and case sharing sessions with 1,000 participants. The implementation status was reported to the Board of Directors on January 12, 2023.

Recently, due to the impact of the epidemic, employees have changed their working environment at home. Therefore, after assessing the risks, we have introduced EDR defense measures to enhance the security of endpoints to protect the security of endpoint equipment and servers.

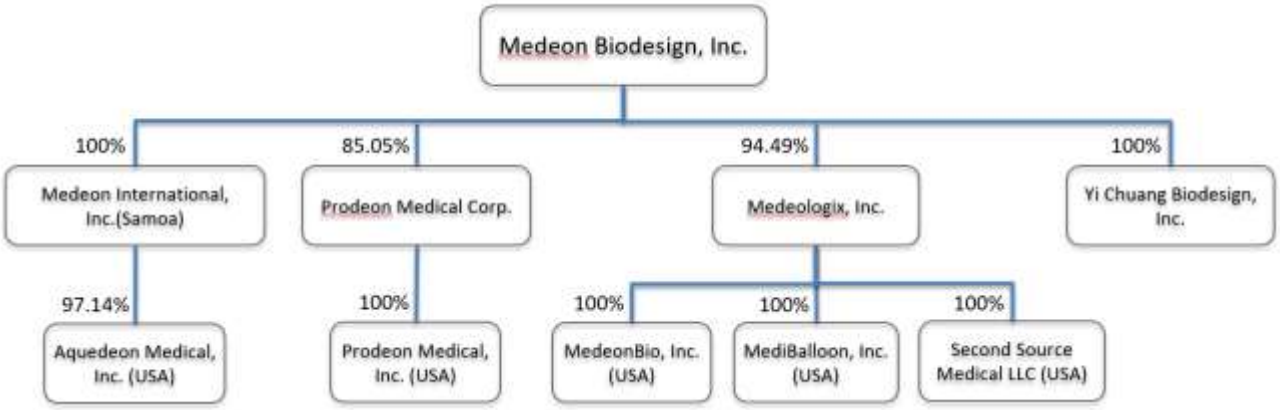
7. Other Important Matters: None.

VIII. Special Disclosures

1. Information on Affiliates

(1) Affiliates Consolidated Business Report:

A. Organizational chart of the affiliates (December 31, 2022)



B. Affiliated Companies

Dec. 31, 2022

Unit: thousands

Enterprise Name	Date of incorporation	Address	Paid-in capital	Main business activities
MedeonBio, Inc.	2012.09.18	452 Oakmead Parkway, Sunnyvale, CA 94085.	US$5,800	Medical Device Manufacturing and R&D
Medeon International, Inc.	2013.07.31	Portcullis TrustNet Chamber, P.O.Box 1225, Apia, Samoa	US$22,940	Investment and Trading
Aquedeon Medical, Inc.	2018.04.02	850 New Burton Road, Suite 201, Dover, Delaware 19904	US$0.70	Medical Device Manufacturing and R&D
Prodeon Medical Corporation	2016.11.21	7F, 116, HouGang Street, Taipei 11170, Taiwan(R.O.C.)	NT$198,090	Medical Device Manufacturing and R&D
Prodeon Medical, Inc.	2021.06.17	850 New Burton Road, Suite 201, Dover, Delaware 19904	US$0.03	Medical Device Manufacturing and R&D
Yi Chuang Biodesign, Inc.	2020.05.13	7F., No. 3-2, Park St., NanGang Dist., Taipei City 11560 , Taiwan (R.O.C.)	NT$100	Medical Device Sales
Medeologix, Inc.	2021.11.4	7F, 116, HouGang Street, Taipei 11170, Taiwan	NT$324,000	Medical Device Manufacturing

				and Sales
MediBalloon, Inc.	2017.12.22	2200 Zanker Rd., Unit F, San Jose, CA95131	-	Medical Device Manufacturing and Sales
Second Source Medical, LLC	2004.11.08	2200 Zanker Rd., Unit F, San Jose, CA95131	LLC	Medical Device Manufacturing and Sales

C.The presumption of control and subordination in accordance with Article 369 ter of the Company Act.

According to the organization chart of affiliates listed above, each of the Company's affiliates is a subordinate of the Company.

D. Industry covered by the business of the overall affiliate:

The businesses of the Company's affiliates include research and development of medical devices, investment holding and manufacturing of medical devices, with the following organizational divisions:

Function / Company T	Shareholding Percentage %	Business headquarters	R&D, regulatory, marketing	Manufacturing and Production	Sales	Holdings	Intellectual Property
Medeon Biodesign, Inc.	-	V	V	V			V
Medeon International, Inc.	100.00%					V	V
- Aquedeon Medical, Inc.	97.14%		V				V
Prodeon Medical Corporation	85.05%						V
- Prodeon Medical, Inc.	100.00%		V				
Yi Chuang Biodesign, Inc.	100.00%				V		
Medeologix, Inc.	94.49%			V	V		
-MediBalloon, Inc.	100.00%			V	V		
-MedeonBio, Inc.	100.00%		V				
- Second Source Medical, LLC	100.00%			V	V		

E. The names of the directors, supervisors, and President of each affiliate

Dec. 31, 2022

Enterprise Name	Title	Name or representative	Number of shares held	
			Number of shares	%
Medeon International, Inc.	Director	Medeon Biodesign, Inc. Representative:Hong Jen Chang(Note)	22,939,999	100
	Director	Medeon Biodesign, Inc. Representative:Yue Teh Jang(Note)		
Aquedeon Medical, Inc.	Director /CEO	Medeon International, Inc. Representative:Yue Teh Jang(Note)	6,800,000	97.14
	Director	Medeon International, Inc. Representative:Thomas J. Palermo(Note)		
	Director	Medeon International, Inc. Representative:Yi Ju Chen(Note)		
Prodeon Medical Corporation	Chairman	Medeon Biodesign, Inc. Representative:Yue Teh Jang(Note)	16,848,500	85.05
	Director	Medeon Biodesign, Inc. Representative:Yi Ju Chen(Note)		

	Director	Medeon Biodesign, Inc. Representative:Albert Weng(Note)		
	Supervisor	Elisa Huang	0	0
Prodeon Medical, Inc	Chairman	Prodeon Medical Corporation Representative:Paul M. Edwards(Note)	3,000	100.00
	Director	Prodeon Medical Corporation Representative:Yue Teh Jang(Note)		
	Director	Prodeon Medical Corporation Representative:Yi Ju Chen(Note)		
Yi Chuang Biodesign, Inc.	Chairman	Medeon Biodesign, Inc. Representative:Elisa Huang(Note)	100,000	100.00
Medeologix, Inc.	Chairman	Medeon Biodesign, Inc. Representative:Yue Teh Jang(Note)	30,614,174	94.49
	Director	Medeon Biodesign, Inc. Representative:Jenny Chen(Note)		
	Director	Medeon Biodesign, Inc. Representative:Yih Cheng Shih (Note)		
	Director	ANANT VISHWESHWAR HEGDE	1,785,826	5.51
	Supervisor	Yi Ju Chen	0	0
MediBalloon, Inc.	Director	Medeologix, Inc. Representative:Yue Teh Jang(Note)	13,500,000	100.00
MedeonBio, Inc.	Chairman	Medeon Biodesign, Inc. Representative:Yue Teh Jang(Note)	2,900,000	100

Note: The corporate representative has no personal shareholding.

F. Operation status of related enterprises

Dec. 31, 2022

Unit: thousands

Enterprise Name	Shareholder capital	Total assets	Total liabilities	Net asset	Net revenue	Income (Loss) from operations	Total consolidated profit/loss for the current period	EPS
Medeon International, Inc.	US$22,940	US$1,336	-	US$11,189	-	-	(US$4,926)	(US$0.21)
Aquedeon Medical, Inc.	US$0.70	US$349	US$245	US$104	-	(US$3,959)	(US$3,962)	(US$0.58)
Prodeon Medical Corporation	NT$111,890	NT$253,000	NT$730,901	(NT$477,901)	-	(NT$250,303)	(NT$283,455)	(NT$25.33)
Prodeon Medical, Inc.	US$0.03	US$2,597	US$406	US$2,191	-	(US$7,759)	(US$883)	(US$0.29)
Yi Chuang Biodesign, Inc.	NT$100	NT$74	-	NT$74	-	-	-	-
Medeologix, Inc.	NT$324,000	NT$547,786	NT$93,053	NT$454,733	-	(NT$36,812)	(NT$177,682)	(NT$5.48)
MediBalloon, Inc.	-	US$4,322	US$1,465	US$2,857	US$460	(US$1,584)	(US$1,617)	(US$0.12)
MedeonBio, Inc.	US$5,800	US$4,813	US$2,498	US$2,315	-	(US$3,907)	(US$1,490)	(US$0.51)
Second Source Medical, LLC	-	US$3,093	US$748	US$2,345	US$2,527	(US$1,556)	(US$1,495)	-

(2) Consolidated financial statements of affiliated companies.

Medeon Biodesign, Inc.

Statement of Consolidated Financial Statements of Affiliated Companies

For the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the preceding consolidated financial statements of parent and subsidiary companies. We will not hereby prepare separate consolidated financial statements of affiliated companies.

Hereby declared

Company Name: Medeon Biodesign, Inc.

Responsible person: Yue Teh Jang

Feb. 23, 2023

(3)Relationship report:Not applicable

2.The recent fiscal year till the date of the printing of annual report, private equity securities management: None

3.The recent fiscal year till the date of the printing of annual report, subsidiaries holding or disposal of the Company's shares: None

4.Other necessary supplementary notes: None

IX. The recent fiscal year till the date of the printing of annual report, any events that had significant impacts on Shareholders' rights or security prices as stated in Item 3 Paragraph 2 of Article 36 of the Securities Exchange Act: None

Medeon Biodesign, Inc.

Chairman: Yue Teh Jang