Stock Code：6499

# Medeon Biodesign, Inc.

# 2023 Annual Report

**2023 annual report is available at：**
**Market Observation Post System：http://mops.twse.com.tw**

**Printed on March 31, 2024**

***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 2023, the outline of business plan for 2024, 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 research and development (R&D) and manufacturing of advanced medical devices with high market value. With minimally invasive procedures as our primary field, we focus on the fields of advanced cardiovascular minimally invasive procedures, urology, laparoscopy, and orthopedics at the present stage. The Company's business operations are divided into two main areas. In addition to the field of innovative medical device R&D and incubation developed for many years, we have recently entered the advanced medical device contract development and manufacturing organization (CDMO) business. Through a series of mergers and acquisitions and internal integration, we have established an efficient and technology driven CDMO business to provide one-stop services to international customers in the field of advanced medical devices.

In the field of innovative medical device R&D and incubation, our product, Cross-Seal™ - large bore vascular closure system (IVC-C01), was acquired by Terumo, an international major company in the cardiovascular field, for a total of US$50 million. The upfront and milestone payments that has been accounted for by the end of 2023 were US$20 million and US$10 million, respectively. After the on-site inspection by the U.S. Food and Drug Administration (FDA) was completed in 2023, Taiwan's first Class III medical device Premarket Approval (PMA) was successfully obtained. In 2024, it is planned that after it is ratified by both parties' Steering Committee meeting, the Company can obtain item 2A-2 milestone payment of US$1 million from Terumo in accordance with the Asset Purchase Agreement. In the future, we will fully assist Terumo in obtaining the Supplement PMA for the next-generation product, with the primary goal of obtaining the subsequent milestone payments. As for the Urocross™ Expander system - treatment for Benign Prostatic Hyperplasia (BPH) (URO-T01) that is under development, we will, in 2024, continue to recruit patients for the IDE clinical trials, continue the follow-up work and collecting clinical data, to go through the regulatory approval processes at full speed. As for Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01) that is under development, after being approved by the U.S. FDA to conduct the IDE first-in-human clinical study in 2023, we will continue to recruit patients for the IDE study in the United States to acquire clinical data and increase the product value. Regarding

the projects with development completed at a certain stage, under business development discussions, we are actively seeking licensing or commercial partnerships at full speed.

In the business field of advanced medical device CDMO, the Company have continuously acquired and integrated key design and manufacturing technologies, as well as customer relationships with global medical device giants and emerging companies in the Silicon Valley, through our subsidiary, Medeologix, Inc. By integrating and allocating resources within the group, we provide localized services to customers from our U.S. sites, while Taiwan handles robust volume production demands, offering worldwide customers with one-stop-shopping service from development to high volume production. The setup allows us to build a comprehensive supply chain and cost advantage with the strategy of "taking orders in the USA, conducting pilot production in place, and mass production in Taiwan." Medeologix, our Taiwan advanced mass production site, will continuously enhance and develop the manufacturing capabilities of advanced medical balloons, medical catheters, and subassembly and final assembly of medical devices. In addition, we are continuously optimizing the production line configuration, and recruiting professional talents in management, R&D, and manufacturing, thereby quickly occupying a significant position in the global advanced medical device CDMO market as a dark horse.

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 Company's consolidated operating revenue in 2023 was $196,263 thousand, which was mainly recognized from advanced medical device CDMO manufacturing and services and partially from R&D contracts; net loss after tax in 2023 was $1,269,973 thousand.

## (3) Income statement and profitability analysis

A. Income Statement

(Unit: NT$ thousand dollar)

| Item | 2022 | 2023 |
|---|---|---|
| Sales revenue | 298,317 | 196,263 |
| Net operating margin | 186,812 | 14,377 |
| Operating expenses | (674,649) | (853,944) |
| Non-Operating income and expense | 48,722 | (391,121) |
| Profit (Loss) for the year | (496,900) | (1,269,973) |
| Profit (Loss) for the year-attributable to the parent | (433,758) | (1,204,615) |

B. Profitability analysis

(Unit: %)

| Item | 2022 | 2023 |
|---|---|---|
| Return on assets (ROA) | (11.72) | (37.27) |
| Return on equity (ROE) | (12.66) | (42.09) |
| Net income before tax (Note) as a percentage of paid-in capital | (49.99) | (133.42) |
| Net profit rate | (166.57) | (647.08) |
| EPS (NT$) | (4.71) | (13.09) |

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 procedures. The main objective is to reduce the complexity of the surgery as well as the operative time by using less invasive approaches, which provides competitive advantages. The Company officially launched the project 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. As of 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. After being approved by the U.S. FDA to conduct the first-in-human IDE clinical trial in 2023, we continue to recruit patients for IDE clinical trials in the United States, in order to collect human clinical data which eventually leads to increasing the product value.

**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. The product has been received FDA 510(k). 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; we are now seeking licensing or commercial partners.

2. Overview of Business Plan for 2024

(1) Business policies

A. Continue to speed up the product development process and generate revenue from licensing and milestone payments:

As for the Cross-Seal™ - large bore vascular closure system (IVC-C01), the on-site inspection by the U.S. FDA was completed in 2023, and Taiwan's first Class III medical device PMA Approval was successfully obtained. In 2024, it is planned that after it is ratified by both parties' Steering Committee Meeting, the Company can obtain item 2A-2 milestone payment of US$1 million from Terumo in accordance with the Asset Purchase Agreement. In 2024, we will strive to assist Terumo to obtain the supplement PMA for

the next-generation product, with the primary goal of realizing the remaining milestone payments. As for the Urocross™ Expander system – minimally invasive treatment for benign Prostatic Hyperplasia (BPH) (URO-T01), we will continue the 2023 work related to case enrollments for the IDE clinical study in 2024, actively complete the clinical case enrollments, and continue the follow-up work and collecting clinical data, to go through the regulatory approval process at full speed. As for Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01), after being approved by the U.S. FDA to conduct the IDE first-in-human clinical study in 2023, we will continue to recruit patients for the IDE clinical study in the United States to collect clinical data and increase the product value in 2024. Regarding the projects with development completed at a certain stage, under business development discussions, we are actively seeking licensing or commercial partnerships at full speed.

B. Continue to generate revenue from CDMO business:
The Company provides CDMO services to the global medical device market through the subsidiary, Medeologix, Inc.; continuing the growth trend in 2023, we will actively expand services in 2024, such as advanced medical balloons, catheters, subassembly and final assembly products, and contract development, while improving the production line configuration of Taiwan's mass production site to enhance production efficiency. In addition, we will continue to recruit advanced manufacturing talents and upgrade core technologies to satisfy the strong demand for advanced medical devices from the global market and customers, and ultimately generate steady cash flow for the Group.

C. 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. The on-site inspection of FDA cGMP has been accomplished in 2023 and to receive official PMA Approval from FDA. The Company will provide support for Terumo in 2024 and spare no effort in launching products of the next generation to market for collecting the remaining milestone payment as the primary goal.

As for the CDMO business, the objective of 2024 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, 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 2024 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 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 2023, PMA Approval from FDA is obtained. We will continue to support Terumo and spare no effort in commercializing the next generation products to market, to realizing the remaining milestone payments.

B. As for the products under development, we will continue to conduct clinical studies, seek regulatory approval for increasing product value, and accelerate partnership agreements with licensing or marketing partners.

C. 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 companies through our high efficiency and quality manufacturing capabilities and talents in Taiwan.

D. We will continue to evaluate potential high value-added medical devices projects for future development, and develop new product pipelines in order to expand future revenue opportunities.

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, multinational companies have become increasingly cautious in their acquisition strategies for innovative products, preferring to launch the acquisition process only after verifying large clinical trial results or proving the market value after revenue is generated. In this regard, the Company's team 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 experiences to further validate the efficacy and safety of the products with end-users, enhance the visibility and market value of our products, and seek licensing when appropriate.

(2) Entering the CDMO market for advanced medical devices

In order to expand the accumulated R&D experiences from developing 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 still 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 in order to develop competitive products. For the products under development, the R&D team regularly tests and discusses with physicians to develop product specifications. This is to ensure that the Company's products satisfy the user and market needs. 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$483.3 billion in 2022 and is estimated to grow to US$589.7 billion in 2025, with a compound annual growth rate of approximately 6.7% from 2021 to 2025. 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.

Chairman: Yue Teh Jang General Manager: Yue Teh Jang Accounting Officer: Tori Lin

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. |
| Feb. 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 |

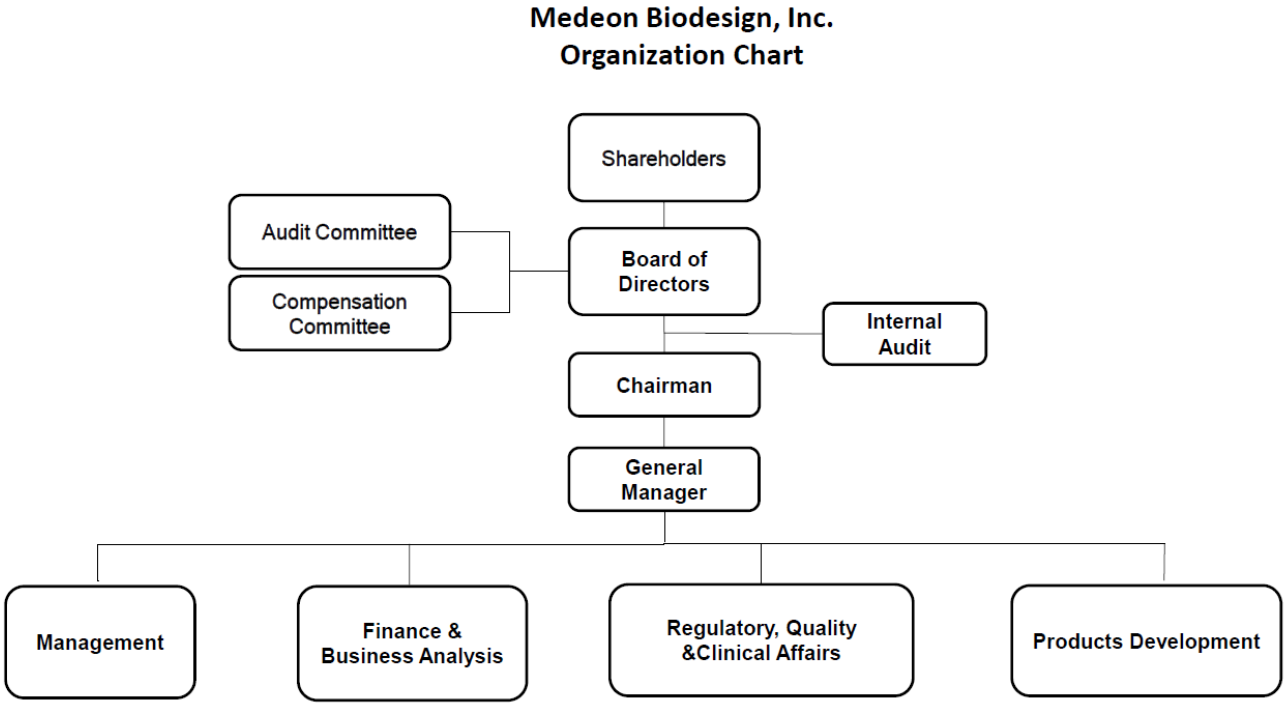
| Year | Milestone |
|---|---|
| Sep. 2021 | The mid-term analysis results of the EXPANDER-1 clinical trial of URO-T01 for benign prostatic hypertrophia were presented at the American Urological Association Annual Meeting (AUA) and successfully demonstrated its excellent safety and efficacy. |
| Dec. 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 |
| Aug. 2023 | The Duett Vascular Graft System was approved by the U.S. FDA for Investigational Device Exemption (IDE). |
| Sep. 2023 | The Duett Vascular Graft System was approved by the U.S. FDA to conduct first-in- human clinical trial. |
| Sep. 2023 | The Cross-Seal, a Class III medical device jointly developed by the Company and Terumo, has received PMA Approval from the U.S. FDA. |
| Mar. 2024 | The company announces to enroll the first patient in the IDE stady (FIH) of the Duett vascular graft system. |

III. Corporate Governance Report

1. Organization

(1) Organization

Mar. 31, 2024




(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.<br>Responsible for compiling industry market information and executing product and technology licensing agreements.<br>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.<br>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.<br>Assist in regulatory assessment and product inspection and registration for various R&D projects.<br>Responsible for design and development process compliance, and design verification and validation.<br>Responsible for clinical trial planning and execution. |
| Finance & Business Analysis Dept. | Responsible for the evaluation, investment introduction and post-investment management of new projects.<br>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.<br>Responsible for the management of patents and other intellectual property rights, etc.<br>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 14, 2024

| 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**<br>Ph.D. in Materials Science, University of Utah.<br>B.S. in Materials Science, National Tsing-Hua University<br>**Experience**<br>General Partner, The Vertical Group<br>Co-Founder & CEO, Integrated Vascular Systems<br>Co-Founder & CEO, Ensure Medical<br>CEO, Kyphon<br>CEO, Embol-X<br>Vice president of R&D, Boston Scientific<br>Vice president of R&D, CVIS | Director, Medeon International, Inc.<br>Chairman & CEO, MedeonBio, Inc.<br>GM, Medeon Biodesign, Inc.<br>Chairman, Medeon, Inc.(USA)<br>Chairman & GM, Prodeon Medical Corporation<br>Director, Prodeon Medical, Inc.<br>Chairman & CEO, Aquedeon Medical, Inc.<br>Chairman, Medeologix, Inc.<br>Chairman, Mediballoon, Inc. | none | none | none | Note 1 |
| | United States of America | Medeon, Inc.(Note 5) | - | - | - | - | 7,540,392 | 11.33% | 10,450,911 | 11.33% | - | - | - | - | - | - | - | - | - | |
| Director | Republic of China | Representative: Jung Chin Lin | male 60~69 | July 16, 2021 | 3 | Jan. 14, 2014 | - | - | - | - | 109,255 | 0.12% | - | - | **Education**<br>Honorary Doctorate, Taipei Medical University<br>Bachelor, School of Pharmacy, Taipei Medical University<br>**Experience**<br>Chairman, Center Laboratories, Inc.<br>Chairman, Medeon Biodesign, Inc.<br>Chairman, PharmaEngine, Inc.<br>Chairman, TOT BIOPHARM International Company Limited<br>Chairman, Mycenax Biotech Inc. | Legal Representative Director/President/CEO Lumosa Therapeutics Co. Ltd. Director, BioGend Therapeutics Co., Ltd.<br>Legal Representative Director, Adimmue Corporation<br>Chairman (Legal Representative), BioEngine Technology Development Inc.<br>Chairman (Legal Representative), KriSan Biotech Co., Ltd.<br>Chairman (Legal Representative), Cytoengine Co., Ltd.<br>Chairman, Royal Foods Co., Ltd.<br>Chairman (Legal Representative), Bioflag International Corporation (Cayman)<br>Chairman (Legal Representative), GLAC Biotech Co., Ltd.<br>Chairman (Legal Representative), Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation<br>Director (Legal Representative), Youluck International Inc.<br>Director, A2+ Biotech Consulting Co., Ltd.<br>Director, Beijing Shundu Pharmaceutical Research Institute Co., Ltd.<br>Director, Shanghai Bio Pharmaceuticals Co., Ltd.<br>Director, Scindy Pharmaceutical (SuZhou), Ltd.<br>Director, T-E PHARMA HOLDING<br>Director, AiViva Holding Limited & AiViva Biopharma Inc. | none | none | none | Note 2 |

| 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 | |
| | Republic of China | Center Laboratories, Inc. | - | - | - | - | 19,772,252 | 29.71% | 27,411,028 | 29.72% | - | - | - | - | - | Director and Chairman, Mycenax Biotech Inc.<br>Director and Chairman, Lumosa Therapeutics Co.,Ltd.<br>Director, BioGend Therapeutics Co., Ltd.;<br>Chairman (Legal Representative), BRIM Biotechnology, Inc.<br>Director, Ever Supreme Bio Technology Co., Ltd.<br>Director, Ever Fortune. AI Co., Ltd.<br>Director, Cytoengine Co., Ltd.;<br>Chairman, Krisan Biotech Co., Ltd.<br>Director, Efficient Biomedical Corp.<br>Director, BIOFLAG INTERNATIONAL CORPORATION (Cayman) | - | - | - | - |
| Director | Republic of China | Representative: Chih Hsiung Wu | male 70~79 | July 16, 2021 | 3 | Jan 8, 2016 | 21,998 | 0.03% | 30,487 | 0.03% | - | - | - | - | **Education**<br>Ph.D.of First Department Surgery, Dokkyo Medical University<br>Bachelor of Medicine, school of medicine,Taipei Medical University<br>**Academic Experience**<br>Chairman, school of medicine, Taipei Medical University<br>Professor of Department of Surgery , school of medicine, Taipei Medical University<br>**Experience**<br>Superintendent, En Chu Kong Hospital<br>CEO, En Chu Kong Hospital<br>Chairman, Taipei Medical University-Shuang Ho Hospital,Ministry of Health and Welfare<br>Chairman, Taipei Medical University Hospital<br>Director, Taiwan Hospital Association<br>Director, New Taipei City Medical Association | Attending Physicians, En Chu Kong Hospital<br>Independent Director, Lumosa Therapeutics Co. Ltd.<br>Chairman, V-Check, Inc. | none | none | none | - |
| | Republic of China | Center Laboratories, Inc. | - | - | - | - | 19,772,252 | 29.71% | 27,411,028 | 29.72% | - | - | - | - | - | Director and Chairman, Mycenax Biotech Inc.<br>Director and Chairman, Lumosa Therapeutics Co.,Ltd.<br>Director, BioGend Therapeutics Co., Ltd.<br>Director, Ever Supreme Bio Technology Co., Ltd.<br>Director, Ever Fortune. AI Co., Ltd.<br>Director, Cytoengine Co., Ltd.<br>Chairman, Krisan Biotech Co., Ltd.<br>Director, Efficient Biomedical Corp.<br>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% | 84,545 | 0.09% | - | - | - | - | Education<br>Master of Health Policy and Management, Harvard School of Public Health<br>Master of Science, Public Health from National Taiwan University<br>Bachelor of Medicine, National Yang-Ming Medical College<br>Academic Experience<br>Adjunct Professor, Institute of Public Health, National Yang Ming Chiao Tung University<br>Experience<br>Deputy Minister, Ministry of Health and Welfare<br>President & CEO, The Bureau of National Health Insurance<br>Minister, Taiwan Centers for Disease Control<br>Chief, Department of Information Management, Ministry of Health and Welfare<br>Deputy Minister, Taiwan Food and Drug Administration | Vice President, Taiwan Research-based Biopharmaceutical Manufacturers Association(TRPMA)<br>Chairman and CEO, YFY Biotech Management Company<br>Chairman and CEO, Eusol Biotech Co.,Ltd.<br>Chairman, Micareo Taiwan Co.,Ltd.<br>Chairman, MiCareo, Inc.<br>Representative of Juristic-person Director, TaiGen Biopharmaceuticals Holdings Limited<br>Representative of Juristic-person Director, TaiGen Biotechnology Co., Ltd.<br>Director, Excelsior Biopharma Inc.<br>Representative of Juristic-person Director, Medeon International, Inc.<br>Director, Abprotix Inc.<br>Director, Acepodia, Inc. (KY)<br>Representative of Juristic-person Director, Taiwania Capital Management Corporation<br>Representative of Juristic-person Director, Taiwania Capital Biotechnology Corporation<br>Independent Director, TOT Biopharm Company Limited<br>Chairman, A2+ Biotech Consulting Co., Ltd.<br>Director, Formosa Pharmaceuticals, Inc.<br>Independent Director, Maywufa Company Ltd.<br>Director, TCCD Angels Investment Co., Ltd.<br>Director, AmMax Bio Inc. | none | none | none | Note 3 |
| Director | Republic of China | Hsin Yuan Fang | male 50~59 | July 16, 2021 | 3 | June 14, 2018 | 21,998 | 0.03% | 18,487 | 0.02% | - | - | - | - | Education<br>Bachelor of Medicine, School of Medicine, Kaohsiung Medical College<br>Master of National Taiwan University College of Medicine<br>Ph.D.of National Taiwan University College of Medicine<br>Academic Experience<br>Professor and Director, Department of Surgery, China Medical University<br>Experience<br>Deputy Director, Department of Education, China Medical University Hospital<br>Director, ,Surgical Intensive Care Unit, China Medical University Hospital<br>Director of OSCE, Department of Education, China Medical University Hospital<br>Director Secretary, China Medical University Hospital<br>Director,Thoracic Surgery, China Medical University Hospital<br>Medical Research of Lung Transplantation, University of Pittsburgh Medical Center<br>Director,Surgical Intensive Care Unit, Changhua Christian Hospital | Professor and Director, Department of Surgery, China Medical University<br>Vice Superintendent of Department of Surgery, China Medical University Hospital<br>Director of OSCE, Department of Education, China Medical University Hospital<br>Attending Physician, Thoracic Surgery, China Medical University Hospital<br>Director, Ever Young BioDimension Corporation | none | none | none | Note 4 |

| 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 | Chi Hang Yang | male 70~79 | July 16, 2021 | 3 | Apr. 20, 2015 | - | - | - | - | - | - | - | - | Education<br>Master and Ph.D. degree, Electronics and Computer Science, Southampton University in the UK<br>Academic Experience<br>Associate Professor, Department of Communications Engineering, National Yang Ming Chiao Tung University<br>Chairman, Department of Computer Science and Information Engineering, Tamkang University<br>President, Chung Chou University of Science and Technology<br>Dean of academic affairs, National Kaohsiung University of Science and Technology<br>Vice president, National Kaohsiung University of Science and Technology<br>Experience<br>Executive Assistant, Fusheng Co., Ltd. & Vice President,Top Information Technologies Co., Ltd.<br>Dean, Office of Science and Technology Advisors, Minister of Transportation and Communications, R.O.C.<br>Director general, Department of International Programs, National Science Council (now Ministry of Science and Technology)<br>Director, Science and Technology Division, TECO in San Francisco<br>Secretary, , National Science Council (now Ministry of Science and Technology) | Director, Taiwan Cultural and Creativity Development Foundation<br>Chairman, SVT Investment Co. , Ltd<br>Independent Director, ACE Pillar CO., LTD. | none | none | none | - |
| Independent Director | Republic of China | Chia Ying Ma | male 60~69 | July 16, 2021 | 3 | Apr. 20, 2015 | - | - | - | - | - | - | - | - | Education<br>Ph.D., Business and Economics, Lehigh University, USA<br>Academic Experience<br>Dean, the Office of Research Development, Soochow University<br>Secretary of President, Soochow University<br>Professor, Department of Accounting , Soochow University<br>Chairperson, Department of Accounting, Soochow University<br>Adjunct Professor, National ChengChi University<br>Adjunct Professor, Department of Accounting and Information Technology, National Chung Cheng University<br>Adjunct Professor, Department of Biological Science and Technology, National Yang Ming Chiao Tung University<br>Professional Organization Experience<br>Member, Enterprise Accounting Standards Committee, Accounting Research and Development Foundation in Taiwan<br>Member, Auditing Standards Committee, Accounting Research and Development Foundation in Taiwan<br>Directorate-General of Budget for Accounting and Statistics<br>Certifications<br>CPA<br>ROC CPA<br>New Jersey State Licensed CPA | Independent Director, TSC Auto ID Technology Co., Ltd.<br>Independent Director, RichWave<br>Director (Legal Representative),Union Insurance Company<br>Independent director, Hiyes International Co., Ltd.<br>Professor, Department of Accounting , Soochow University | 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 | Jerome Shen | male 50~59 | July 16, 2021 | 3 | Apr. 20, 2015 | - | - | - | - | - | - | - | - | Education<br>Ph.D., Chemical Engineering, University of Wisconsin, Madison<br>Experience<br>President, Allgenesis Biotherapeutics Inc.<br>Director,Twi Pharmaceuticals, Inc.<br>Independent Director, Lotus Pharmaceutical CO., Ltd.<br>Presiden, XinChen Ventures<br>Director and GM of Biotechnology Business, Cheng Xin Ventures Capital Group<br>Managing Director, Cheng Xin Venture Group. | Chairman, Taiwania Capital Biotechnology Corporation<br>Director, Annji Pharmaceutical CO., Ltd.<br>Chairman, Taiwania Capital Biotechnology III Corporation<br>General Partner and Head of Life Science Investments , Taiwania Capital Management Corporation<br>Director, AmMax Bio, Inc.<br>Chairman, Taiwania Capital Biotechnology VII Corporation<br>Cuumed Catheter Medical Co., Ltd. | none | none | none | - |
| Independent Director | Republic of China | Jien Wei Yeh | male 70~79 | June 19, 2023 | 1 | June 19, 2023 | - | - | - | - | - | - | - | - | Education：<br>PhD in Material Science, National Tsing Hua University<br>Experience：<br>Professor, Department of Material Science Engineering, National Tsing Hua University<br>Associate Professor, Department of Material Science Engineering, National Tsing Hua University<br>Consultant and Director, High Entropy Materials, Inc.<br>Independent Director of Elite Advanced Laser Corporation<br>Consultant, Vero Veria Corporation. | Chair Professor, Department of Material Science Engineering, National Tsing Hua University<br>Consultant and Director, High Entropy Materials, Inc. | none | none | none | Note 5- |

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. The Company has elected one additional seat for 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: Due to the Chairman of the Company also serving as the General Manager, an additional seat for an independent director was elected during the 2023 Annual Shareholders' Meeting in accordance with relevant regulations.

Note 6: 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. 14, 2024

| Name of Institutional Shareholders | Major Shareholders of the Institutional Shareholders |
|---|---|
| Center Laboratories, Inc. | Li Rong Technology Co., Ltd. (8.70%)<br>Royal Food Co., Ltd. (5.99%)<br>Jason Technology Co., Ltd. (2.37%)<br>Farglory Life Insurance Inc. (1.63%)<br>You De Investment Consulting Co., Ltd. (1.38%)<br>MasterLink Securities Corp. (1.07%)<br>Mumozi Inc. (1.03%)<br>Yong Lian Co., Ltd. (1.00%)<br>Wei Chen Investment Co., Ltd. (0.89%)<br>JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.86%) |
| 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. 14, 2024

| 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%) |
| 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%) |
| You De Investment Consulting Co., Ltd. | Su Chi Wang (75%), You En Lin (25%) |
| MasterLink Securities Corp. | Shin Kong Financial Holding Co., Ltd. (100%) |
| Mumozi Inc. | Jun Yao Lin (99.997%), Ming Yue Zheng (0.003%) |
| Yong Lian Co., Ltd. | Yu Fen Chang(30.34%), Wen Ti Cheng (16.74%), Wen Yu Cheng (16.74%) |
| Wei Chen Investment Co., Ltd. | Chuan Yi Jhou (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 advanced 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 under any circumstances stated 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 under any circumstances stated 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 under any circumstances stated 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 under any circumstances stated 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 under any circumstances stated 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 device industry by promoting the Stamford-Taiwan Biomedical Fellowship Program(STB). Not been under any circumstances stated in Article 30 of the Company Act. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 |
| | | Meet the criteria stated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”:<br>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.<br>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.<br>3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company's shares.<br>4. Not a director, supervisor or employee of a company with specific relationship with the Company.<br>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<br>(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. | ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓<br>Meet the criteria stated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies":<br>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.<br>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.<br>3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company's shares.<br>4. Not a director, supervisor or employee of a company with specific relationship with the Company.5.<br>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<br>(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. | ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓<br>Meet the criteria stated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies":<br>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.<br>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.<br>3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company’s shares.4.<br>4. Not a director, supervisor or employee of a company with specific relationship with the Company.5.<br>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. | |
| Jien Wei Yeh<br>(Independent Director) | Dr. Jien Wei Yeh is the Chair Professor in the Department of Material Science Engineering at the National Tsing Hua University. Renowned for his pioneering research on high-entropy alloys, he has propelled this emerging material field to the forefront of academia. Dr. Yeh's groundbreaking work has solidified Taiwan's leadership in high-entropy alloy research, earning him the title of the "father of high-entropy alloys”. He has also industrialized high-entropy materials to enhance the competitiveness and influence of domestic industries. Dr. Yeh was awarded the Outstanding Research Award by the Ministry of Science and Technology in 2017 and the Outstanding Contribution in Science and Technology Award by the Executive Yuan in 2021. In 2022, he was ranked top second in scientific influence in the global materials field. Dr. Yeh does not fall under any of the circumstances stated in Article 30 of the Company Act. | ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓<br>Meet the criteria stated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”:<br>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.<br>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.<br>3. The individual (or under the name of another person), his/her spouse and minor children do not hold the Company’s shares.4.<br>4. Not a director, supervisor or employee of a company with specific relationship with the Company.5.<br>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. | 0 |

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 15-37 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 device development and clinical 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 device 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 device 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 | Jien Wei Yeh |
| Gender | Male | 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. | R.O.C. |
| Age | 70-79 | 60-69 | 60-69 | 70-79 | 50-59 | 70-79 | 60-69 | 50-59 | 70-79 |
| Independent Directors' Terms of Office | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | 9 years and below | 9 years and below | 9 years and below | 1 years and below |
| Work concurrently as an employee | V | | | | | | | | |
| Ability to make operational judgments. | V | 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 | V |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ability to conduct crisis management. | V | V | V | V | V | V | V | V | V |
| Knowledge of the industry. | V | V | V | V | V | V | | V | V |
| An international market perspective. | V | V | V | V | V | V | V | V | V |
| Ability to lead. | V | V | V | V | V | V | V | V | V |
| Ability to make policy decisions. | V | V | V | V | V | V | V | V | V |

b. Board of Directors Independence:

- ●The Board of Directors of the Company consists of 9 directors, of which 4 are independent directors accounting for 44.4% of all directors and 4 of all directors meeting all independence criteria accounting for 55.6% of all directors.
- ●Independent directors may not serve more than three consecutive terms. All independent directors have less than 9 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. 14, 2024

| 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 Ameri | Yue Teh Jang | Male | 101.12.22 | - | - | - | - | - | - | General Partner, The Vertical Group<br>Co-Founder & CEO, Integrated Vascular Systems<br>Co-Founder & CEO, Ensure Medical<br>CEO, Kyphon<br>CEO, Embol-X<br>Vice president of R&D, Boston Scientific<br>Vice president of R&D, CVIS<br>Ph.D. in Materials Science, University of Utah.<br>B.S. in Materials Science, National Tsing-Hua University | Director, Medeon International, Inc.<br>Chairman & CEO, MedeonBio, Inc.<br>GM, Medeon Biodesign, Inc.<br>Chairman, Medeon, Inc.(USA)<br>Chairman & GM, Prodeon Medical Corporation<br>Director, Prodeon Medical, Inc.<br>Chairman & CEO, Aquedeon Medical, Inc.<br>Chairman, Medeologix, Inc.<br>Chairman, MediBalloon, Inc. | - | - | - | Note 1 |
| VP of Products Development | Republic of China | Albert Weng | Male | 108.07.01 | 375,881 | 0.41% | - | - | - | - | Visiting Scientist, Massachusetts Institute of Technology<br>Senior Scientist and principle investigator, Industrial Technology Research Institute (ITRI)<br>Ph.D.of Materials Sciences and Engineering, National Tsing-Hua University | Director, Prodeon Medical Corporation<br>Executive Vice President, Medeologix, Inc.<br>Management Representative, Second Source Medical LLC | - | - | - | |
| Executive VP of General Manager's Office | Republic of China | Greta Chang | Female | 108.07.01 | 30,000 | 0.03% | - | - | - | - | QA Manager, Health & Life Corporation<br>Regulatory Manager, Healthcare Division, Lite-On IT's<br>Senior lead auditor, TUV Rheinland.<br>Product Specialist, Galemed Corporation<br>R&D Engineering, Bioteque Corporation<br>B.S. in Biomedical Engineering, Chung Yuan Christian University. | Director, Prodeon Medical, Inc.<br>Director, Aquedeon Medical, Inc. | - | - | - | |
| VP of Finance & Business Analysis | Republic of China | Jenny Chen | Female | 111.04.07 | 89,268 | 0.1% | 59,780 | 0.06% | - | - | Investment Manager, Taiwan Global Biofund & YFY Biotech Management Company<br>Project Manager, MicroParticle Proteomics, LLC<br>Researcher, Industrial Technology Research Institute<br>Applied Researcher, BioDiscovery Inc.<br>Ph.D. degree in Microbiology, UC Davis<br>MBA degree in Finance, Rady School of Management, UC San Diego | Director, Medeologix, Inc.<br>Director, Prodeon Medical Corporation<br>Chairman, Yi Chuang Biodesign, Inc. | - | - | - | |
| Director of Regulatory, Quality & Clinical Affairs | Republic of China | Pei Chen | Female | 108.08.05 | 1,385 | 0.002% | - | - | - | - | Director of Clinical Research, Han.biomedical Inc.<br>Examiner, Drug Department, Taiwan Food and Drug Administration<br>Assistant Manager of Clinical Research, R&D Department, TSH Biopharm Corporation Limited<br>Director of Clinical Research, TDW Pharmaceutical Inc.<br>Postdoc, Academia Sinica, Institute of Biomedical Sciences & Manager of Clinical Center<br>Ph.D. of Life Sciences, National Defense Medical Center | - | - | - | - | |
| Senior Director of Management | Republic of China | Janice Chang | Female | 112.02.20 | - | - | - | - | - | - | Assistant Vice President, ERP Service Department/Information Department/Big Data Application Department, TCC Information Systems Corp.<br>Director of Information, ASE Packaging & Testing (Shanghai Plant) Co., Ltd.<br>Senior Manager of Information, Bora Pharmaceutical Laboratories Inc.<br>Manager of Information, Simplo Technology Co., Ltd.<br>Manager of Information, chih he, Ltd.<br>Deputy Manager, Brilliance Semiconductor Inc.<br>Master, Department of Applied Mathematics, Feng Chia University | F- | - | - | - | |
| Senior Manager of Finance & Business Analysis & Accounting Officer | Republic of China | Tori Lin | Female | 111.04.07 | 14,271 | 0.02% | - | - | - | - | Assistant Manager, Administration, Kalin Enterprise Co., Ltd.<br>Manager, Accounting, Interserv International Inc.<br>In Charge of PWC<br>Master, Department of Management Science, National Yang Ming Chiao Tung University<br>Department of Accounting, Soochow University | - | - | - | - | |
| Assistant Manager of Internal Audit | Republic of China | Franey Jeng | Female | 102.03.01 | 26,370 | 0.03% | - | - | - | - | Administrative Specialist, Acorn Taiwan Consultant Co., Ltd.<br>Administrative Assistant of BSPT<br>Bachelor of Department of Information Management, National Taipei University of Business | - | - | - | - | |

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. The Company has elected one additional seat for 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 2023 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) | 本公司 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 | Stock | Cash | Stock | The Company | Companies in the financial statements (Note 7) | |
| Chairman | Medeon, Inc. (USA) Representative: Yue Teh Jang | - | - | - | - | - | - | 31.5 | 31.5 | 31.5 (0.003%) | 31.5 (0.003%) | 648.4 | 14,201.0 | - | - | - | - | - | - | 679.9 (0.056%) | 14,232.5 (1.181%) | - |
| Director | Center Laboratories, Inc. Representative: Jung Chin Lin | - | - | - | - | - | - | 27 | 27 | 27 (0.002%) | 27 (0.002%) | - | - | - | - | - | - | - | - | 27 (0.002%) | 27 (0.002%) | - |
| Director | Center Laboratories, Inc. Representative : Chih Hsiung Wu | - | - | - | - | - | - | 31.5 | 31.5 | 31.5 (0.003%) | 31.5 (0.003%) | - | - | - | - | - | - | - | - | 31.5 (0.003%) | 31.5 (0.003%) | - |
| Director | Hong Jen Chang | - | - | - | - | - | - | 27 | 27 | 27 (0.002%) | 27 (0.002%) | - | - | - | - | - | - | - | - | 27 (0.002%) | 27 (0.002%) | - |
| Director | Hsin Yuan Fang | - | - | - | - | - | - | 22.5 | 22.5 | 22.5 (0.002%) | 22.5 (0.002%) | - | - | - | - | - | - | - | - | 22.5 (0.002%) | 22.5 (0.002%) | - |
| Independent Director | Chi Hang Yang | 600 | 600 | - | - | - | - | 72 | 72 | 672 (0.056%) | 672 (0.056%) | - | - | - | - | - | - | - | - | 672 (0.056%) | 672 (0.056%) | - |
| Independent Director | Chia Ying Ma | 600 | 600 | - | - | - | - | 72 | 72 | 672 (0.056%) | 672 (0.056%) | - | - | - | - | - | - | - | - | 672 (0.056%) | 672 (0.056%) | - |
| Independent Director | Jerome Shen | 600 | 600 | - | - | - | - | 72 | 72 | 672 (0.056%) | 672 (0.056%) | - | - | - | - | - | - | - | - | 672 (0.056%) | 672 (0.056%) | - |
| Independent Director | Jien Wei Yeh | 270 | 270 | | | | | 18 | 18 | 288 (0.024%) | 288 (0.024%) | | | | | | | | | 288 (0.024%) | 288 (0.024%) | |

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 2023 (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 2023 (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 2023: Not applicable.

C. Remuneration Paid to General Managers and Deputy General Managers in 2023

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 | 8,090 | 29,839 | 269 | 139 | 0 | 1,388 | - | - | - | - | 8,359 (0.69%) | 31,366 (2.60%) | - |
| Executive Vice President | Yi Ju Chen (Note 1) | | | | | | | | | | | | | |
| Vice President | Albert Weng | | | | | | | | | | | | | |
| Vice President | Greta Chang | | | | | | | | | | | | | |
| Vice President | Jenny Chen | | | | | | | | | | | | | |

Note 1: The individual resigned in Apr . 2023.

**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 | - |
| NT$1,000,000(incl.) ~ NT$2,000,000(excl.) | Yi Ju Chen (Note 10), Albert Weng | Yi Ju Chen (Note 10) |
| NT$2,000,000(incl.) ~ NT$3,500,000(excl.) | Greta Chang, Jenny Chen | Greta Chang, Jenny Chen |
| NT$3,500,000(incl.) ~ NT$5,000,000(excl.) | - | - |
| NT$5,000,000(incl.) ~ NT$10,000,000(excl.) | - | Albert Weng |
| NT$10,000,000(incl.) ~ NT$15,000,000(excl.) | - | Yue Teh Jang |
| NT$15,000,000(incl.) ~ NT$30,000,000(excl.) | - | - |
| NT$30,000,000(incl.) ~ NT$50,000,000(excl.) | - | - |
| NT$50,000,000(incl.) ~ NT$100,000,000(excl.) | - | - |
| More than NT$100,000,000 | - | - |
| Total | 5 people | 5 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 Apr. 2023.
＊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 2023:

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 (Note 8) | | | | | | | | | | | | | |
| Vice President | Albert Weng | | | | | | | | | | | | | |
| Vice President | Greta Chang | | | | | | | | | | | | | |
| Vice President | Jenny Chen | | | | | | | | | | | | | |

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 individual resigned in Apr. 2023.

＊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 | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 2,227.5 | 2,227.5 | (0.51) | (0.51) | 2,443.5 | 2,443.5 | (0.20) | (0.20) |
| General Managers and Deputy General Managers | 13,315 | 32,910 | (3.07) | (7.59) | 8,359 | 31,366 | (0.69) | (2.60) |

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 2023, 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 2023 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 2023, there is no distribution of directors' remuneration.

(iii). The method of the performance of the independent directors for the year 2023 is the same as that described above. In 2023, 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 work performance, professional competence, leadership and management, execution skills, communication and coordination skills, teamwork, work attitude and organizational commitment, problem solving skills, 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. | 50% |
| Leadership and Management | Able to lead by example, set a clear vision for the organization, build consensus, guide team operations, resolve conflicts, actively train talents, make informed decisions, take responsibility, and boost team morale. | |
| Execution skills | Being aware of the priority and importance of all of the team's tasks, being able to correctly allocate and coordinate resources, leading the team to take action, and being able to achieve the team's targets before deadlines. | |
| Communication and coordination skills | Having empathy and being able to listen, effectively convey information and build team consensus, coordinate with others to jointly resolve problems or difficulties faced by the team, make use of resources within and outside the team/organization as appropriate to address problems faced by the team and achieve the team's targets. | |
| Teamwork | Able to help team members understand the importance of their tasks, effectively adopt various team building methods, and effectively use different motivational techniques to achieve the final goal. | |

| | | |
|---|---|---|
| Work Attitude and Organizational Commitment | Having vision and being enthusiastic and proactive in performing tasks, as well as being willing to learn, keep pace with the times, adjust one’s expectations to meet the Company's needs, and take responsibility. | |
| Problem solving skills | Being able to make quick decisions on various events or problems with potential risks and take specific and clear preventive measures, being bold to take the initiative to bear the responsibility for decision-making consequences. | |
| 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 | |

3. Implementation of Corporate Governance:

(1) Implementation Status of Board of Directors

A total of 9 (A) Board of Directors meetings were held in 2023 and as of March 31, 2024. 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 | 9 | 0 | 100.00 | Re-elected and assumed office on Jul. 16, 2021 |
| Director | Center Laboratories, Inc. Representative: Jung Chin Lin | 8 | 1 | 88.89 | Elected and assumed office on Jul. 16, 2021 |
| Director | Center Laboratories, Inc. Representative: Chih Hsiung Wu | 9 | 0 | 100.00 | Re-elected and assumed office on Jul. 16, 2021 |
| Director | Hong Jen Chang | 8 | 1 | 88.89 | Elected with natural person identity on Jul. 16, 2021 |
| Director | Hsin Yuan Fang | 6 | 1 | 66.67 | Elected with natural person identity on Jul. 16, 2021 |
| Independent Director | Chi Hang Yang | 9 | 0 | 100.00 | Re-elected and assumed office on Jul. 16, 2021 |
| Independent Director | Chia Ying Ma | 9 | 0 | 100.00 | Re-elected and assumed office on Jul. 16, 2021 |
| Independent Director | Jerome Shen | 9 | 0 | 100.00 | Re-elected and assumed office on Jul. 16, 2021 |
| Independent Director | Jien Wei Yeh | 4 | 0 | 100.00 | The Company has elected one additional seat for independent director in 2023 Annual Shareholders' Meeting on Jun. 19, 2023. |

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. 12, 2023 | The 14th Meeting of the 5th Board of Directors | Proposal: Issurance of 2022 annual managers' performance bonus.<br>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: 2023 Manager's Salary and Benefit Compensation Plan.<br>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. |
| Aug. 03, 2023 | The 19th Meeting of the 5th Board of Directors | Proposal: Manager's group performance bonus in the first half-year of 2023<br>Description: The Manager's group performance bonus in the first half-year of 2023 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. 18, 2024 | The 21st Meeting of the 5th Board of Directors | Proposal: 2023 Manager's Salary and Benefit Compensation Plan.<br>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. |
| Jan. 18, 2024 | The 21st Meeting of the 5th Board of Directors | Proposal: 2024 Manager's Salary and Benefit Compensation Plan.<br>Description: The Company's 2024 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, 2023-Dec. 31, 2023 | Performance evaluation of the Board of Directors, individual Board members, 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, 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.<br>Scope of evaluation: Including the performance evaluation of the entire Board of Directors, individual Board members, the Audit Committee, and the Compensation Committee.<br>Evaluation method: Including internal self-evaluation by the Board of Directors and functional committees.<br>The evaluation standard is divided into five grades: very poor, poor, moderate, excellent, and very good according to the indicators of each measurement item.<br>(2)The performance evaluation of the Board of Directors for 2023 and the results are as follows:<br>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.<br>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.<br>C.The performance evaluation of the Audit Committee is measured in five 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.<br>D. The performance evaluation of the Compensation Committee is measured in four major areas, including participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision quality, as well as functional committee composition and selection of members.<br>E. The performance evaluation of the Board of Directors, the Audit Committee, the Compensation Committee, and the members of the Board of Directors (self) during the period of 2023.1.1 to 2023.12.31 were evaluated in the first four 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 18, 2024. |

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 2023 and as of March 31, 2024.

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

| Name | Jan. 12, 2023 | Feb. 23, 2023 | Mar. 22, 2023 | May. 4, 2023 | May. 4, 2023 | Aug. 3, 2023 | Nov. 2, 2023 | Jan. 18, 2024 | Feb. 29, 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Chi Hang Yang | V | V | V | V | V | V | V | V | V |
| Chia Ying Ma | V | V | V | V | V | V | V | V | V |
| Jerome Shen | V | V | V | V | V | V | V | V | V |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Jien Wei Yeh | | | | | | 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).

Note 4: Due to the Chairman of the Company also serving as the General Manager, an additional seat for an independent director was elected during the 2023 Annual Shareholders' Meeting on June 19, 2023 in accordance with relevant regulations.

(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 9 (A) Audit Committee meetings were held in 2023 and as of March 31, 2024. 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 | 9 | 0 | 100.00 | |
| Independent Director | Chia Ying Ma | 9 | 0 | 100.00 | |
| Independent Director | Jerome Shen | 9 | 0 | 100.00 | |
| Independent Director | Jien Wei Yeh | 4 | 0 | 100.00 | Note |

Note: Due to the Chairman of the Company also serving as the General Manager, an additional seat for an independent director was elected during the 2023 Annual Shareholders' Meeting on June 19, 2023 in accordance with relevant regulations.

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 15-37 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 2023 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 90-93 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 |
|---|---|---|
| Nov 2, 2023 Before the Audit Committee Meeting | 1. Report on the implementation status of internal audit operations for 2023 Q3.<br>(Separate meeting) | 1. Full communication, discussion and awareness.<br>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 |
|---|---|---|
| March 22, 2023 After the Audit Committee Meeting | Report on relevant requirements for corporate governance and legal requirements.<br>(Separate meeting) | 1. Full communication, discussion and awareness.<br>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 25-27 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? | | V | (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.<br>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, individual board members, the Audit Committee, the Compensation Committee.<br>Evaluation method: Including internal self-evaluation by the Board of Directors and functional committees.<br>The evaluation standard is divided into five grades: very poor, poor, moderate, excellent, and very good according to the indicators of each measurement item.<br>The contents and results of the 2023 annual performance evaluation are as follows.<br>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.<br>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.<br>C.The performance evaluation of the Audit Committee is | |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| (4) Does the company regularly evaluate the independence of CPAs? | ∨ | | measured in five 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.<br>D. The performance evaluation of the Compensation Committee is measured in four major areas, including participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision quality, as well as functional committee composition and selection of members.<br>E. The performance evaluation of the Board of Directors, the Audit Committee, the Compensation Committee, and the members of the Board of Directors (self) during the period of 2023.1.1 to 2023.12.31 were evaluated in the first four 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 18, 2024.<br>(4) According to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, a | None |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | TWSE/TPEx listed company shall evaluate the independence 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 18, 2024, and the independent assessment report of the CPA and the AQIs assessment report were reviewed and approved by the Board of Directors on January 18, 2024. 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 AQIs assessment are as follows: | |

<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>
<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>
<tr><td rowspan="2">II. Self-assessment</td><td>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.</td><td>☐ Yes ■ No</td></tr>
<tr><td>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.</td><td>☐ Yes ■ No</td></tr>
<tr><td>III. Defense</td><td>1. Whether to advertise or broker stocks or other securities issued by the Company and the Company's affiliates.</td><td>☐ Yes ■ No</td></tr>
</table>
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</table>

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

| | | |
|---|---|---|
| | 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 |

AQI Assessment Result:

| Dimensions | AQI | Indicators | Applicable |
|---|---|---|---|
| Profession | Audit Experience | Whether the CPA and auditors possess sufficient audit experience to perform the audit work. | ■Yes☐ No |
| | Training Hours | Whether CPA and auditors receive sufficient training to acquire professional knowledge | ■Yes☐ No |

| Evaluation Item | Implementation Status | | | | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|---|---|---|
| | Yes | No | Abstract Illustration | | | | |
| | | | | | and skills. | | |
| | | | | Attrition Rate | hether the firm maintains sufficient senior human resources. | ■Yes□ No | |
| | | | | Professional Support | Whether the firm is equipped with sufficient experts, including CAAT specialists and financial appraisers. | ■Yes□ No | |
| | | | Quality Control | Workload | Whether partners are loaded with excessive engagements or work overtime. | ■Yes□ No | |
| | | | | Involvement | hether the involvement of audit team in each audit phase is appropriate. | ■Yes□ No | |
| | | | | (EQCR) EQCR | Whether EQC reviewers spend sufficient time on engagement. | ■Yes□ No | |
| | | | | Quality Supporting Capacity | hether the firm is equipped with sufficient resources such as risk management, audit professional consultants to support audit teams. | ■Yes□ No | |
| | | | Independence | Non Audit Service (NAS) | Whether the proportion of NAS affects the firm proposal's independence. | ■Yes□ No | |
| | | | | Familiarity | hether audit firm tenure affects the firm's independence. | ■Yes□ No | |
| | | | Monitoring | xternal Inspection Results & Enforcement | Whether the firm's compliance wit quality control system and engagement is satisfactory. | ■Yes□ No | |
| | | | | Number of Official Improvement Letters Issued by Authority | | | |
| | | | 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.<br>The business performance in 2023 was as follows.<br>(1).Assisted the Chairman of the Board of Directors in matters related to 7 Board meetings and prepared the minutes of the Board meetings<br>(2).Assisted the Chairman of the Audit Committee in conducting 7 Audit Committee meetings and producing the minutes of the Audit Committee meetings<br>(3).Assist the Chairman of the Remuneration Committee with 2 Remuneration Committee meetings and prepare the minutes of the Remuneration Committee meetings<br>(4).Assist the Board of Directors in the 2023 General Shareholders’ meeting and prepare the minutes of the General Meeting<br>(5).Provide information on continuing education for directors | None |

(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 2023: Seminar as shown below:

| Study period | Organizer | Course | Training hours |
|---|---|---|---|
| Aug 7, 2023 | Taipei Exchange | Briefing session for insiders of listed and emerging companies | 3 |
| Aug 21, 2023 | Taiwan Academy of Banking and Finance | Corporate Governance Forum | 3 |
| September 26, 2023 | Chinese Association Of Business And Intangible Assets Valuation | Price Reasonableness Opinions and Current Fair Market Value Appraisal under the Business Mergers and Acquisitions Act | 4 |
| October 18, 2023 | Corporate Operating and Sustainable Development Association | Case Study on Issues on the Procedures for the Board of Directors and Shareholders' Meetings During the Struggle for Management Rights | 3 |
| November 24, 2023 | Taiwan Investor Relations Institute | How to Use Excel for Business Valuation and Investor Relations Management | 3 |

<table>
<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 corporate social responsibilities?</td>
<td>V</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 Investors</td><td>Business performance<br>Risk control and management<br>Shareholders' equity</td><td>Company website/every time<br>Road show/every time<br>Shareholders' Meeting/once a year<br>Board of Directors Meeting/once a season<br>Material information and press releases/every time<br>Shareholders call for consultation/each time</td><td>Spokesperson and Chief Corporate Governance Officer<br><br>Jenny Chen, Finance & Business Analysis Dept. Vice President<br>02-28816686 #118<br>IR@medeonbio.com</td></tr>
<tr><td>Customers</td><td>Business sales consultation and services</td><td>Related seminars/every time<br>Electronic correspondence/every time<br>Visits, meetings, conference calls/every time</td><td>Pearl Ling, Finance & Business Analysis Dept. Vice Manager<br>02-28816686 #125<br>pearl.ling@medeonbio.com</td></tr>
<tr><td>Suppliers</td><td>Product quality assurance</td><td>Matching with suppliers through purchasing staff/every time</td><td>Jessie Hong, Management Dept. Senior Manager<br>02-28816686 #123<br>jessie@medeonbio.com</td></tr>
<tr><td>Employees</td><td>Compensation and Benefits<br>Employee care<br>Employee training and development</td><td>Labor-management meeting/once a season<br>Internal website/permanent</td><td>Jessie Hong, Management Dept. Senior Manager<br>02-28816686 #123<br>jessie@medeonbio.com</td></tr>
<tr><td>Competent authority</td><td>Legal compliance</td><td>Meeting of the competent authority or related seminar/every time</td><td>Jenny Chen, Finance & Business Analysis Dept. Vice President<br>02-28816686 #118</td></tr>
</table>
</td>
<td>無<br>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 | |
| | | | jenny@medeonbio.com<br>The Company's communication with stakeholders in 2023 was reported to the Board of Directors on January 18, 2024, and the report is as follows.<br>(1) Communication with employees: A total of 3 labor-management meetings were held.<br>(2) Communication with customers: A total of 25 customer meetings.<br>(3) Shareholder/investor communication: 1 corporate meeting, 1 shareholders' meeting and 7 board meetings, 2 press releases, 77 calls from investors, and timely responses<br>(4) Recusal of interests: The Board of Directors recused itself from 3 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<br>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?<br>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting | V<br>V | | (1) The Company has established a corporate website to disclose both financial standings and the status of corporate governance.<br>(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<br>None |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| investor conferences)?<br>(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 Company's 2023 financial report was announced and reported within two months after the end of the fiscal year of 2023.The 2023 quarterly financial reports of the Company 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)?<br>(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.<br>(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.<br>(3). Supplier relationships and interests of stakeholders: The Company maintains equal and good relationships with its suppliers and stakeholders.<br>(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 | Oct. 12, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities and Exchange Act | 3 |
| | | Oct. 18, 2023 | Taiwan Corporate Governance Association | Business Administration and Crisis Management | 3 |
| Director | Center Laboratories, Inc. Representative: Jung Chin Lin | Oct. 12, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities and Exchange Act | 3 |
| | | Dec. 4, 2023 | Taiwan Corporate Governance Association | Risk Management Perspectives on Digital Transformation and Information Security | 3 |
| Director | Center Laboratories, Inc. Representative: Chih Hsiung Wu | Aug. 23, 2023 | ROC Accounting Research and Development Foundation | The Corporate Governance Qualities that Internal Auditors Should Have and the Financial Reporting Risk Assessment Practice | 6 |
| | | Oct. 18, 2023 | Taiwan Corporate Governance Association | Business Administration and Crisis Management | 3 |
| Director | Hong Jen Chang | Feb. 17, 2023 | ROC Accounting Research and Development Foundation | Practical Analysis of the Standards on Assurance Engagements (SAE): Relevant Regulations of ISAE TWSAE3000 | 3 |
| | | Feb. 24, 2023 | ROC Accounting Research and Development Foundation | Tax Regulations and Practices for Controlled Foreign Company (CFC) | 3 |
| Director | Hsin Yuan Fang | Mar. 28, 2023 | ROC Accounting Research and Development Foundation | Corporate Fraud Investigation Practice and Case Study | 6 |
| Independent Director | Chi Hang Yang | Feb. 17, 2023 | Securities and Futures Institute | Analysis of Early Warning and Type of Corporate Financial Crises | 3 |
| | | Mar. 27, 2023 | Chinese National Association of Industry and Commerce, Taiwan (CNAIC) | Business Resilience and Taiwan's Competitiveness | 3 |
| Independent Director | Chia Ying Ma | Jun. 2, 2023 | Chinese National Association of Industry and Commerce, Taiwan (CNAIC) | Taishin Net Zero Power Summit 2023 | 3 |

| Evaluation Item | | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|---|
| | | Yes | No | Abstract Illustration | |
| | | Jul. 4, 2023 | Taiwan Stock Exchange Corporation | 2023 Cathay Sustainable Finance and Climate Change Summit | 6 |
| | | Oct. 13, 2023 | Securities and Futures Institute | Insider Trading Prevention Awareness-raising Event for 2023 | 3 |
| | | Nov. 17, 2023 | Taiwan Institute of Directors | Discussion on How Companies Implement TCFD from the Perspective of the Board of Directors | 3 |
| Independent Director | Jerome Shen | Feb. 21, 2023 | ROC Accounting Research and Development Foundation | How to Analyze Key Enterprise Financial Information to Strengthen Crisis Early Warning Skills | 6 |
| Independent Director | Jien Wei Yeh | Aug. 9, 2023 | Greater China Financial and Economic Development Association | Influence of Carbon Pricing on Business Operations | 3 |
| | | Sep. 13, 2023 | Greater China Financial and Economic Development Association | Domestic and International Economic and Industrial Trends and Enterprise Response Strategies | 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.

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| (8). Succession planning:<br>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 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.<br>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. In April 2023, Vice president Greta Chang was promoted to Executive vice president. 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.<br>(9). Intellectual property management: Intellectual property is the core value of R&D oriented companies and is the focus of competition among innovative medical device s. The Company regularly reports on intellectual property-related matters to the Board of Directors, most recently on November 2, 2023. Please refer to the "Intellectual Property Management Plan and Implementation" on the Company's website | | | | |

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation Status</td><td rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Illustration</td></tr>
<tr><td colspan="4">(https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh).</td></tr>
<tr><td colspan="4">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):<br>The Company participated in the 9th (2023) 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:
<table>
<tr><th>Major Suggested Improvements</th><th>Status of Improvement</th></tr>
<tr><td>Is there at least one female director on the Company's Board of Directors?</td><td>The Company proposed to re-elect the Directors in the 2024 Annual Shareholders’ Meeting and intend to include at least one female Director.</td></tr>
</table>
</td></tr>
</table>

(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 Board Diversity and Independence s 28-29 of this annual report for the main professional qualifications and experience. Not been under any circumstances stated 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 15-19 of this annual report for the main professional qualifications and experience. Not been under any circumstances stated 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 15-19 of this annual report for the main professional qualifications and experience. Not been under any circumstances stated 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 | 2 | 0 | 100 | Assumed office on Jul. 16, 2021 |
| Member of Remuneration Committee | Chi Hang Yang | 2 | 0 | 100 | Term of office expired and re-assumed office on Jul. 16, 2021 |
| Member of Remuneration Committee | Jerome Shen | 2 | 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 2023 and up to the date of printing of the annual report.

| Meeting date | Material resolution | Resolution results |
|---|---|---|
| Jan. 20, 2022<br>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.<br>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<br>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.<br>The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on March 24, 2022. |
| Apr. 7, 2022<br>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.<br>The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on April 7, 2022. |
| Aug. 5, 2022<br>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.<br>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<br>The 6th Meeting of the 4th Remuneration Committee | 1.Evaluation of 2022 performance of the Board of Directors, Board Members and Functional Committees | Resolution of the Remuneration Committee: Approved by all members.<br>The Company's handling of the opinions of the Remuneration Committee members: The first proposal was reported to Borad of Directors on January 12, 2023, and the second to the fourth proposals was 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 | |
| Aug. 3, 2023<br>The 7th Meeting of the 4th Remuneration Committee | 1. 2023 First Half Year Performance Bonus for Managerial Teams | Resolution of the Remuneration Committee: Approved by all members.<br>The Company's handling of the opinions of the Remuneration Committee members: Approved by all directors present on Aug. 3, 2023. |
| | 2. Manager's Salary and Benefit Compensation Plan | |
| Jan. 18, 2024 | 1.Evaluation of the performance of | Resolution of the Remuneration |

| | | | |
|---|---|---|---|
| | The 8th Meeting of the 4th Remuneration Committee | 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: The first proposal was reported to Borad of Directors on January 18, 2024, and the second to the fourth proposals was approved by all directors present on January 18, 2024. |
| | | 2. 2023 Annual Manager's Evaluation Bonus Payment | |
| | | 3. 2024 Manager's Salary and Benefit Compensation Plan | |
| | | 4. The third subscription list of Managers for the First Company Treasury Stock | |

(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 and Business Analysis Department is responsible for promoting sustanability, focusing on environmental, social, corporate governance. and stakeholders' interests related to the Company's operations and setting sustainability targets based on the principle of materiality for risk management. The Board of Directors supervises the Company's sustainability operations and targets, including sustainability-related risk policies and response strategies, cyber security management, climate change, and energy risks, as well as human rights protection and ethical management training and promotion, while urging the Company to adjust the business direction when necessary, to ensure business administration and protect the environment at the same time, thereby conducting ethical management and improving risk | 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 | |
| | | | control to move toward the sustability goals. The Company reported to the Board of Directors on the sustabability operations in 2023 and the sustabnibility goals for 2024 on January 18, 2024. | |
| 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 18, 2024 on its 2024 goal of sustainable development based on the principle of materiality. Please refer to the " Sustainable Development Status " on the Company's website for a brief description of the relevant information. (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh) | No major differences. |
| 3. Environmental issues<br>(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 | 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 | |
| | | | environmental management system of industry-specific regulations, it still complies with the general environmental safety and health related regulations in Taiwan. | |
| (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? | ∨ | | (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? | ∨ | | (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, 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? | ∨ | | (4) The Company specializes in the R& D of medical devices, and does not produce any water or waste for manufacturing. The only water and waste generated comes from our employees' daily use for work. Although the domestic water and waste from employees, who are tenants in the building, are managed by the building's management office, we actively implement | |

| Promotion Item | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | water conservation and waste classification policies to reduce our environmental impact. In 2023, the carbon emissions from our Shilin and Wugu offices totaled 132,838 kg, a decrease from 160,286 kg in 2022. This reduction is primarily due to the 24-hour operation of our clean rooms in preparation for the FDA site inspection happened in early 2023. Using 2022 as the baseline year, we have achieved a 5% reduction in carbon emissions, meeting our carbon reduction target set for 2023. For the carbon dioxide emission reduction target in 2024, please refer to "Sustainable Development Status" on the Company's website. (https://www.medeonbiodesign.com/investors-corporate-governance/?lang=zh)。 | |
| 4. Social issues<br>(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 | 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 | |
| | | | United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the International 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 2023, there were 23 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 | |

| Promotion Item | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | insurance, wedding and funeral subsidies, health examination subsidies, birthday gifts, contracted factories, and domestic and overseas employee travel benefits.<br>Bonuses and salary adjustments will be paid based on overall operational performance(e.g., revenue, achievement rate of annual strategic goals) and individual performance appraisals (including professional ability, leadership and management, teamwork, work attitude and organizational commitment, and time management). The average annual salary increase (including promotion) for managerial officers and non-managerial employees in 2023 was 4.4%.<br>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 | |

| 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 | | work and equal promotion opportunities. In 2023, the Company ensured equal pay for equal work, with reward criteria and promotion opportunities being the same for both male and female employees. Female employees comprised 62.5% of our workforce, and female managerial officers (including associate managers and above) made up 67% of all managerial positions. Both figures exceeded our 2023 target of 40% or above.<br>(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.<br>A. Workplace Security Management<br>a. Establish a "Labor Safety and Health Code of Practice" to stipulate safety management matters for employees to follow.<br>b. Access control is implemented, employees and visitors entering the company are required to swipe their cards or verify. | |

| Promotion Item | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | 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.<br>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.<br>B. Environment Cleaning<br>a. Building and office cleaning operations: 2 times a day for the building and 1 time a day for the office.<br>b. Office disinfection (including rodent control) operations: implemented once every six months.<br>c. Office drinking water filter replacement: 1 time per quarter.<br>d. Office air conditioning filter cleaning: regular cleaning. | |

| Promotion Item | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | C.Fire Safety<br>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.<br>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.<br>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.<br>(4) In 2023, an annual inspection of fire protection systems and equipment was conducted.<br>D.Staff Health Management<br>a. We subsidize all employees' expenses for general health checkups every year. 17 people had employee health checkups and 40 people (including dependents) received influenza vaccinations in 2023.<br>b. In 2023, there were no occupational | |

| Promotion Item | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | injuries, occupational diseases or fatalities among our employees. | |
| (4) Does the company provide its employees with career development and training sessions? | V | | (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 | | V | (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 | |
| observe relevant regulations on environmental protection, occupational health and safety, or 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 2022 sustainability report in accordance with the internationally recognized reporting standards and uploaded to the MOPS and the Company's website before September, 2023. For related content, please refer to "2022 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:<br>The Company has established a "Code of Practice for Sustainable Development" and has complied with it, and there has been no discrepancy so far. | | | | |

| Promotion Item | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |

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 2023:

| Holiday/Activity | Unit | Description | Purchases/Subscriptions | Quantity | Amount |
|---|---|---|---|---|---|
| Dragon Boat Festival | TriBake No. 1 Sheltered Workshop | TriBake is committed to making baked products with high-quality ingredients. This helps increase equal employment opportunities for people with disabilities. It is in line with the 17 SDGs of the UN.<br>SDG 3 "To ensure healthy lives and promote well-being for all at all ages"<br>To ensure healthy lives and promote well-being for all at all ages.<br>→ TriBake has developed an inclusive workplace and a stage for people with disabilities to gain confidence and a sense of achievement.<br>SDG 8 "Decent work and economic growth"<br>To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.<br>→ It adopts a systematic training mechanism to enable people with disabilities to maximize their economic output, increase their salary, and gain a sense of work fulfillment.<br>SDG 10 "Reduced inequalities"<br>To reduce inequality within and among countries.<br>→ It stabilizes the families and interpersonal relationships of people with disabilities and reduces their social risks through equal job opportunities. | Bao Qi X TriBake Beach cleanup co-branded gift box In support of beach cleanup project (It is planned to remove 100 kg of marine debris, increase job opportunities for 10 partners with disabilities, and 5 women who reentered the job market, improve the income of 2 young farmers, and improve the health and wellbeing of 6,000 chickens, as a move to jointly promote sustainability and coexist with land and sea) | 22 | $13,200 |
| Forward Volunteers | Forward Alliance | In an emergency, "you" can assist the injured, find and rescue stranded survivors, help people move to safe areas, help shelter families who have lost their homes, | All employees participated in "Diverse | 1 class | $20,000 |

| Promotion Item | | Implementation Status | | | Deviations from "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|---|
| | | Yes | No | Abstract Illustration | |
| | | and keep your community and those who come to help informed of important information. Reach out! | | Disaster Response Training Basic Training" | | |
| 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 | 149 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 | 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 | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| 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? | | | 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.<br>The Company's "Ethical Corporate Management 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.<br>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 | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | 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, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments? | V | | (3) Education and training are provided to employees so that they are fully aware of the Company's determination to operate in good faith and the consequences of dishonest behavior,and there was no breach of honest management in 2023. | |
| 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 18, 2024 on the implementation of integrity management for 2023, which is summarized as follows: | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | A. Ethical management (including prevention of insider trading, etc.) promotion: A total of 25 information promotion sessions was held.<br>B. Ethical management (including prevention of insider trading, etc.) education and training: 43 participants attended the training.<br>C. Violation of ethical management: 0 cases. | |
| (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? | V | | (3) The Company has established a policy to prevent conflicts of interest and provide appropriate 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 | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| | | | 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" in 2023 and informed the Company of the relevant regulations. Any violation will be punished by the company and the employment contract will be terminated in serious cases. In 2023, 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<br>(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?<br>(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?<br>(3) Does the company provide proper whistleblower | 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 | 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 | |
| protection? | | | with a whistleblowing matter. | |
| 4. Strengthening information disclosure<br>(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. | | | | |
| 6. Other important information to facilitate a better understanding of the company's ethical corporate management policies: (e.g., review and amend its policies)<br>(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.<br>(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.<br>(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: Feb. 29, 2024

Based on the results of the self-assessment, the Company's internal control system for the year ended December 31, 2023, 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, 2023, 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 29, 2024. Of the nine 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 19, 2023 | Ratification of 2023 Business Report and Financial Statements | The case was approved by voting as written. |
| | | Ratification of the proposal of 2023 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$43,823,04, which was declared effective by the Financial Supervisory Commission on July 21, 2023, and was registered by the Ministry of Economic Affairs on September 18, 2023, and the shares were issued on September 27, 2023. |
| | | 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 electing one additional seat for independent director | One independent director was elected by voting and approved for registration by the Ministry of Economic Affairs on July 13, 2023, and the newly elected independent director actively participates in the operation of the Board of Directors. |
| | | Proposal of the release of new directors 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. 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.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Feb. 23, 2023 The 15th Meeting of the 5th Board of Directors | 1. Proposal for the 2022 Business Report and Financial Statements | V | |
| | 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 | |

| 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 |
|---|---|---|---|
| | 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.<br>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, Medeon Biodesign, 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.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Mar. 4, 2023 The 17th Meeting of the 5th Board of Directors | 1. The Company's proposed increase in investment in its subsidiary, Prodeon Medical Corp. | | |
| | 2. Proposal for the Financial Report for the First Quarter of 2023 | | |
| | 3. Proposal for nomination of a seat of independent director candidate | | |
| | 4. Proposal of the release of Directors from the prohibition of competition | | |
| | 5. Proposal of not to proceed the private placement of common shares approved by the 2022 Annual Shareholders' Meeting | | |
| | 6. Proposal of the record date for the issuance of common shares upon conversion of employee stock options | | |
| | Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 14th Meeting of the 3rd Audit Committee on May 4, 2023.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Mar. 4, 2023 The 18th | 1.Disposal of Shares of Delta Asia International Corporation | V | |
| | Matters referred to in Article 14-5 of the Securities and Exchange Act were approved | | |

| 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 |
|---|---|---|---|
| Meeting of the 5th Board of Directors | by all members present in the 15th Meeting of the 3rd Audit Committee on May 4, 2023.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Aug. 3, 2023 The 19th Meeting of the 5th Board of Directors | 1.Proposal to determine the ex-rights date for capitalization of retained earnings through issuance of new shares and related matters | | |
| | 2. Proposal for the Financial Report for the Second Quarter of 2023 | V | |
| | 3.Update of 2023 Group Consolidated Budget Plan | | |
| | 4.Proposal for the 2023 First Half Year Performance Bonus for Managerial Teams | | |
| | 5.Proposal for the Manager's Salary and Benefit Compensation Plan | | |
| | 6.Proposal for amendment to "Electronic Data Processing Cycle" and "Electronic Data Processing Cycle Audit Rules" | V | |
| | Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 16th Meeting of the 3rd Audit Committee on Aug. 3, 2023.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Nov. 2, 2023 The 20th Meeting of the 5th Board of Directors | 1.Proposal for the Financial Report for the Third Quarter of 2023 | V | |
| | 2.The Company's audit plan for 2024 | V | |
| | 3.Proposal for amendment to the Company's "Labor and Wage Cycle" and "Labor and Wage Cycle Audit Rules" | V | |
| | 4.Proposal for appointment of an information security officer | | |
| | Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 17th Meeting of the 3rd Audit Committee on Nov. 2, 2023.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Jan. 18, 2024 The 21st | 1.The Company's proposed increase in investment in its subsidiary, Medeologix, Inc. | V | |
| | 2.2024 Business Plan | | |
| | 3.2024 Group Consolidated Budget | | |

| 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 |
|---|---|---|---|
| Meeting of the 5th Board of Directors | 4.Proposal for the 2023 Annual Manager's Evaluation Bonus Payment | | |
| | 5.Proposal for the 2024 Manager's Salary and Benefit Compensation Plan | | |
| | 6.Proposal to approve the third subscriber list, record date, and related matters for the first repurchase of treasury shares transferring to employees | | |
| | 7.Proposal for the 2024 Accountant Independence Evaluation, Accountant Appointment and Certification Compensation | V | |
| | Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 18th Meeting of the 3rd Audit Committee on Jan. 18, 2024.<br>The Company's response to the Audit Committee's opinions: All attending directors (independent directors) approved. | | |
| Feb. 29, 2024 The 22nd Meeting of the 5th Board of Directors | 1.Proposal for the 2023 Business Report and Financial Statements | V | |
| | 2.Proposal for the 2023 internal control policies effectiveness evaluation and declaration of internal control policies | V | |
| | 3.2023 deficit offset proposal | V | |
| | 4.Issuance of new common shares by Private Placement | V | |
| | 5.Election of the 6th Board of Directors | | |
| | 6.Proposal to establish relevant matters related to 2024 General Shareholders' Meeting | | |
| | Matters referred to in Article 14-5 of the Securities and Exchange Act were approved by all members present in the 19th Meeting of the 3rd Audit Committee on Feb. 29, 2024.<br>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: None.

4. Information Regarding the Company's Audit Fee:

2023 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<br>Hua Ling Liang | Jan. 1, 2023 ~Dec. 31, 2023 | 2,420 | 119 | 2,539 | The non-audit services are related to business registration. |

(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 | V | |
| | 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 | V | |
| | 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

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.

| | |
|---|---|
| Accounting Firm | PwC Taiwan |
| Name of CPA | CPA Hsiao Tzu Chou and Hua Ling Liang |
| Date of appointment | On August 5, 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. |

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 | 2023 | | As of March 31, 2024 | |
|---|---|---|---|---|---|
| | | Shareholding Increase (Decrease) | Pledged Holding Increase (Decrease) | Shareholding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman | Medeon, Inc. (Note 1) | 497,594 | — | — | — |
| Chairman | Medeon, Inc. Representative: Yue Teh Jang | — | — | — | — |
| Director | Center Laboratories, Inc. | 1,308,841 | — | — | — |
| Director | Center Laboratories, Inc. Representative: Jung Chin Lin | — | — | — | — |
| Director | Center Laboratories, Inc. Representative: Chih Hsiung Wu | 1,451 | — | — | — |
| Director | Hong Jen Chang | 4,025 | — | — | — |
| Director | Hsin Yuan Fang | 1,451 | — | (10,000) | — |
| Independent Director | Chi Hang Yang | — | — | — | — |
| Independent Director | Chia Ying Ma | — | — | — | — |
| Independent Director | Jerome Shen | — | — | — | — |
| Independent Director | Jien Wei Yeh | — | — | — | — |
| General Manager | Yue Teh Jang | — | — | — | — |
| Operarion Management Vice President | Jenny Chen | 3,298 | — | 20,000 | — |
| Business Unit Vice President | Albert Weng | 16,468 | — | 30,000 | — |
| Regulatory, Quality and Clinical Affiars Dept. Vice President | Greta Chang | — | — | 30,000 | — |
| Management Dept. Senior Director | Janice Chang | — | — | — | — |
| Regulatory, Quality and Clinical Affiars Dept Director | Pei Chen | 679 | — | — | — |
| Operarion Management Dept. Senior Manager | Tori Lin | 3,298 | — | 20,000 | — |

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).

(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. 14, 2024 (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. | 27,411,028 | 29.72 | - | - | - | - | None | None | - |
| Representative: Su Chi Wang | - | - | - | - | - | - | None | None | - |
| Medeon, Inc. (Note) | 10,450,911 | 11.33 | - | - | - | - | None | None | - |
| Representative: Yue Teh Jang | - | - | - | - | - | - | None | None | - |
| Xin Yi Enterprise Co., Ltd. | 3,036,528 | 3.29 | - | - | - | - | Yong Feng Yu Inc. | Shinyi Enterprises is the corporate director of YFY Investment Holdings | - |
| Representative: Xing Ru Zhang | - | - | - | - | - | - | None | None | - |
| Yong Feng Yu Inc. | 2,126,317 | 2.31 | - | - | - | - | Xin Yi Enterprise Co., Ltd.<br>YFY Development Corp. | Shinyi Enterprises is the corporate director of YFY Investment Holdings<br>YFY Investment Holdings is the corporate director of YFY Construction | |
| Representative: Hui Jin Liu | - | - | - | - | - | - | None | None | |
| Cathay Life Insurance Co., Ltd. | 1,519,152 | 1.65 | - | - | - | - | None | None | - |
| Representative: Diao Gui Huang | - | - | - | - | - | - | None | None | - |
| Chi Wan Chang | 1,428,000 | 1.55 | - | - | - | - | None | None | |
| Mega International Commercial Bank in custody of National Development Fund Trust | 1,404,037 | 1.52 | - | - | - | - | None | None | - |
| Guangyuan Investment Co., Ltd. | 1,106,861 | 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 | - |
| Shun Cheng Hsieh | 756,424 | 0.82 | - | - | - | - | None | None | |
| YFY Development Corp. | 642,911 | 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 | - |

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, 2023 (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. | 26,939,999 | 100% | - | - | 26,939,999 | 100% |
| Corporation | | 88.41% | | - | | |
| Prodeon Medical | 22,586,000 | 100% | - | - | 22,586,000 | 88.41% |
| Corporation | | 95.60% | | - | | |
| Yi Chuang Biodesign, Inc. | 10,000 | - | - | | 10,000 | 100% |
| Medeologix, Inc. | 40,214,174 | - | - | | 40,214,174 | 95.60% |
| Aquedeon Medical, Inc. | - | - | 8,400,000 | 97.03% | 8,400,000 | 97.03% |
| Proden Medical, Inc. | - | - | 3,000 | 100% | 3,000 | 100% |
| MediBalloon, Inc. | - | - | 16,500,000 | 100% | 16,500,000 | 100% |
| MedeonBio, Inc. | - | | 2,900,000 | 100% | 2,900,000 | 100% |
| Second Source Medical, LLC | - | | - | 100% | - | 100% |

Note 1: Long-term investment by equity method.

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 |
| 112.06 | 10 | 200,000 | 2,000,000 | 87,863 | 878,626 | Conversion of employee stock options to common stocks from a cash capital increase of NT$ 225 thousand | None | Note 1 |
| 112.09 | 10 | 200,000 | 2,000,000 | 92,245 | 922,449 | Capital reserve to increase capital to NT$146,060 thousand | None | Note 2 |

Note 1: Approval letter from the Ministry of Economic Affairs: Jing-Shou-Sheng-Zi No. 11230093230

Note 2: Approval letter from the Ministry of Economic Affairs: Jing-Shou-Sheng-Zi No. 11230093230

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

March 31, 2024 (Unit: shares)

| Type of Stock | Authorized Capital | | | Remark |
|---|---|---|---|---|
| | Issued Shares | Un-issued Shares | Total | |
| Common Shares | 92,244,893 | 107,755,107 | 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. 14, 2024 (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 | - | 2 | 30 | 5,610 | 28 | 5,670 |
| Shareholding | - | 2,069,344 | 38,410,043 | 40,255,486 | 11,510,020 | 92,244,893 |
| Shareholding percentage | - | 2.24% | 41.64% | 43.64% | 12.48% | 100.00% |

(3) Shareholding Distribution Status

Apr. 14, 2024; par value: NT$10

| Class of Shareholding | Number of Shareholders | Shareholding (Shares) | Shareholding Percentage |
|---|---|---|---|
| 1 ~ 999 | 1,330 | 307,658 | 0.33% |
| 1,000 ~ 5,000 | 3,025 | 6,227,307 | 6.75% |
| 5,001 ~ 10,000 | 575 | 4,008,772 | 4.35% |
| 10,001 ~ 15,000 | 219 | 2,692,693 | 2.92% |
| 15,001 ~ 20,000 | 112 | 1,915,305 | 2.08% |
| 20,001 ~ 30,000 | 129 | 3,167,978 | 3.43% |
| 30,001 ~ 40,000 | 72 | 2,458,164 | 2.67% |
| 40,001 ~ 50,000 | 55 | 2,445,283 | 2.65% |
| 50,001 ~ 100,000 | 72 | 5,143,835 | 5.58% |
| 100,001 ~ 200,000 | 51 | 6,883,786 | 7.46% |
| 200,001 ~ 400,000 | 14 | 4,027,503 | 4.37% |
| 400,001 ~ 600,000 | 5 | 2,479,796 | 2.69% |
| 600,001 ~ 800,000 | 3 | 2,003,979 | 2.17% |
| 800,001 ~ 1,000,000 | 0 | 0 | 0% |
| 1,000,001 or over | 8 | 48,482,834 | 52.55% |
| Total | 5,670 | 92,244,893 | 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. 14, 2024 (Unit: shares)

| Shares / List of Major Shareholders | Shareholding | Shareholding Percentage % |
|---|---|---|
| Center Laboratories, Inc. | 27,411,028 | 29.72 |
| Medeon, Inc. (Note) | 10,450,911 | 11.33 |
| Xin Yi Enterprise Co., Ltd. | 3,036,528 | 3.29 |
| Yong Feng Yu Inc | 2,126,317 | 2.31 |
| Cathay Life Insurance Co., Ltd. | 1,519,152 | 1.65 |
| Qi Wan Zhang | 1,428,000 | 1.55 |
| Mega International Commercial Bank in custody of National Development Fund Trust | 1,404,037 | 1.52 |
| Guangyuan Investment Co., Ltd. | 1,106,851 | 1.20 |
| Shun Cheng Hsieh | 756,424 | 0.82 |
| YFY Development Corp. | 642,911 | 0.70 |

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 | | 90.0 | 60.8 |
| | Lowest Market Price | | 48.35 | 45.15 |
| | Average Market Price | | 72.1 | 55.4 |
| Net Worth per Share (Note 2) | Before Distribution | | 40.95 | 25.15 |
| | After Distribution | | 39.01 | 25.15 |
| Earnings per Share | Weighted Average Shares | | 87,636 thousand shares | 92,036 thousand shares |
| | Earnings Per Share (Note 3) | Diluted Earnings Per Share | (4.95) | (13.09) |
| | | Adjusted Diluted Earnings Per Share | (4.71) | (13.09) |
| Dividends per Share | Cash Dividends | | 0.5 | - |
| | Issuance of | Dividends from Retained Earnings | 0.5 | - |

| | | | | |
|---|---|---|---|---|
| | Bonus Shares | Dividends from Capital Surplus | - | - |
| | Accumulated Undistributed Dividends (Note 4) | | - | - |
| Return on Investment | Price / Earnings Ratio (Note 5) | | Not applicable | Not applicable |
| | Price / Dividend Ratio (Note 6) | | 144.2 | Not applicable |
| | Cash Dividend Yield Rate (Note 7) | | 0.69% | Not applicable |

＊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.

(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:
Not applicable.

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 work Performance, professional competence, leadership and management, execution skills, communication and coordination skills, teamwork, work attitude and organizational commitment, problem solving skills, 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. | 50% |
| 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. | |

| Appraisal Item | Assessment standards description | Weight |
|---|---|---|
| Execution skills | Being able to complete tasks on time and control quality; actively reporting and coordinating resources to prevent task results from being affected in case of unexpected events during execution. | |
| Communication and coordination skills | Having empathy and being able to listen, effectively convey information, and build consensus through communication. | |
| Teamwork | Being able to support team consensus in the decision-making process and decide on actions taken based on team consensus for the benefit of the team. Being able to put aside personal interest and willing to take on more responsibilities to achieve team goals. | |
| Work Attitude and Organizational Commitment | Being able to frequently review daily business and strive for improvement, having a sense of responsibility for assigned tasks, and striving to complete tasks | |
| Problem solving skills | Being able to face problems or errors at work with courage, analyzing the problems to find the root cause, putting forth solutions, preventing recurrence of such problems | |
| 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 | |

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 4.4% in 2023.

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 2023 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: Not applicable

(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 293,000 shares of employee stock |
| Cumulative number of shares held by the Company | Remaining 101,000 common shares |
| Ratio of the cumulative number of shares held by the Company to the total number of shares in issue (%) | 0.11% |

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.

March 31, 2024

| 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 | 0.18% | 1.10% | 1.68% | 0.28% | 0.89% | 0.70% | 0.58% |
| 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<br>At least 3 years - 75% subscription<br>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 | 20,000 |
| Subscription price per share for unexecuted stock options | NT$ 10 | NT$ 10 | NT$ 10 | NT$ 10 | NT$ 10 | NT$ 120.6 | NT$ 136.9 |
| Stock Options as a Percentage of Shares Issued (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.25% | 0.02% |
| 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.

March 31, 2024

| | 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 | Execitive Vice President | Greta Chang | 420 units | 0.46% | 420 units | NT$ 10 | NT$ 4,200 thousand | 0.46% | 0 units | 0 | 0 | 0% |
| | Vice President | Albert Weng | | | | | | | | | | |
| | Vice President | Jenny Chen | | | | | | | | | | |
| Employees (Note 3) | Senior Manager | Ivy Lee | 877 units | 0.95% | 630 units | NT$ 10 | NT$ 6,300 thousand | 0.68% | 247 units | NT$ 120.6 or NT$ 136.9 | NT$ 30,114.2 thousand | 0.27% |
| | Senior Manager | Jessie Hung | | | | | | | | | | |
| | Deputy Manager | Franey Jeng | | | | | | | | | | |
| | Coordinator | Tina Yang | | | | | | | | | | |
| | Subsidiary employee | Elisa Huang | | | | | | | | | | |
| | Subsidiary employee | Kelvin Tsai | | | | | | | | | | |
| | Subsidiary employee | Sharon Hsu | | | | | | | | | | |
| | Subsidiary employee | Elton Lin | | | | | | | | | | |
| | Subsidiary employee | Shu Yu Wu | | | | | | | | | | |
| | Subsidiary employee | Ken Lin | | | | | | | | | | |

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. 2023 Business Percentage

Unit: NT$ thousands

| Item | 2023 | |
|---|---|---|
| | Sales Revenue | percentage |
| Merchandise sales revenue | 122,092 | 62.21% |
| Commissioning services revenue | 74,171 | 37.79 % |
| Total | 196,263 | 100.00% |

c. Current products (services) of the Company

(i). R&D of medical devices

Our company’s primary focus is on developing medical devices for minimally invasive surgeries, including laparoscopic, orthopedic, urological, and advanced cardiovascular procedures. On March 2, 2018, we signed an asset purchase agreement with Terumo, a leading international medical device manufacturer, successfully transferring Cross-Seal™ (IVC-C01) to them. We have received an upfront payment of $20 million at the time of signing and milestone payments totaling $10 million by the end of 2023. Following a successful on-site inspection by the U.S. FDA in 2023, we obtained Taiwan's first Class III medical device Premarket Approval (PMA). In 2024, pending approval at a joint Steering Committee meeting, we anticipate receiving the 2A-2 milestone payment of $1 million from Terumo, as per the Cross-Seal asset purchase agreement. Looking ahead, we are committed to assisting Terumo in obtaining Supplement PMA for the next-generation product, aiming to secure subsequent milestone payments. Besides the Cross-Seal™ large bore vascular closure system, we are also developing several other products.

- A. Urocross™ Expander system – treatment for lower urinary tract symptoms associated 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:

In the field of advanced medical device contract development and manufacturing organization (CDMO) business, we've been actively acquiring and integrating crucial technologies through our subsidiary, Medeologix, Inc. Our efforts have led to the establishment of strong customer relationships with leading international medical manufacturers and startups in Silicon Valley. By strategically managing and leveraging resources across our group, we're able to offer tailored services to customers from our U.S. sites, while efficiently managing high-volume production demands in Taiwan. This setup enables us to cultivate a robust supply chain and cost advantage, following the strategy of "taking orders in the USA, conducting pilot production in place, and mass production in Taiwan," offering a wide range of advanced medical balloons, medical catheters, semi-finished medical products, and assembled medical devices to global innovative medical device manufacturers. Our services encompass the entire production process, from initial development to full-scale manufacturing.

d. New products (services) under development

In addition to our current product portfolio, our company remains dedicated to exploring innovative opportunities in minimally invasive surgical-related medical devices. This includes advancements in neurointervention procedures, peripheral vascular surgery, orthopedic and plastic surgery, hepatobiliary and gastrointestinal surgery, weight loss surgery, urology, and gynecological surgery. Furthermore, we're actively working to expand our presence in the medical device CDMO market. Through our subsidiary, Medeologix, Inc., we leverage Taiwan as a mass production hub to bolster our manufacturing capabilities for advanced medical balloons, catheters, device components, and finished product assembly. Concurrently, we're optimizing our production line setups and strategically recruiting top-tier talents in management, research and development, and manufacturing. Our goal is to swiftly establish a prominent position in the global advanced medical device CDMO market as a dark horse.

**(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$483.27 billion in 2022 and is estimated to grow to US$589.68 billion by 2025, with a compound annual growth rate of approximately 6.7% from 2021 to 2025. After the end of the pandemic, the global medical market has generally returned to normal, followed by global economic, social, and geopolitical challenges. The Russo-Ukrainian war and inflation have affected the European market. After the pandemic, supply chain bottlenecks and the outbreak of the Russo-Ukrainian war have also affected other international markets; for example, U.S. inflation has hit a new high in 40 years. Overall, the global medical industry and market still faces many headwinds and challenges in the process of gradual recovery in 2023.

The global medical device market by region is dominated by the North Americas, which accounts for 51.7% of the global market, followed by Western Europe, which

accounts for 23.5% - 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 18.2% of the global market.

**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$249.69 billion in 2022, with a compound annual growth rate of 8.4% from 2021 to 2025. 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. Moreover, the tremendous medical demand in the United States will continue to be a major driving force for the growth of the U.S. medical device market.

**Market in Europe**

According to the Medical Devices Industry Yearbook released by the Industrial Technology Research Institute in 2023, the Western European medical device market is the second largest market in the world. The Western European market scale amounted to US$113.59 billion in 2022, and the compound annual growth rate (CAGR) from 2021 through 2025 is estimated to be 5.4%, while the overall market scaled down by 2.5% compared with 2021, mainly due to the significant depreciation of the EUR and GBP in 2022. Western European countries are increasingly aging, with their elderly population exceeding 85 million. Among these countries, Italy, Finland, Portugal, Greece, Germany, France, Denmark, and Sweden have become a super-aged society (people aged more than 65 exceed 20% of the population). In 2022, Netherlands joined the ranks. As the elderly population continues to increase, the demand for therapeutic medical devices and relevant medical care products is expected to rise accordingly, facilitating the innovation and R&D and business opportunities in the fields of medical care products related to elderly chronic diseases, orthopedic products, implants, surgical robots, and digital health care. It is expected that the Western European medical device market will continue to grow in the future.

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**

In 2022, China was the third largest medical device market in the world. The scale of China's medical device market was approximately US$31.83 billion, with the estimated CAGR of 5.9% from 2021 through 2025. 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. Subsequently, the Government of China continued to introduce supportive policies, and various government departments are also committed to continuously enhancing the reform of the medical system, formulating more detailed and defined regulatory requirements for the medical device industry, and striving to expand China's domestic demand market to facilitate the development of China's domestic medical device industry, resulting in a sustained and stable growth in the overall medical device market.

**Market in Taiwan**

According to BMI Research, Taiwan's medical device market ranked 22$^{nd}$ in the world and 6$^{th}$ in Asia. Most of Taiwan's companies operate in R&D, design, production, manufacturing and sales, and most of them 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. On the other hand, driven by the rise of digital health, exports of products such as ultrasound imaging devices, stethoscopes, and electrocardiograms manufactured by Taiwanese companies continue to increase. This trend highlights the success of Taiwan's startups in utilizing digital functionalities to enhance the development of medical devices. It is anticipated that these achievements will contribute to increased market value in Taiwan's medical device in the coming year.

Taiwan used to rely on around 60% of imports for medical products. Many advanced medical devices used in the domestic market still relied on imports. However, exports of advantageous products have continued to grow. 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.

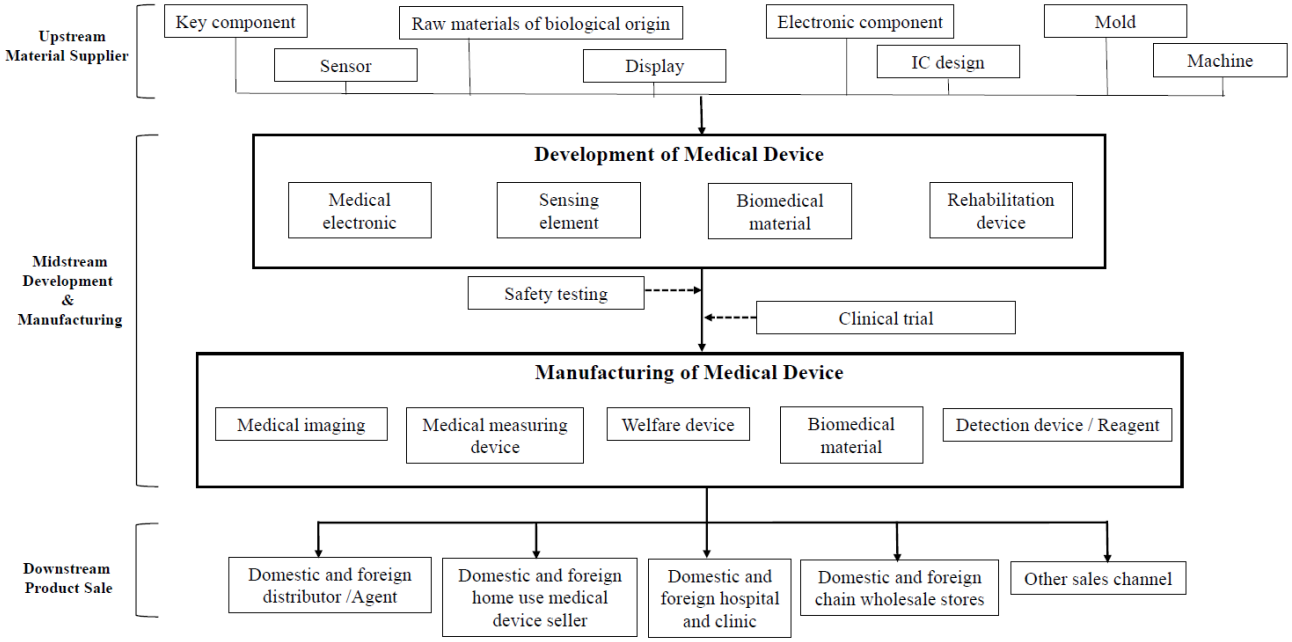
In recent years, due to the impact of the U.S.-China trade war, many products sold to the US and European markets can no longer be manufactured by OEM in China. Considering Taiwan’s dual advantages of clinical practices and rich OEM experience in the electronics industry, companies have moved their production 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. 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

**Taiwan Medical Device Industry Supply Chains**




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<br>● Mainly general anesthesia<br>● Long bed rest, recovery and hospitalization time (At least 7 days)<br>● Susceptible to infection, inflammation, bleeding, or wound dehiscence<br>● More likely to damage other body tissues | ● Small wounds with less bleeding<br>● Local anesthesia<br>● Short bed rest, recovery period and length of hospital stay (Discharge within 2-3 days or 24 hours on average)<br>● Less susceptible to infection<br>● Less likely to damage other body tissues<br>● Minimal or no post-operative scarring with excellent wound appearance<br>● 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. Based on the accumulated research and development experience of the Company, medical devices developers became more and more reliant on the partnership. 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 Cross-Seal™ - large bore vascular closure device , ClickClean™ – in-situ cleaning device for laparoscopic surgery, AbClose™ – port site 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. Currently, the number of BPH-related procedures is about 400,000 per year in the United States and about 980,000 per year worldwide, driven greatly by the aging population and the demand for minimally invasive treatment options with non-permanent damage.

**③Thoracic 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. A medical device developed by the Company aims to provide surgeons and patients with another choice of medical device. The innovative vascular anastomosis technology can significantly reduce the suturing time that used to take 30 to 45 minutes, thereby reducing the stress of this surgery on both surgeons and patients. It is estimated that the number of the surgeries performed worldwide will continue to grow in the future

**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. 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 (2023) 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.<br>●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<br>●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<br>●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 |
| Company M | ●A specially designed narrow, folded structure is placed in the urethral prostate for 5 to 7 days, the device will expand and apply pressure at three precise points to reshape the urethra and the opening to the bladder.<br>●Pressure around the perineum may cause side effects, such as frequent urination or urgent urination; the patient may also experience discomfort, such as hematuria and burning on urination during the implantation period. |

**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.<br>● 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<br>● 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.<br>● 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<br>● 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.<br>● 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 2023 were NT$667,461 thousand.**

**B. Successfully developed technologies or products**

Since our incorporation at the end of 2012, we've been actively developing six products. Firstly, our Cross-Seal™ large bore vascular closure system (IVC-C01) underwent significant progress. In the first quarter of 2018, we finalized an asset purchase agreement with Terumo, which included an upfront payment received upon contract signing. This upfront payment amounted to $20 million, with additional milestone payments totaling $10 million have realized by the end of 2023. Following a thorough on-site inspection by the U.S. FDA in 2023, we achieved a milestone by securing Taiwan's first Class III medical device approval (PMA). In the future, we will fully support Terumo in acquiring the Supplement PMA for the next-generation product and collaborate with them to successfully launch this product into the market, ensuring milestone payments are achieved at each stage. The Urocross™ Expander system - treatment for benign Prostatic Hyperplasia (BPH) (URO-T01) and the Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01) have now entered the human clinical trial stage. We were actively enrolling cases for both projects' clinical trials in 2023. 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. A summary of the development progress of each product over the past 3 years is described as follows:

| Year | Product development progress | |
|---|---|---|
| 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. |

| Year | Product development progress | |
|---|---|---|
| | 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 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. |
| **2023** | Cross-Seal™ - large bore vascular closure system (IVC-C01) | Received Taiwan's first Class III medical device PMA in September 2023. |
| | Urocross™ Expander system - treatment for benign Prostatic Hyperplasia (BPH) (URO-T01) | Enrolling cases for the large pivotal clinical trials (IDE study), while collecting and compiling clinical trial data in 2023. |
| | Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01) | Received approval from the U.S. FDA to conduct the first human clinical trial (IDE) in the United States in September 2023 |
| | 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 2024, we will spare no effort to assist Terumo in acquiring supplement PMA for the next-generation product of Cross-Seal - large bore vascular closure system (IVC-C01), and launching the product to the market expeditiously for doctors and patients who need it, ensuring milestone payments are achieved as our primary goal. As for the Urocross™ Expander system - treatment for benign Prostatic Hyperplasia (BPH) (URO-T01) and Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01) that are under development, we continue to make every effort to advance the process of clinical trials for these innovations. In 2024, URO-T01 will continue the enrollment-related work for its pivotal clinical trial (IDE Study) initiated in 2023, actively completing clinical enrollments and continuing follow-up operations and clinical data aggregation. As for CVS-T01, after being approved by the U.S. FDA to conduct the first human clinical trial (IDE) in 2023, we, in 2024, will continue to enroll patients for the IDE clinical trial in the United States to collect clinical data and increase the product value.

B. Continue to generate revenue from CDMO services:

The Company provides CDMO services to the global medical device customers through the subsidiary, Medeologix, Inc.; continuing the growth trend in 2023, we, in 2024, will actively expand our businesses of design and manufacturing of advanced medical balloons, catheters, finished and semi-finished product assembly, and contract development, while improving the production line configuration of Taiwan's mass production sites to enhance production efficiency. In addition, we will continue to recruit professional manufacturing talents and upgrade technologies to meet the soaring demand for advanced medical devices from the market and customers, so as to increase the Group's stable income and achieve positive cash flow.

C. 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 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$483.27 billion in 2022 and is estimated to grow to US$589.68 billion in 2025, with a compound annual growth rate of approximately 6.9% from 2022 to 2025. 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), and 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 Grand View Research in 2023, the BPH-related market is expected to grow at a compound annual growth rate of 8.9% between 2023 and 2030. 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 had a compound annual growth rate of 2.1% from 2014 to 2024. 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 (2023), the estimated number of laparoscopy-related procedures performed annually worldwide has reached 15 million. The global market for laparoscopy-related devices is expected to grow to US$11billion in 2023 and US$14 billion in 2030, with a compound annual growth rate of 3.2% from 2024 to 2030.

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 had a compound annual growth rate of 2.1% from 2014 to 2024. 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 iData Research (2023), the global market for laparoscopy-related devices was US$11 billion in 2023 and is expected to grow to US$14 billion in 2030, with a compound annual growth rate of 3.2% from 2024 to 2030.

**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. Through the initiation of multinational clinical trials, our company invited international renouned Key Opinion Leaders (KOLs) from certain specialties to serve as the principal investigators. This not only ensures alignment of product development with global treatment trends but also fosters strong collaboration with international experts in various medical specialties and major international medical device firms.

Moreover, with the product development and production experience accumulated in the past, the concept of manufacuturbility is adopted in the early stage of product development, and a model of prototyping, trial production, and mass production in compliance with GMP is established to accelerate the product development process. During product development, we also maintain interactions with key international medical leaders regularly to ensure that product designs effectively address unmet clinical needs, in order to 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 Chairman 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) and obtaining Taiwan's first Class III medical device PMA from the U.S. FDA, 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 | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | Company S | 1,360 | 30 | None | Company M | 2,672 | 21 | None |
| | Company Z | 672 | 15 | None | Company J | 2,335 | 19 | None |
| | Company V | 570 | 13 | None | Company Z | 1,577 | 13 | None |
| | Company M | 467 | 10 | None | Company V | 1,487 | 12 | None |
| | Others | 1,443 | 32 | | Others | 4,305 | 35 | |
| | Net purchase | 4,512 | 100 | | Net purchase | 12,376 | 100 | |

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 | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 209,537 | 70 | None | Company T | 24,969 | 13 | None |
| 2 | Others | 88,780 | 30 | | Company R | 21,743 | 11 | |
| | | | | | Others | 149,551 | 76 | |
| | Net sales | 298,317 | 100 | | Net sales | 196,263 | 100 | |

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

Unit: NT$ thousands /PCS

| Production Volume and Value / Year / Major products (Department) | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Production capacity | Production volume | Production value | Production capacity | Production volume | Production value |
| Manufacturing of medical device | Note 1 | 1,450 | 84,675 | Note 1 | 1,835 | 172,963 |

Note 1: 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) | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic sales | | Export sales | | Domestic sales | | Export sales | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Manufacturing of medical device | - | - | 1,450 | 88,780 | - | - | 1,835 | 185,563 |

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 | | 2022 | 2023 | As of March 31, 2024 |
|---|---|---|---|---|
| Number of Employees | Personnel above the Level of Managers | 37 | 41 | 40 |
| | R&D Personnel | 41 | 37 | 33 |
| | Other Employees | 57 | 73 | 72 |
| | Total | 135 | 151 | 145 |
| Average Age | | 41.6 | 42.8 | 42.7 |
| Average Years of Service | | 4.1 | 3.2 | 2.8 |
| Education Distribution Percentage | Ph.D. | 8.1% | 4.0% | 4.1% |
| | Masters | 19.3% | 23.2% | 22.1% |
| | Bachelor's Degree | 55.6% | 54.3% | 53.8% |
| | Senior High School | 15.6% | 17.2% | 18.6% |
| | Below Senior High School | 1.5% | 1.3% | 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 " Requirement of 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 punished in accordance with the relevant regulations.

C.Specific management solutions.

To prevent and mitigate the Company's information security risks, we continue to implement a more rigorous information security policy. We have established advanced virus detection mechanisms to eliminate the risk of infections on company computers and machines, and reinforced network firewalls and controls to prevent the spread of computer viruses. Our measures include anti-virus protocols, advanced malware interception solutions, and the adoption of new technologies to enhance data protection. We've improved our information security deployment to bolster data center security, developed phishing email detection strategies, and regularly conduct employee alertness tests. Additionally, we maintain an integrated information security operating platform and have enhanced the automation of incident detection and response. This continuous improvement ensures a robust defense against information security attacks. The key points of our annual information security exercises include:

(1) Business continuity exercises
(2) Setup of a backup mechanism and a redundancy plan
(3) Security testing and vulnerability patching
(4) An information security threat detection and management mechanism
(5) Cyber security protection and controls
(6) Physical security controls
(7) Cyber security auditing
(8) Email social engineering exercises
(9) Cyber security training
(10) Discussions on new information security products or technologies

D.Information Security Management：

Information security has become a critical issue in the Company's business operations. As for information security management issues and resource investment plans, the Company, in 2023, has engaged an information security officer and one information security employee, completed initial information security examinations, performed vulnerability scans, patched the system vulnerabilities, joined TWCERT/CC, a collaborative cyber defense information sharing platform, completed a VPN two-factor authentication mechanism, upgraded and updated a wireless network system, held two information security seminars and two email social engineering exercises, and regularly held system backup and recovery exercises. All the Company's employees and new employees have completed information security training and passed online tests. The irregular information security news sharing and information security awareness-raising events aim to raise employees' awareness of information security. All our information security personnel have completed 15 hours or more of professional information security training or functional training, to enhance their functional competencies. The Company reported the implementation to the Board of Directors on January 18, 2024

(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 March 31, 2024, 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:<br>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.<br>②If the price of future R&D projects sold to a third party is more than ①, then Shendder Biodesign, Inc. will further receive:<br>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<br>Supplemented the contract on August 6, 2020<br>Supplemented the contract on February 24, 2021<br>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:<br>(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;<br>(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).<br>(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.<br>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 | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | 1,947,346 | 2,419,740 | 2,389,828 | 1,637,721 | 2,227,798 |
| Equity method investments | | - | - | 1,846,621 | 1,876,293 | - |
| Property, Plant and Equipment | | 202,716 | 192,970 | 16,003 | 150,613 | 146,578 |
| Right-of-use assets | | 114,970 | 473,059 | 28,515 | 189,628 | 175,244 |
| Intangible assets | | 240,767 | 213,518 | 78,939 | 180,181 | 171,066 |
| Other assets | | 11,103 | 15,048 | 4,584 | 5,587 | 26,460 |
| Total assets | | 2,516,902 | 3,314,335 | 4,364,490 | 4,040,023 | 2,747,146 |
| Current liabilities | Before Distribution | 170,699 | 197,594 | 160,297 | 198,514 | 221,755 |
| | After Distribution | 170,699 | 197,594 | 233,327 | 242,337 | 221,755 |
| Non-current liabilities | | 97,477 | 469,234 | 15,706 | 177,963 | 153,896 |
| Total liabilities | Before Distribution | 268,176 | 666,828 | 176,003 | 376,477 | 375,651 |
| | After Distribution | 268,176 | 666,828 | 249,033 | 420,300 | 375,651 |
| Equity attributable to shareholders of the parent | | 2,004,225 | 2,045,042 | 4,130,333 | 3,597,442 | 2,319,988 |
| Capital stock | | 664,952 | 665,032 | 732,341 | 878,401 | 922,449 |
| Capital surplus | | 1,673,945 | 1,933,081 | 1,349,260 | 1,343,813 | 1,340,712 |
| Retained earnings | Before Distribution | (333,177) | (525,912) | 2,071,824 | 1,354,891 | 31,246 |
| | After Distribution | (333,177) | (525,912) | 1,633,062 | 1,267,245 | 31,246 |
| Other equity interest | | (1,495) | (6,681) | (12,489) | 30,940 | 36,184 |
| Treasury stock | | - | (20,478) | (10,603) | (10,603) | (10,603) |
| Non-controlling interest | | 244,501 | 602,465 | 58,154 | 66,104 | 51,507 |
| Total equity | Before Distribution | 2,248,726 | 2,647,507 | 4,188,487 | 3,663,546 | 2,371,495 |
| | After Distribution | 2,248,726 | 2,647,507 | 4,115,457 | 3,619,723 | 2,371,495 |

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 | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 453,763 | 123,056 | 68,957 | 298,317 | 196,263 |
| Gross profit | 186,244 | 46,302 | 28,631 | 186,812 | 14,377 |
| Operating income | (257,294) | (341,749) | (495,589) | (487,837) | (839,567) |
| Non-operating income and expenses | 3,223 | (367) | (18,318) | 48,722 | (391,121) |
| Net income (loss) before tax | (254,071) | (342,116) | (513,907) | (439,115) | (1,230,688) |
| Net income (loss) from continuing operations | (254,071) | (347,397) | (586,364) | (496,900) | (1,269,973) |
| Income from discontinued operation | - | 177,811 | 2,617,810 | - | - |
| Net income (loss) | (282,720) | (169,586) | 2,031,446 | (496,900) | (1,269,973) |
| Other comprehensive income (net income after tax) | (5,764) | (6,392) | (1,418) | 36,909 | 4,916 |
| Total comprehensive income | (288,484) | (175,978) | 2,030,028 | (459,991) | (1,265,057) |
| Net income (loss) attributable to shareholders of the parent | (261,985) | (192,735) | 2,078,192 | (433,758) | (1,204,615) |
| Net loss attributable to non-controlling interest | (20,735) | 23,149 | (46,746) | (63,142) | (65,358) |
| Comprehensive income attributable to Shareholders of the parent | (266,803) | (197,921) | 2,072,384 | (390,329) | (1,199,371) |
| Comprehensive income attributable to non-controlling interest | (21,681) | 21,943 | (42,356) | (69,662) | (65,686) |
| Earnings (Losses) per share - Before retrospective adjustment | (3.96) | (2.65) | 28.54 | (4.95) | (13.09) |

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 | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | 1,518,302 | 1,195,622 | 1,956,968 | 1,192,478 | 1,675,603 |
| Equity method investments | | 551,517 | 888,344 | 2,296,876 | 2,530,605 | 722,208 |
| Property, Plant and Equipment | | 5,843 | 4,469 | 2,447 | 1,262 | 934 |
| Right-of-use assets | | 7,729 | 12,033 | 11,801 | 7,076 | 5,054 |
| Intangible assets | | 6,790 | 5,019 | 3,180 | 1,311 | 240 |
| Other assets | | 2,157 | 1,985 | 1,985 | 1,990 | 620 |
| Total assets | | 2,092,338 | 2,107,472 | 4,273,257 | 3,734,722 | 2,404,659 |
| Current liabilities | Before Distribution | 86,930 | 57,152 | 137,770 | 136,067 | 81,822 |
| | After Distribution | 86,930 | 57,152 | 210,800 | 179,890 | 81,822 |
| Non-current liabilities | | 1,183 | 5,278 | 5,154 | 1,213 | 2,849 |
| Total liabilities | Before Distribution | 88,113 | 62,430 | 142,924 | 137,280 | 84,671 |
| | After Distribution | 88,113 | 62,430 | 215,954 | 181,103 | 84,671 |
| Capital stock | | 664,952 | 665,032 | 732,341 | 878,401 | 922,449 |
| Capital surplus | | 1,673,945 | 1,933,081 | 1,349,260 | 1,343,813 | 1,340,712 |
| Retained earnings | Before Distribution | (333,177) | (525,912) | 2,071,824 | 1,354,891 | 31,246 |
| | After Distribution | (333,177) | (525,912) | 1,633,062 | 1,267,245 | 31,246 |
| Other equity interest | | (1,495) | (6,681) | (12,489) | 30,940 | 36,184 |
| Treasury stock | | - | (20,478) | (10,603) | (10,603) | (10,603) |
| Total equity | Before Distribution | 2,004,225 | 2,045,042 | 4,130,333 | 3,597,442 | 2,319,988 |
| | After Distribution | 2,004,225 | 2,045,042 | 4,057,303 | 3,553,619 | 2,319,988 |

Parent Company Only Comprehensive Income Statement - Based on IFRS

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

| Item \ Year | Financial Summary for the Last Five Years | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 110,766 | 123,056 | 65,972 | 209,537 | 10,700 |
| Gross profit | 5,258 | 33,816 | 23,673 | 182,706 | 1,778 |
| Operating income | (181,315) | (114,370) | (118,724) | 79,678 | (89,554) |
| Non-operating income and expenses | (80,670) | (78,365) | 2,263,656 | (456,491) | (1,075,543) |
| Net loss before tax | (261,985) | (192,735) | 2,144,932 | (376,813) | (1,165,097) |
| Net income and loss from continuing operations | (261,985) | (192,735) | 2,078,192 | (433,758) | (1,204,615) |
| Net loss | (261,985) | (192,735) | 2,078,192 | (433,758) | (1,204,615) |
| Other comprehensive income (net income after tax) | (4,818) | (5,186) | (5,808) | 43,429 | 5,244 |
| Total comprehensive income | (266,803) | (197,921) | 2,072,384 | (390,329) | (1,199,371) |
| Earnings (Losses) per share - Before retrospective adjustment | (3.96) | (2.65) | 28.54 | (4.95) | (13.09) |

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

| Year | Accounting Firm | Name of CPA | Audit opinion |
|---|---|---|---|
| 2019 | PwC Taiwan | Hsiao Tzu Chou<br>Jian Hong Zhou | Unqualified audit opinion |
| 2020 | PwC Taiwan | Hsiao Tzu Chou<br>Yu Kuan Lin | Unqualified audit opinion |
| 2021 | PwC Taiwan | Hsiao Tzu Chou<br>Yu Kuan Lin | Unqualified audit opinion |
| 2022 | PwC Taiwan | Hsiao Tzu Chou<br>Hua Ling Liang | Unqualified audit opinion |
| 2023 | PwC Taiwan | Hsiao Tzu Chou<br>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 | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure (%) | Debit to Asset Ratio (%) | 10.66 | 20.12 | 4.02 | 9.32 | 13.67 |
| | Ratio of long-term capital to property, plant and equipment | 1,157.38 | 1,615.14 | 26,271.28 | 2,550.58 | 1,722.90 |
| Solvency (%) | Current ratio | 1,140.81 | 1,224.60 | 1,490.88 | 824.99 | 1,004.62 |
| | Quick ratio | 1,102.81 | 1,192.60 | 1,474.23 | 809.13 | 988.54 |
| | Interest earned ratio | Note 2 | | | | |
| Operating performance | Accounts receivable turnover (times) | 7.65 | 1.04 | 0.79 | 14.05 | 5.30 |
| | Average collection period | 48 | 351 | 462 | 26 | 69 |
| | Inventory turnover (times) | 11.97 | 1.94 | 1.77 | 22.17 | 17.47 |
| | Accounts payable turnover (times) | 13.86 | 2.84 | 2.85 | 55.98 | 39.12 |
| | Average days in sales | 30 | 188 | 206 | 16 | 21 |
| | Property, plant and equipment turnover (times) | 2.27 | 0.64 | 4.31 | 1.98 | 1.32 |
| | Total assets turnover (times) | 0.18 | 0.04 | 0.02 | 0.07 | 0.06 |
| Profitability | Return on total assets (%) | (12.56) | (5.78) | 52.93 | (11.72) | (37.27) |
| | Return on stockholders' equity (%) | (13.97) | (6.93) | 59.43 | (12.66) | (42.09) |
| | Pre-tax income to paid-in capital (%) | (38.21) | (51.44) | (70.17) | (49.99) | (133.42) |
| | Profit ratio (%) | (62.31) | (137.81) | 2,945.96 | (166.57) | (647.08) |
| | Earnings per share (NT$) - Before retrospective adjustment | (3.96) | (2.65) | 28.54 | (4.95) | (13.09) |
| Cash flow | Cash flow ratio (%) | Note 3 | | | | |
| | Cash flow adequacy ratio (%) | 114.36 | 103.20 | 98.88 | 81.50 | Note 3 |
| | Cash reinvestment ratio (%) | Note 3 | | | | |
| Leverage | Operating leverage | 0.69 | 0.75 | 0.88 | 0.87 | 0.89 |
| | Financial leverage | 1.00 | 1.00 | 1.00 | 1.00 | 0.99 |
| Analysis of financial ratio differences for the last two years if the difference exceed 20%:<br>The disposal of all the equity of Delta Asia International Corporation held by the Company in 2023 resulted in an increase in the working capital. The Company continued to invest in advanced medical device research and development and CDMO business in 2023, leading to an increase in the operating costs and expenses. Therefore, many financial ratios in 2023 increased/decreased by at least 20%. | | | | | | |

2. Parent Company Only Financial Analysis— Based on IFRS

| Analyzed Item \ Year (Note 1) | | Financial Analysis for the Last Five Years | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure (%) | Debit to Asset Rtio (%) | 4.21 | 2.96 | 3.34 | 3.68 | 3.52 |
| | Ratio of long-term capital to property, plant and equipment | 34,321.55 | 45,878.72 | 169,002.33 | 285,154.91 | 248,697.75 |
| Solvency (%) | Current ratio | 1,746.58 | 2,092.00 | 1,420.46 | 876.39 | 2,047.86 |
| | Quick ratio | 1,717.21 | 2,086.54 | 1,419.70 | 875.01 | 2,047,01 |
| | Interest earned ratio | Note 2 | | 13,160.09 | Note 2 | |
| Operating performance | Accounts receivable turnover (times) | 6.62 | 2.58 | 1.39 | 25.25 | 2.44 |
| | Average collection period | 55 | 141 | 263 | 14 | 150 |
| | Inventory turnover (times) | Note 4 | | | | |
| | Accounts payable turnover (times) | | | | | |
| | Average days in sales | | | | | |
| | Property, plant and equipment turnover (times) | 18.96 | 27.54 | 26.96 | 166.04 | 9.74 |
| | Total assets turnover (times) | 0.05 | 0.06 | 0.02 | 0.06 | 0.003 |
| Profitability | Return on total assets (%) | (13.55) | (9.17) | 65.14 | (10.83) | (39.24) |
| | Return on stockholders' equity (%) | (14.38) | (9.52) | 67.31 | (11.23) | (40.71) |
| | Pre-tax income to paid-in capital (%) | (39.4) | (28.98) | 292.89 | (42.90) | (126.30) |
| | Profit ratio (%) | (236.52) | (156.62) | 3,150.11 | (207.01) | (11,258.08) |
| | Earnings per share (NT$) - Before retrospective adjustment | (3.96) | (2.65) | 28.54 | (4.95) | (13.09) |
| Cash flow | Cash flow ratio (%) | Note 3 | | 19.05 | 57.90 | Note 3 |
| | Cash flow adequacy ratio (%) | 2,688.36 | 2,653.95 | 3,178.79 | 610.14 | 84.89 |
| | Cash reinvestment ratio (%) | Note 3 | | 0.63 | 0.16 | Note 3 |
| Leverage | Operating leverage | 0.92 | 0.89 | 0.91 | 0.49 | 0.90 |
| | 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%:<br>The disposal of all the equity of Delta Asia International Corporation held by the Company in 2023 resulted in an increase in the working capital. The Company continued to invest in advanced medical device research and development and CDMO business in 2023, leading to an increase in the operating costs and expenses. Therefore, many financial ratios in 2023 increased/decreased by at least 20%. | | | | | | |

Note 1: The financial statements for 2019 to 2023were 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 2023 Business Report, Financial Statements. Consolidated Financial Statements, and Proposal of 2023 Deficit Offset, 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 2023 Deficit Offset 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
February 29, 2024

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, 2023 and 2022, 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 material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

## *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and generally accepted auditing standards in 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 2023 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 2023 consolidated financial statements are stated as follows:

### *Valuation of goodwill impairment*

Description

Please refer to Note 4(17) for accounting policies on impairment loss on non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(9) for details of goodwill impairment valuation.

The Group acquired Medeologix, Inc. in 2021 and acquired Second Source Medical LLC in 2022. The balance of goodwill arising from the acquisitions as at December 31, 2023 was NT$ 106,737 thousand.

The evaluation report issued by external experts engaged by the Group uses cash flow forecasts prepared by management to determine the recovery amount of goodwill; however, the measurement results in a large extent depend on management's assumptions, including the discount rate and the estimated growth rate used, which are subject to management's judgements with considerable uncertainty. Therefore, the goodwill impairment assessment is a key audit matter this year.

How our audit addressed the matter

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

A. Based on our understanding of the operations and industry of the Group, evaluated the rationality of the evaluation model used by the external experts appointed by the Group.
B. We confirmed that the future cash flow used in the evaluation model is consistent with the future year budget provided by the Group. And reviewed the actual achievement of management's financial forecasts for the past year.
C. We assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

## *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, 2023 and 2022.

## *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 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 generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 29, 2024

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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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2023 AMOUNT | % | December 31, 2022 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,237,964 | 45 | $ 483,898 | 12 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | 41,932 | 2 | 37,870 | 1 |
| 1136 | Current financial assets at amortised cost, net | 6(3) | 862,097 | 31 | 1,025,470 | 25 |
| 1170 | Accounts receivable, net | 6(4) | 41,773 | 2 | 32,354 | 1 |
| 1200 | Other receivables | | 7,957 | - | 26,653 | 1 |
| 1220 | Current income tax assets | | 415 | - | - | - |
| 130X | Inventories | 6(5) | 10,769 | - | 10,059 | - |
| 1410 | Prepayments | | 24,891 | 1 | 21,417 | 1 |
| 11XX | **Current Assets** | | 2,227,798 | 81 | 1,637,721 | 41 |
| | **Non-current assets** | | | | | |
| 1550 | Investments accounted for using equity method | 6(6) | - | - | 1,876,293 | 46 |
| 1600 | Property, plant and equipment | 6(7) | 146,578 | 5 | 150,613 | 4 |
| 1755 | Right-of-use assets | 6(8) | 175,244 | 7 | 189,628 | 5 |
| 1780 | Intangible assets | 6(9) | 171,066 | 6 | 180,181 | 4 |
| 1915 | Prepayments for business facilities | 6(7) | 22,129 | 1 | - | - |
| 1920 | Guarantee deposits paid | | 4,331 | - | 5,587 | - |
| 15XX | **Non-current assets** | | 519,348 | 19 | 2,402,302 | 59 |
| 1XXX | **Total assets** | | $ 2,747,146 | 100 | $ 4,040,023 | 100 |

(Continued)

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2023 AMOUNT | % | December 31, 2022 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Liabilities** | | | | | |
| | **Current liabilities** | | | | | |
| 2130 | Current contract liabilities | 6(17) | $ 3,108 | - | $ 856 | - |
| 2170 | Accounts payable | | 5,361 | - | 3,939 | - |
| 2200 | Other payables | 6(10) | 126,389 | 5 | 99,646 | 3 |
| 2230 | Current income tax liabilities | | 37,968 | 1 | 56,776 | 1 |
| 2280 | Current lease liabilities | 6(8) | 47,145 | 2 | 36,686 | 1 |
| 2300 | Other current liabilities | | 1,784 | - | 611 | - |
| 21XX | **Current Liabilities** | | 221,755 | 8 | 198,514 | 5 |
| | **Non-current liabilities** | | | | | |
| 2570 | Deferred tax liabilities | 6(23) | 14,305 | 1 | 15,739 | - |
| 2580 | Non-current lease liabilities | 6(8) | 139,591 | 5 | 162,224 | 4 |
| 25XX | **Non-current liabilities** | | 153,896 | 6 | 177,963 | 4 |
| 2XXX | **Total Liabilities** | | 375,651 | 14 | 376,477 | 9 |
| | **Equity** | | | | | |
| | Share capital | 6(13) | | | | |
| 3110 | Share capital - common stock | | 922,449 | 34 | 878,401 | 22 |
| | Capital surplus | 6(14) | | | | |
| 3200 | Capital surplus | | 1,340,712 | 48 | 1,343,813 | 33 |
| | Retained earnings | 6(15) | | | | |
| 3310 | Legal reserve | | 207,182 | 8 | 207,182 | 5 |
| 3320 | Special reserve | | 12,489 | - | 12,489 | - |
| 3350 | Total Unappropriated retained earnings (accumulated deficit) | | ( 188,425) | ( 7) | 1,135,220 | 28 |
| | Other equity interest | 6(16) | | | | |
| 3400 | Other equity interest | | 36,184 | 1 | 30,940 | 1 |
| 3500 | Treasury shares | 6(13) | ( 10,603) | - | ( 10,603) | - |
| 31XX | **Equity attributable to owners of the parent** | | 2,319,988 | 84 | 3,597,442 | 89 |
| 36XX | Non-controlling interest | | 51,507 | 2 | 66,104 | 2 |
| 3XXX | **Total equity** | | 2,371,495 | 86 | 3,663,546 | 91 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 2,747,146 | 100 | $ 4,040,023 | 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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except losses per share amount)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(17) | $ 196,263 | 100 | $ 298,317 | 100 |
| 5000 | Operating costs | 6(5)(18)(19) and 7 | ( 181,886) | ( 93) | ( 111,505) | ( 37) |
| 5900 | Net operating margin | | 14,377 | 7 | 186,812 | 63 |
| | Operating expenses | 6(18)(19) and 7 | | | | |
| 6100 | Selling expenses | | ( 26,330) | ( 14) | ( 25,283) | ( 8) |
| 6200 | General and administrative expenses | | ( 159,578) | ( 81) | ( 127,744) | ( 43) |
| 6300 | Research and development expenses | | ( 667,461) | ( 340) | ( 521,622) | ( 175) |
| 6450 | Impairment loss determined in accordance with IFRS 9 | 12(2) | ( 575) | - | - | - |
| 6000 | Total operating expenses | | ( 853,944) | ( 435) | ( 674,649) | ( 226) |
| 6900 | Operating loss | | ( 839,567) | ( 428) | ( 487,837) | ( 163) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(21) | 19,936 | 10 | 10,288 | 3 |
| 7020 | Other gains and losses | 6(2)(22) | ( 417,957) | ( 213) | ( 4,044) | ( 1) |
| 7050 | Finance costs | 6(8) | ( 6,644) | ( 3) | ( 5,211) | ( 2) |
| 7060 | Share of profit of associates and joint ventures accounted for using equity method | 6(6) | 13,544 | 7 | 47,689 | 16 |
| 7000 | Total non-operating income and expenses | | ( 391,121) | ( 199) | 48,722 | 16 |
| 7900 | **Loss before income tax** | | ( 1,230,688) | ( 627) | ( 439,115) | ( 147) |
| 7950 | Income tax expense | 6(23) | ( 39,285) | ( 20) | ( 57,785) | ( 19) |
| 8200 | **Profit (loss) for the year** | | ($ 1,269,973) | ( 647) | ($ 496,900) | ( 166) |
| | **Other comprehensive income** | | | | | |
| | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| 8361 | Financial statements translation differences of foreign operations | 6(16) | $ 4,916 | 2 | $ 36,909 | 12 |
| 8500 | **Total comprehensive loss for the year** | | ($ 1,265,057) | ( 645) | ($ 459,991) | ( 154) |
| | Loss, attributable to: | | | | | |
| 8610 | Owners of the parent | | ($ 1,204,615) | ( 614) | ($ 433,758) | ( 145) |
| 8620 | Non-controlling interest | | ( 65,358) | ( 33) | ( 63,142) | ( 21) |
| | | | ($ 1,269,973) | ( 647) | ($ 496,900) | ( 166) |
| | Comprehensive loss attributable to: | | | | | |
| 8710 | Owners of the parent | | ($ 1,199,371) | ( 612) | ($ 390,329) | ( 131) |
| 8720 | Non-controlling interest | | ( 65,686) | ( 33) | ( 69,662) | ( 23) |
| | | | ($ 1,265,057) | ( 645) | ($ 459,991) | ( 154) |
| | Basic loss per share | 6(24) | | | | |
| 9750 | Basic loss per share | | ($ 13.09) | | ($ 4.71) | |
| 9850 | Diluted loss per share | | ($ 13.09) | | ($ 4.71) | |

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

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Equity attributable to owners of the parent | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 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 | Employee stock warrants | Legal reserve | Special reserve | Total unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Treasury shares | Total | Non-controlling interest | Total equity |
| Year 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(16) | - | - | - | - | - | - | - | - | - | 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 | 6(15) | | | | | | | | | | | | | | |
| Stock dividends of ordinary share | | 146,060 | - | - | - | - | - | - | - | ( 146,060) | - | - | - | - | - |
| Cash dividends of ordinary share | | - | - | - | - | - | - | - | - | ( 73,030) | - | - | ( 73,030) | - | ( 73,030) |
| Legal reserve | | - | - | - | - | - | - | 207,182 | - | ( 207,182) | - | - | - | - | - |
| Special reserve | | - | - | - | - | - | - | - | 12,489 | ( 12,489) | - | - | - | - | - |
| Share-based payments | 6(12) | - | - | - | - | 3,101 | - | - | - | - | - | - | 3,101 | 5 | 3,106 |
| Changes in ownership interests in subsidiaries | 6(25) | - | - | - | ( 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 |
| Year 2023 | | | | | | | | | | | | | | | |
| Balance at January 1, 2023 | | $ 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 |
| Loss for the year | | - | - | - | - | - | - | - | - | ( 1,204,615) | - | - | ( 1,204,615) | ( 65,358) | ( 1,269,973) |
| Other comprehensive income (loss) for the year | 6(16) | - | - | - | - | - | - | - | - | - | 5,244 | - | 5,244 | ( 328) | 4,916 |
| Total comprehensive income | | - | - | - | - | - | - | - | - | ( 1,204,615) | 5,244 | - | ( 1,199,371) | ( 65,686) | ( 1,265,057) |
| Appropriation and distribution of retained earnings | 6(15) | | | | | | | | | | | | | | |
| Stock dividends of ordinary share | | 43,823 | - | - | - | - | - | - | - | ( 43,823) | - | - | - | - | - |
| Cash dividends of ordinary share | | - | - | - | - | - | - | - | - | ( 43,823) | - | - | ( 43,823) | - | ( 43,823) |
| Share-based payments | 6(12) | - | - | - | - | 15,040 | - | - | - | - | - | - | 15,040 | 651 | 15,691 |
| Changes in ownership interests in subsidiaries | 6(25) | - | - | - | - | ( 18,141) | - | - | - | ( 31,384) | - | - | ( 49,525) | 49,525 | - |
| Exercise of employee stock options | 6(13) | 225 | 141 | - | - | - | ( 141) | - | - | - | - | - | 225 | - | 225 |
| Increase in non-controlling interests | 6(25) | - | - | - | - | - | - | - | - | - | - | - | - | 913 | 913 |
| Balance at December 31, 2023 | | $ 922,449 | $ 1,331,845 | $ 5,602 | $ - | $ - | $ 3,265 | $ 207,182 | $ 12,489 | ($ 188,425) | $ 36,184 | ($ 10,603) | $ 2,319,988 | $ 51,507 | $ 2,371,495 |

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

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | ($ 1,230,688) | ($ 439,115) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Share-based payments | 6(12) | 15,691 | 3,106 |
| Expected credit loss | 12(2) | 575 | - |
| Depreciation expense(including right-of-use assets) | 6(7)(8)(18) | 86,023 | 47,218 |
| Amortization expense | 6(9)(18) | 9,646 | 16,582 |
| Revaluation gains on current financial assets measured at fair value through profit or loss | 6(2) | ( 3,812) | ( 681) |
| Interest expense | 6(8) | 6,644 | 4,596 |
| Interest income | 6(20) | ( 19,936) | ( 10,288) |
| Dividend income | | ( 180) | ( 160) |
| Losses on disposal of property, plant and equipment | 6(21) | 13,012 | - |
| Losses on disposals of investments | 6(21) | 402,960 | - |
| Share of profit of associates and joint ventures accounted for using equity method | 6(6) | ( 13,544) | ( 47,689) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable | | ( 9,994) | 5,302 |
| Other receivables | | 22,179 | 11,388 |
| Inventories | | ( 710) | ( 4,397) |
| Other prepayments | | ( 3,474) | 8,887 |
| Changes in operating liabilities | | | |
| Accounts payable | | 1,422 | 2,870 |
| Other payables | | 15,819 | 6,171 |
| Contract liabilities | | 2,252 | 209 |
| Other current liabilities | | 1,173 | 409 |
| Cash outflow generated from operations | | ( 704,942) | ( 395,592) |
| Interest received | | 16,453 | 8,057 |
| Interest paid | | ( 6,644) | ( 4,596) |
| Income tax paid | | ( 59,942) | ( 69,209) |
| Net cash flows used in operating activities | | ( 755,075) | ( 461,340) |

(Continued)

MEDEON BIODESIGN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of current financial assets at fair value through profit or loss | | ($ 255) | ($ 29,720) |
| Acquired net cash of subsidiaries | 6(25) | - | ( 165,888) |
| Proceeds from disposal of financial assets at amortised cost | | 163,373 | 582,630 |
| Proceeds from disposal of investments accounted for using equity method | | 1,479,671 | - |
| Acquisition of property, plant and equipment | 6(26) | ( 55,287) | ( 140,572) |
| Dividends received | | 7,387 | 18,177 |
| Acquisition of intangible assets | | ( 524) | ( 145) |
| Increase in refundable deposits | | 1,256 | ( 1,046) |
| Net cash flows from investing activities | | 1,595,621 | 263,436 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of lease liabilities | 6(27) | ( 47,886) | ( 29,172) |
| Exercise of employee share options | 6(13) | 225 | - |
| Change in non-controlling interests | 6(24) | 913 | 1,045 |
| Cash dividends paid | 6(16) | ( 43,823) | ( 73,030) |
| Net cash flows used in financing activities | | ( 90,571) | ( 101,157) |
| Effect of exchange rate changes | | 4,091 | 47,639 |
| Net increase (decrease) in cash and cash equivalents | | 754,066 | ( 251,422) |
| Cash and cash equivalents at beginning of year | | 483,898 | 735,320 |
| Cash and cash equivalents at end of year | | $ 1,237,964 | $ 483,898 |

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, 2023 AND 2022
(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 29, 2024.

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®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by 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 |
| Amendments to IAS 12, 'International tax reform - pillar two model rules' | May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements' | January 1, 2024 |

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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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 |
| 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 21, 'Lack of exchangeability' | January 1, 2025 |

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 Material 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(%) | | Description |
|---|---|---|---|---|---|
| | | | December 31, 2023 | December 31, 2022 | |
| Medeon Biodesign, Inc. | MedeonBio, Inc. | Manufacturing and sale of medical devices | - | - | Note 3 |
| Medeon Biodesign, Inc. | Medeon International, Inc. | Equity investment and commerce of medical devices | 100.00 | 100.00 | Note 1 |
| Medeon Biodesign, Inc. | Prodeon Medical Corporation | Manufacturing and development of medical devices | 88.41 | 85.05 | Note 2 |
| Medeon Biodesign, Inc. | Yi Chuang Biodesign, Inc. | Sales of medical devices | 100.00 | 100.00 | |
| Medeon Biodesign, Inc. | Medeologix, Inc. | Manufacturing and sale of medical devices | 95.6 | 94.49 | Note 4 |
| Medeon International, Inc. | Panther Orthopedics, Inc. | Manufacturing and development of medical devices | - | - | Note 7 |
| Medeon International, Inc. | Aquedeon Medical, Inc. | Manufacturing and development of medical devices | 97.03 | 97.14 | Note 1 |
| Prodeon Medical Corporation | Prodeon Medical, Inc. | Manufacturing and development of medical devices | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) December 31, 2023 | Ownership(%) December 31, 2022 | Description |
|---|---|---|---|---|---|
| Medeologix, Inc. | MedeonBio, Inc. | Manufacturing and sale of medical devices | 100.00 | 100.00 | Note 3 |
| Medeologix, Inc. | MediBalloon, Inc. | Manufacturing and sale of medical devices | 100.00 | 100.00 | Note 6 |
| Medeologix, Inc. | Second Source Medical LLC | Manufacturing and sale of medical devices | 100.00 | 100.00 | Note 5,6 |

Note l: The Company increased the capital of Medeon International, Inc. through a cash investment in April 2022 for the total consideration of USD 1,030,000. Also, the Company acquired 4,000,000 shares of common stock of Medeon International, Inc. amounting USD 4,000,000 in January 2023, and participated in the Series E preferred stock issuance amounting to USD 4,000,000 for 1,600,000 shares of Aquedeon Medical, Inc. through that subsidiary. The shareholding ratio to Aquedeon Medical, Inc. was then increased to 97.27%. Subsequently in July 2023, the employees of Aquedeon Medical, Inc. exercised the employee stock option, decreasing the shareholding ratio to 97.03%.

Note 2: The Company 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 ratio increased to approximately 85.05%. The Company subsequently acquired 5,737,500 shares of Series C preferred stock issued by Prodeon Medical Corporation for the total consideration of $459,000 in May 2023, and the Company's shareholding ratio increased to approximately 88.41%.

Note 3: The Company sold its shares of subsidiary, MedeonBio, Inc. for USD 3,334,757.19 to another subsidiary, Medeologix, Inc. in May 2022.

Note 4: The Company increased the capital of Medeologix, Inc. through a cash investment in April 2022, amounting to $460,000, and the Company's shareholding ratio increased to 94,49%. The employees of Medeologix, Inc. exercised the employee stock option in February 2023, decreasing the Company's shareholding ratio to 94.30%. The Company increased the capital of Medeologix, Inc. through a cash investment in March 2023, totaling $240,000 for 9,600,000 shares, and the Company's shareholding ratio increased to 95.6%.

Note 5: 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(25).

Note 6: Medeologix, Inc., the subsidiary, increased the capital of MediBalloon, Inc. and Second Source Medical LLC through cash investments in March 2023, amounting USD 2,000,000 and USD 2,000,000, respectively. Also, the subsidiary increased the capital of MediBalloon, Inc. through a cash investment in October 2023, amounting to USD 1,000,000.

Note 7: 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 recognized 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 recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized 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 recognized 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 recognized 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 and does not give rise to equal taxable and deductible temporary differences. 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) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) 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.

(28) 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.

(29) 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

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.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand | $ 80 | $ 53 |
| Checking accounts and demand deposits | 1,237,884 | 483,845 |
| | $ 1,237,964 | $ 483,898 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | $ 4,255 | $ 4,000 |
| Unlisted stocks | 31,750 | 31,750 |
| | 36,005 | 35,750 |
| Valuation adjustment | 6,972 | 3,160 |
| Effect of exchange rate changes | ( 1,045) | ( 1,040) |
| | $ 41,932 | $ 37,870 |

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

| | 2023 | 2022 |
|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | $ 3,812 | $ 681 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits maturing in excess of three months | $ 862,097 | $ 1,025,470 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Accounts receivable | $ 42,340 | $ 32,354 |
| Less: Allowance for bad debts | ( 567) | - |
| | $ 41,773 | $ 32,354 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Not past due | $ 26,000 | $ 20,872 |
| Up to 30 days | 4,359 | 3,980 |
| 31 to 90 days | 10,451 | 4,438 |
| 91 to 180 days | 546 | 3,064 |
| Over 180 days | 984 | - |
| | $ 42,340 | $ 32,354 |

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable was all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $10,124.

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. The Group had no account receivables pledged to others.

F. As of December 31, 2023 and 2022, 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 $41,773 and $32,354, respectively.

(5) Inventories

| | December 31, 2023 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 10,080 | $ - | $ 10,080 |
| Finished goods | 689 | - | 689 |
| | $ 10,769 | $ - | $ 10,769 |

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

The cost of inventories recognised as expense for the period:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Cost of goods sold | $ 39,467 | $ 3,090 |
| Unallocated manufacturing expense | 81,940 | 21,978 |
| | $ 121,407 | $ 25,068 |

(6) Investments accounted for using equity method

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Associates: | | |
| Delta Asia International Corporation | $ - | $ 1,876,293 |

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, 2023 | | |
| Delta Asia International Corporation | Taiwan | 0.00% | Research collaboration | Equity method |

| 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 |

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

| | Delta Asia International Corporation | |
|---|---|---|
| | December 31, 2023 | December 31, 2022 |
| Current assets | $ - | $ 570,935 |
| Non-current assets | - | 1,258,899 |
| Current liabilities | - | ( 167,668) |
| Non-current liabilities | - | ( 484,384) |
| Total net assets | $ - | $ 1,177,782 |
| Share in associate's net assets | $ - | $ 327,895 |
| Goodwill | - | 1,548,398 |
| Carrying amount of the associate | $ - | $ 1,876,293 |

| | Delta Asia International Corporation | |
|---|---|---|
| | January 1, 2023 to April 30, 2023 | Year ended December 31, 2022 |
| Revenue | $ 199,930 | $ 462,974 |
| Profit from continuing operations | $ 49,535 | $ 171,297 |
| Other comprehensive income | - | - |
| Total comprehensive income | $ 49,535 | $ 171,297 |
| Dividends from associates | $ 7,206 | $ 18,017 |

B. Delta Asia International Corporation, which is an associate of the Group, has an open market quotation with a fair value of $1,657,559 in respect of the year ended December 31, 2022.

C. The Group disposed all equity investments in Delta Asia International Corporation in May 2023, totaling $1,479,671, and therefore recognized a loss on disposal of investment at the amount of $402,960, which was recognized in “other gains and losses”. Details of the losses were provided in Note 6(21).

(7) Property, plant and equipment

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Research and development equipment | Office equipment | Leasehold improvements | Equipment pending acceptance | Total |
| At January 1 | | | | | |
| Cost | $ 113,187 | $ 19,608 | $ 45,604 | $ 36,171 | $ 214,570 |
| Accumulated depreciation | ( 39,021) | ( 12,207) | ( 12,729) | - | ( 63,957) |
| | $ 74,166 | $ 7,401 | $ 32,875 | $ 36,171 | $ 150,613 |
| Opening net book amount as at January 1 | $ 74,166 | $ 7,401 | $ 32,875 | $ 36,171 | $ 150,613 |
| Additions (including transfers) | 17,912 | 8,388 | 2,782 | 15,000 | 44,082 |
| Depreciation charge | ( 26,049) | ( 4,442) | ( 4,173) | - | ( 34,664) |
| Reclassifications | 22,867 | - | - | ( 22,867) | - |
| Disposals | ( 13,794) | - | - | - | ( 13,794) |
| Net exchange differences | 46 | ( 59) | 3 | 351 | 341 |
| Closing net book amount as at December 31 | $ 75,148 | $ 11,288 | $ 31,487 | $ 28,655 | $ 146,578 |
| At December 31 | | | | | |
| Cost | $ 123,972 | $ 25,863 | $ 46,216 | $ 28,655 | $ 224,706 |
| Accumulated depreciation | ( 48,824) | ( 14,575) | ( 14,729) | - | ( 78,128) |
| | $ 75,148 | $ 11,288 | $ 31,487 | $ 28,655 | $ 146,578 |

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Research and development equipment | Office equipment | Machinery | Leasehold improvements | Equipment pending acceptance | 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 |

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.

C. As of December 31, 2023 and 2022, the amount of prepayment on equipment was $22,129 and $0, respectively (listed as “Prepayments for business facilities” under non-current assets).

(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, 2023 | December 31, 2022 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Buildings and land | $ 175,244 | $ 189,628 |

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| | Depreciation charge | Depreciation charge |
| Buildings and land | $ 51,359 | $ 33,570 |

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $36,995 and $184,689, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 6,644 | $ 4,596 |
| Expense on short-term lease contracts | 297 | 3,542 |

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $54,827 and $37,310, respectively.

(9) Intangible assets

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Patent | Software | Proprietary technology | Goodwill | Customer relationship | Total |
| At January 1 | | | | | | |
| 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 |
| Opening net book amount as at January 1 | $ 10,186 | $ 296 | $ 22,193 | $ 106,737 | $ 40,769 | $ 180,181 |
| Additions | - | 524 | - | - | - | 524 |
| Amortisation charge | ( 3,222) | ( 462) | ( 1,585) | - | ( 4,377) | ( 9,646) |
| Net exchange differences | ( 63) | 70 | - | - | - | 7 |
| Closing net book amount as at December 31 | $ 6,901 | $ 428 | $ 20,608 | $ 106,737 | $ 36,392 | $ 171,066 |
| At December 31 | | | | | | |
| Cost | $ 34,025 | $ 9,432 | $ 23,778 | $ 106,737 | $ 46,582 | $ 220,554 |
| Accumulated amortisation | ( 27,124) | ( 9,004) | ( 3,170) | - | ( 10,190) | ( 49,488) |
| | $ 6,901 | $ 428 | $ 20,608 | $ 106,737 | $ 36,392 | $ 171,066 |

| | 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 |

Details of amortisation on intangible assets are as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Operating costs | $ 139 | $ 374 |
| Selling expenses | - | 7 |
| Administrative expenses | 5,962 | 7,429 |
| Research and development expenses | 3,545 | 8,772 |
| | $ 9,646 | $ 16,582 |

A. Patent is comprised of the related patents and professional technologies of developing minimally invasive medical devices.

B. (a) 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 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.

(b). 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, 2023, 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.

F. (a) Goodwill is allocated as follows to the Group's cash-generating units:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Medeologix, Inc. | $ 23,508 | $ 23,508 |
| Second Source Medical LLC | 83,229 | 83,229 |
| | $ 106,737 | $ 106,737 |

(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 the goodwill was not impaired. The recoverable amount of goodwill is evaluated based on value-in-use. The estimation of value-in-use is based on the Group's forecast of future cash flow before tax, estimated growth rate of 2%, and discount rate, which lies between 16.42% to 22.67%.

(10) Other accounts payable

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Salaries and bonus payable | $ 56,239 | $ 45,522 |
| Legal and professional fees payable | 27,823 | 5,314 |
| Employees' compensation and directors' remuneration | 12,138 | 20,018 |
| Payable on equipment | 12,000 | 1,076 |
| Labour health insurance payable and pension | 1,814 | 2,233 |
| Others | 16,375 | 25,483 |
| | $ 126,389 | $ 99,646 |

(11) 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, 2023 and 2022, were $4,122 and $3,207, respectively.

(12) 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 |

| Issuer | Type of arrangement | Grant date | Quantity granted | Contract period | Estimates resign rate | Vesting conditions |
|---|---|---|---|---|---|---|
| Medeologix | Employee stock options | 2022.2.15<br>2022.10.13<br>2023.2.23<br>and<br>2023.9.23 | 1,256,370 | 10 years | 5% | Note 2<br>and<br>Note 5 |
| 〃 | Employee stock options | 2022.10.13<br>112.1.11<br>and<br>112.5.23 | 974,000 | 10 years | 5% | Note 1 |
| 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 |
| 〃 | Employee stock options | 2023.10.3 | 309,500 | 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: Vested 25% of 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 3: Vested 25% of stock-options after granted 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.

Note 5: Vested 50% of stock-options after serviced one year, other stock-options can be exercised 1/48 month by month after 36 months of the effective date.

B. Details of the share-based payment arrangements are as follows:

(a) The Company

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of options | Exercise price (NTD) | No. of options | Exercise price (NTD) |
| Options outstanding at January 1 | 319,500 | $ 10~137 | 319,500 | $ 10~175 |
| Options forfeited | ( 50,000) | 10~137 | - | 10~144 |
| Options exercised | ( 22,500) | 10~137 | - | 10~144 |
| Options outstanding at December 31 | 247,000 | 10~137 | 319,500 | 10~144 |
| Options exercisable at December 31 | 247,000 | 10~137 | 319,500 | 10~144 |

(b) The subsidiary-Medeologix, Inc.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of options | Exercise price (NTD) | No. of options | Exercise price (NTD) |
| Options outstanding at January 1 | 1,122,370 | $ 10 | - | $ - |
| Options granted | 1,108,000 | 10 | 1,812,000 | 10 |
| Distribution of stock dividends / adjustments for number of shares granted for one unit of option | - | - | ( 483,630) | 10 |
| Options forfeited | ( 276,988) | 10 | ( 206,000) | 10 |
| Options exercised | ( 65,662) | 10 | - | - |
| Options outstanding at December 31 | 1,887,720 | 10 | 1,122,370 | 10 |
| Options exercisable at December 31 | 124,913 | 10 | - | - |

(c) The second-tier subsidiary-Panther

| | 2022 | |
|---|---|---|
| | No. of options | Exercise price (NTD) |
| Options outstanding at January 1 | 200,000 | $ 0.15 |
| Options granted | - | - |
| Options forfeited | ( 200,000) | 0.15 |
| Options outstanding at December 31 | - | 0.15 |
| Options exercisable at December 31 | - | 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

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of options | Exercise price (NTD) | No. of options | Exercise price (NTD) |
| Options outstanding at January 1 | 299,647 | $ 0.17~0.27 | 357,441 | $ 0.17~0.27 |
| Options granted | 309,500 | 0.39 | - | - |
| Options forfeited | ( 41,289) | 0.17~0.27 | ( 22,098) | 0.17~0.27 |
| Options exercised | ( 21,289) | 0.17~0.27 | ( 35,696) | 0.17~0.27 |
| Options outstanding at December 31 | 546,569 | 0.17~0.39 | 299,647 | 0.17~0.27 |
| Options exercisable at December 31 | 221,444 | 0.17~0.39 | 249,611 | 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, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| 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 | - | 10 | 13 | 10 |
| 2014.11.18 | 2024.11.18 | - | 10 | 10 | 10 |
| 2015.6.8 | 2025.6.8 | 227 | 121 | 227 | 126 |
| 2015.11.3 | 2025.11.3 | 20 | 137 | 70 | 144 |

(b) The subsidiary-Medeologix, Inc.

| | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| Issue date approved | Expiry date | No. of shares (in thousands) | Exercise price (NTD) | No. of shares (in thousands) | Exercise price (NTD) |
| 2022.2.15 | 2032.2.15 | 241 | $ 10 | 503 | $ 10 |
| 2022.10.13 | 2032.10.13 | 50 | 10 | 50 | 10 |
| 2023.2.23 | 2033.2.23 | 603 | 10 | - | - |
| 2023.9.23 | 2033.9.23 | 100 | 10 | - | - |
| 2022.10.13 | 2032.10.13 | 499 | 10 | 569 | 10 |
| 2023.1.11 | 2033.1.11 | 230 | 10 | - | - |
| 2023.5.23 | 2033.5.23 | 165 | 10 | - | - |

(c) The second-tier subsidiary-Aquedeon

| | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| 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 | 126 | $ 0.17 | 169 | 0.17 |
| 2019.10.1 | 2029.9.30 | 51 | 0.25 | 51 | 0.25 |
| 2021.7.26 | 2031.7.25 | 60 | 0.27 | 80 | 0.27 |
| 2023.10.3 | 2033.10.2 | 310 | 0.39 | - | - |

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% | $9.9~$10.5 |
| 〃 | 2022.10.13 | $ 10 | 29.72%~31.09% | 5.5~7 years | 0% | 1.56%~1.59% | $19.9~$20.3 |
| 〃 | 2023.2.23 | $ 10 | 29.72%~31.09% | 5.5~7 years | 0% | 1.56%~1.59% | $20~$20.3 |
| 〃 | 2023.9.23 | $ 10 | 29.72%~31.09% | 5.5~7 years | 0% | 1.56%~1.59% | $19.9~$20.3 |
| 〃 | 2022.10.13 | $ 10 | 29.76%~31.09% | 6~7 years | 0% | 1.56%~1.59% | $20~$20.3 |
| 〃 | 2023.1.11 | $ 10 | 29.72%~31.09% | 5.5~7 years | 0% | 1.56%~1.59% | $20~$20.3 |
| 〃 | 2023.5.23 | $ 10 | 29.72%~31.09% | 5.5~7 years | 0% | 1.56%~1.59% | $20~$20.3 |
| 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 |
| 〃 | 2023.10.3 | USD $0.39 | 55.40% | 6.08 years | 0% | 4.13% | USD $0.22 |

E. Expenses incurred on share-based payment transactions are shown below:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Equity-settled | $ 15,691 | $ 3,106 |

(13) Share capital/ Treasury shares

A. As of December 31, 2023, the Company's authorised capital was $2,000,000, consisting of 200,000,000 shares of ordinary stock, and the paid-in capital was $922,449 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:

| | 2023 | 2022 |
|---|---|---|
| | No. of shares | No. of shares |
| At January 1 | $ 87,636,089 | $ 73,030,074 |
| Stock dividends of ordinary share | 4,382,304 | 14,606,015 |
| Employee stock options exercised | 22,500 | - |
| At December 31 | $ 92,040,893 | $ 87,636,089 |

B. In 2023 and 2022, the separate amount recollected due to the exercised employee stock options by the Company is $225 and $0, 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, 2023 | |
|---|---|---|---|
| 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, 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 |

(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.

(14) Capital surplus

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.

(15) Retained earnings

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.

Pursuant to Article 240 Paragraph 5 of the R.O.C. Company Act, the Company may, authorise the distributable dividends and bonuses, capital surplus, or legal reserve in whole or in part, be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

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 also 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 years ended December 31, 2022 and 2021 was approved at the shareholders' meeting on June 19, 2023 and June 20, 2022, respectively, as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amount | Dividend per share (in dollars) | Amount | Dividend per share (in dollars) |
| Legal reserve | $ - | | $ 207,182 | |
| Special reserve | - | | 12,489 | |
| Cash dividends (Note) | 43,823 | $ 0.50 | 73,030 | $ 1.00 |
| Stock dividends | 43,823 | 0.50 | 146,060 | 2.00 |

The abovementioned distribution of 2022 earnings were in agreement with those amounts proposed by the Board of Directors on March 22, 2023.

Information about the distribution of earnings as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

Note: As authorised by the Company's Articles of Incorporation, the Board of Directors approved the distribution of cash dividends proposal in respect of the year ended December 31, 2022, through a special resolution on March 22, 2023.

(16) Other equity items

| | 2023 | 2022 |
|---|---|---|
| At January 1 | $ 30,940 | ($ 12,489) |
| Currency translation differences: | | |
| –Group | 5,244 | 43,429 |
| At December 31 | $ 36,184 | $ 30,940 |

(17) Operating revenue

| | Medical Device Development Department | | Medical Device Components Manufacturing and Sales Department | | |
|---|---|---|---|---|---|
| 2023 | Revenue from research and development services | Sales Revenue | Revenue from research and development services | Sales Revenue | Total |
| Revenue by region | | | | | |
| America | $ 10,700 | $ - | $ 63,471 | $ 122,092 | $ 196,263 |
| Timing of revenue recognition | | | | | |
| At a point in time | $ - | $ - | $ - | $ 122,092 | $ 122,092 |
| Over time | 10,700 | - | 63,471 | - | 74,171 |
| | $ 10,700 | $ - | $ 63,471 | $ 122,092 | $ 196,263 |

| 2022 | Medical Device Development Department | | Medical Device Components Manufacturing and Sales Department | | Total |
|---|---|---|---|---|---|
| | Revenue from research and development services | Sales Revenue | Revenue from research and development services | Sales Revenue | |
| 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 |

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.

As the impact of COVID-19 pandemic is still ongoing, 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 (already obtained). 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. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Contract liabilities – current | $ 3,108 | $ 856 | $ 647 |

(a) As of December 31, 2023, 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, | |
|---|---|---|
| | 2023 | 2022 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | $ 869 | $ 597 |

(18) Expenses by nature

| | Year ended December 31, 2023 | | |
|---|---|---|---|
| | Classified as operating costs | Classified as operating expense | Total |
| Employee benefit expense | $ 112,107 | $ 441,355 | $ 553,462 |
| Depreciation charges on property, plant and equipment | 3,186 | 31,478 | 34,664 |
| Depreciation charges on right-of-use assets | 12,765 | 38,594 | 51,359 |
| Amortisation charge | 139 | 9,507 | 9,646 |
| Manufacturing cost and operating cost | $ 128,197 | $ 520,934 | $ 649,131 |

| | 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 |

(19) Employee benefit expense

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Wages and salaries | $ 500,169 | $ 387,905 |
| Labour and health insurance fees | 35,509 | 25,958 |
| Pension costs | 4,122 | 3,207 |
| Directors' remuneration | 2,494 | 2,228 |
| Other personnel expenses | 11,168 | 18,291 |
| | $ 553,462 | $ 437,589 |

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 years ended December 31, 2023 and 2022, the Company incurred loss before tax, and thus did not accrue employees' compensation and directors' remuneration.

C. 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.

(20) Interest income

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Interest income from bank deposits | $ 19,936 | $ 10,288 |

(21) Other gains and losses

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Loss on disposal of property, plant and equipment | ($ 13,012) | $ - |
| Net foreign exchange (losses) gains | ( 6,186) | 15,351 |
| Loss on disposal of investment | ( 402,960) | ( 20,412) |
| Gains on financial asset at fair value through profit and loss | 3,812 | 681 |
| Others | 389 | 336 |
| | ($ 417,957) | ($ 4,044) |

(22) Income tax

A. Components of income tax expense:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Current tax: | | |
| Current tax on profits for the year | $ 40,617 | $ 2,892 |
| Tax on undistributed surplus earnings | - | 57,037 |
| Prior year income tax under(over)estimation | 102 | ( 92) |
| Total current tax | 40,719 | 59,837 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 1,434) | ( 2,052) |
| Total deferred tax | ( 1,434) | ( 2,052) |
| Income tax expense | $ 39,285 | $ 57,785 |

B. Reconciliation between income tax expense and accounting profit:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Tax calculated based on profit before tax and statutory tax rate | ($ 463,813) | ($ 263,683) |
| Effect on income tax expense by tax regulation | 169,089 | 95,439 |
| Prior year income tax under(over)estimation | 102 | ( 92) |
| Temporary differences not recognised as deferred tax assets | 16,389 | 30,906 |
| Taxable loss not recognised as deferred tax assets | 278,334 | 137,339 |
| Effect from alternative minimum tax | 39,417 | - |
| Tax on undistributed earnings | - | 57,037 |
| Separate taxation | 1,201 | 2,891 |
| Others | (1,434) | (2,052) |
| Income tax expense | $ 39,285 | $ 57,785 |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

| | 2023 | | | |
|---|---|---|---|---|
| | January 1 | Business combination | Recognised in profit or loss | December 31 |
| Temporary differences: | | | | |
| －Deferred tax liabilities: | | | | |
| Proprietary technology | $ 4,439 | $ - | ($ 317) | $ 4,122 |
| Customer relationship | 11,300 | - | ( 1,117) | 10,183 |
| Total | $ 15,739 | $ - | ($ 1,434) | $ 14,305 |

| | 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 |

D. As of December 31, 2023, 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 | $ 6,976 | $ 6,976 | 2026 |
| 2017 | 215,412 | 215,412 | 215,412 | 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 | 270,328 | 270,328 | 270,328 | 2031 |
| 2022 (filed) | 295,225 | 295,225 | 295,225 | 2032 |
| 2023 (estimate) | 942,013 | 942,013 | 942,013 | 2033 |
| | $ 2,389,545 | $ 2,186,113 | $ 2,186,113 | |

F. For the year ended December 31, 2023, the Company and its domestic subsidiary's income tax returns through 2021 have been assessed and approved by the Tax Authority.

G. There were no tax payables for the years 2023 and 2022 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, 2023, the total amount of unused tax deduction of the US subsidiaries is USD 12,366 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.

(23) Losses per share

| | Year ended December 31, 2023 | | |
|---|---|---|---|
| | 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 | ($ 1,204,615) | 92,036 | ($ 13.09) |

| | 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) | 92,018 | ($ 4.71) |

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 29, 2023.

B. Due to loss in 2023 and 2022, potential ordinary stocks are excluded since such stocks are antidilutive. Therefore, it is the same as basic losses per share.

(24) 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 and Medeologix,Inc. of the Group increased its capital by issuing new shares in 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%, and 14.49%, respectively. The transactions increased non-controlling interest by $72,633 and decreased the equity attributable to owners of parent by $72,633.

Second-tier subsidiary, Aquedeon Medical, Inc., subsidiaries, Medeologix,Inc., and Prodeon Medical Corporation of the Group increased its capital by issuing new shares on January, March and May, 2023, respectively. The Group did not acquire shares proportionally to its interest. As a result, the Group increased its share interest by 0.13%, 1.3%, and 3.36%, respectively. The transactions increased non-controlling interest by $49,525 and decreased the equity attributable to owners of parent by $49,525.

Subsidiary, Medeologix,Inc. and second-tier subsidiary, Aquedeon Medical, Inc., exercised the employee stock option on February and July, 2023, respectively. As a result, decreased the Group's share interests by 0.19% and 0.24%, respectively. The transactions increased non-controlling interest by $913.

(25) 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).

(26) Supplemental cash flow information

Investing activities with partial cash payments

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Purchase of property, plant and equipment (including transfer) | $ 44,082 | $ 141,648 |
| Add: Opening balance of payable on equipment | 1,076 | - |
| Ending balance of prepayment on equipment | 22,129 | - |
| Less: Ending balance of payable on equipment | ( 12,000) | ( 1,076) |
| Cash paid during the year | $ 55,287 | $ 140,572 |

(27) Changes in liabilities from financing activities

| | 2023 | 2022 |
|---|---|---|
| | Lease Liability | Lease Liability |
| At January 1 | $ 198,910 | $ 30,239 |
| Changes in cash flow from financing activities | ( 47,886) | ( 29,172) |
| Changes in other non-cash items | 36,995 | 184,689 |
| Changes in foreign exchange rates | ( 1,283) | 13,154 |
| At December 31 | $ 186,736 | $ 198,910 |

7. Related Party Transactions

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|---|---|
| Delta Asia International Corporation (Delta Asia) | The Group used to have significant influence to entity (Note) |

Note: The Group disposed all equity investments in Delta Asia International Corporation in May 2023, lost the seat on Delta Asia's Board of Directors, and ceased to be a related party of Delta Asia. Details are provided in Note 6(6).

(2) Significant related party transactions

A. Operating Cost

| | 2023 | 2022 |
|---|---|---|
| Delta Asia | $ - | $ 4,615 |

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

| | 2023 | 2022 |
|---|---|---|
| Delta Asia | $ - | $ 156 |

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.

(3) Key management compensation

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Salaries and other short-term employee benefits | $ 83,164 | $ 93,716 |
| Share-based payments | 3,189 | 86 |
| Total | $ 86,353 | $ 93,802 |

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

As of December 31, 2023 and 2022, the other significant commitments of the Group are as follows:

(1) 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).

(2) 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

(1) The Company's Board of Directors approved the proposal of acquiring 12,600,000 shares of the subsidiary, Medeologix, Inc., for a cash consideration of $315,000 thousand on January 18, 2024. As a result, the Company's shareholding ratio increased to 96.61%.

(2) The Company's Board of Directors approved the proposal of private placement on February 29, 2024. Expecting to issue at most 35,000,000 shares at $10 per share. As of February 29, 2024, the shareholders' meeting has not resolved the aforementioned proposal.

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, 2023 and 2022, 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, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets | | |
| Financial assets at fair value through profit and loss | | |
| Financial assets mandatorily measured at fair value through profit and loss | $ 41,932 | $ 37,870 |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 1,237,964 | 483,898 |
| Financial assets at amortised cost | 862,097 | 1,025,470 |
| Accounts receivable | 41,773 | 32,354 |
| Other receivables | 7,957 | 26,653 |
| Guarantee deposits paid | 4,331 | 5,587 |
| | $ 2,196,054 | $ 1,611,832 |
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| Accounts payable | $ 5,361 | $ 3,939 |
| Other accounts payable | 126,389 | 99,646 |
| | $ 131,750 | $ 103,585 |
| Lease liability | $ 186,736 | $ 198,910 |

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, 2023 | | |
|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 12,280 | 30.71 | $ 377,057 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 24 | 30.71 | 737 |

| | December 31, 2022 | | |
|---|---|---|---|
| | 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 |

v. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to ($6,186) and $15,351, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| | Year ended December 31, 2023 | | |
|---|---|---|---|
| | 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% | $ 3,771 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | 7 | - |

| | 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 | - |

(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, 2023 and

2022, the provision matrix is as follows:

| | Not past due | Up to 30 days past due | 90 days past due | 180 days past due | Over 180 days past due | Total |
|---|---|---|---|---|---|---|
| At December 31, 2023 | | | | | | |
| Expected loss rate | 0.03% | 0.03% | 0.03% | 25% | 50%~100% | |
| Total book value | $ 26,000 | $ 4,359 | $ 10,451 | $ 546 | $ 984 | $ 42,340 |
| Loss allowance | $ 8 | $ 1 | $ 41 | $ 23 | $ 494 | $ 567 |

| | Not past due | Up to 30 days past due | 90 days past due | 180 days past due | Over 180 days past due | Total |
|---|---|---|---|---|---|---|
| At December 31, 2022 | | | | | | |
| Expected loss rate | 0.03% | 0.03% | 0.03% | 25% | 50%~100% | |
| Total book value | $ 20,872 | $ 3,980 | $ 4,438 | $ 3,064 | $ - | $ 32,354 |
| Loss allowance | $ - | $ - | $ - | $ - | $ - | $ - |

ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

| | 2023 | 2022 |
|---|---|---|
| | Accounts receivable | Accounts receivable |
| At January 1 | $ - | $ - |
| Bad debt expense | 575 | - |
| Changes in foreign exchange rates | ( 8) | - |
| At December 31 | $ 567 | $ - |

(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, 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Accounts payable | $ 5,361 | $ - | $ - | $ - |
| Other payables | 126,389 | - | - | - |
| Lease liability | 52,050 | 52,990 | 66,769 | 30,217 |

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 | 99,646 | - | - | - |
| Lease liability | 42,048 | 37,650 | 85,670 | 50,678 |

(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, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 11,227 | $ - | $ 30,705 | $ 41,932 |

| 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 |

(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, 2023 and 2022, 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, 2023:

| | 2023 | 2022 |
|---|---|---|
| | Equity instruments | Equity instruments |
| At January 1 | $ 30,710 | $ - |
| Additions | - | 29,720 |
| Changes in foreign exchange rates | ( 5) | 990 |
| At December 31 | $ 30,705 | $ 30,710 |

F. For the year ended December 31, 2023 and 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 categorized 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.

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 2023：

| | Medical Device Development Department | Medical Device Components Manufacturing and Sales Department | Total |
|---|---|---|---|
| Revenue from external customers | $ 10,700 | $ 185,563 | $ 196,263 |
| Inter-segment revenue | - | - | - |
| Operating revenue | $ 10,700 | $ 185,563 | $ 196,263 |
| Segment income (loss) | ($ 931,350) | ($ 338,623) | ($ 1,269,973) |
| Segment income (loss), including the following | | | |
| Depreciation expense | $ 8,952 | $ 77,071 | $ 86,023 |
| Amortisation expense | $ 5,095 | $ 4,551 | $ 9,646 |
| Interest income | $ 18,404 | $ 1,532 | $ 19,936 |
| Income tax expense | ($ 39,201) | ($ 84) | ($ 39,285) |

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) |

(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, 2023 and 2022 is as follows:

| | Year ended December 31, 2023 | | Year ended December 31, 2022 | |
|---|---|---|---|---|
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Taiwan | $ - | $ 156,461 | $ - | $ 155,386 |
| US | 196,263 | 362,887 | 298,317 | 365,878 |
| Total | $ 196,263 | $ 519,348 | $ 298,317 | $ 521,264 |

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| | Revenue | Revenue |
| B | $ 10,700 | $ 209,537 |

MEDEON BIODESIGN, INC.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

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, 2023 | | | | 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 | 102,999 | $ 11,227 | 0.30 | $ 11,227 | |
| The Company's subsidiary | Star Victoria Limited | None | Current financial assets at fair value through profit or loss | 714 | 30,705 | 1.43 | 30,705 | |

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, 2023

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, 2023 | | Addition | | Disposal | | | | Balance as at December 31, 2023 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Number of shares | Amount |
| Medeon Biodesign, Inc. | Delta Asia International | Investments accounted for using equity method | Not applicable | Investments accounted for using equity method | 7,207 | $1,876,293 | - | $ - | 7,207 | $ 1,479,671 | $ 1,882,631 | ($ 402,960) | - | $ - |

MEDEON BIODESIGN, INC.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2023

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 | $ 6,851 | Agreed by both parties | 0.25 |
| 0 | Medeon Biodesign, Inc. | Medeologix, Inc. | 1 | Other receviable- related parties | 4,724 | Agreed by both parties | 0.17 |
| 0 | Medeon Biodesign, Inc. | Medeologix, Inc. | 1 | Other Revenue | 9,000 | Agreed by both parties | 4.59 |
| 0 | Medeon Biodesign, Inc. | Prodeon Medical Corporation | 1 | Other Revenue | 10,805 | Agreed by both parties | 5.51 |
| 0 | Medeon Biodesign, Inc. | Prodeon Medical Corporation | 1 | Other receviable- related parties | 2,647 | Agreed by both parties | 0.10 |
| 0 | Medeon Biodesign, Inc. | MedeonBio, Inc. | 1 | Other payables- related parties | 6,605 | Agreed by both parties | 0.24 |
| 0 | Medeon Biodesign, Inc. | MedeonBio, Inc. | 1 | Operating Expense | 27,027 | Agreed by both parties | 13.77 |
| 1 | MedeonBio, Inc. | Aquedeon Medical, Inc. | 3 | Other Revenue | 11,144 | Agreed by both parties | 5.68 |
| 1 | MedeonBio, Inc. | Prodeon Medical, Inc. | 3 | Other receviable- related parties | 1,367 | Agreed by both parties | 0.05 |
| 1 | MedeonBio, Inc. | Prodeon Medical, Inc. | 3 | Other Revenue | 17,019 | Agreed by both parties | 8.67 |
| 1 | MedeonBio, Inc. | Second Source Medical LLC | 3 | Other receviable- related parties | 1,413 | Agreed by both parties | 0.05 |
| 1 | MedeonBio, Inc. | Second Source Medical LLC | 3 | Other Revenue | 16,290 | Agreed by both parties | 8.30 |
| 1 | MedeonBio, Inc. | MediBalloon, Inc. | 3 | Other Revenue | 5,466 | Agreed by both parties | 2.79 |
| 3 | Prodeon Medical Corporation | Prodeon Medical, Inc. | 3 | Other payables- related parties | 67,605 | Agreed by both parties | 2.46 |
| 3 | Prodeon Medical Corporation | Prodeon Medical, Inc. | 3 | Operating Expense | 368,294 | Agreed by both parties | 187.65 |
| 7 | MediBalloon, Inc. | Second Source Medical LLC | 3 | Other receviable- related parties | 1,242 | Agreed by both parties | 0.05 |
| 7 | MediBalloon, Inc. | Second Source Medical LLC | 3 | Other Revenue | 2,353 | Agreed by both parties | 1.20 |
| 7 | MediBalloon, Inc. | Second Source Medical LLC | 3 | Operating Expense | 5,228 | Agreed by both parties | 2.66 |
| 7 | MediBalloon, Inc. | Medeologix, Inc. | 3 | Other payables- related parties | 1,409 | Agreed by both parties | 0.05 |
| 7 | MediBalloon, Inc. | Medeologix, Inc. | 3 | Other Revenue | 1,488 | Agreed by both parties | 0.76 |
| 7 | MediBalloon, Inc. | Medeologix, Inc. | 3 | Operating Expense | 1,970 | Agreed by both parties | 1.00 |

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

Medeologix, Inc.：8

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, 2023

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 31,2023 | | | Net profit (loss) of the investee for the year ended December 31, 2023 | Investment income(loss) recognised by the Company for the year ended December 31, 2023 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Balance as at December 31, 2023 | Balance as at December 31, 2022 | 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 | - | 0.00 | $ - | $ 49,636 | $ 13,544 | |
| Medeon Biodesign, Inc. | Prodeon Medical Corporation | Taiwan (R.O.C) | Manufacturing and development of medical devices | 1,426,658 | 967,658 | 22,586,000 | 88.41 | 255,916 | ( 365,870) | ( 318,811) | NOTE3 |
| Medeon Biodesign, Inc. | Yi Chuang Biodesign, Inc. | Taiwan (R.O.C) | Sales of medical devices | 100 | 100 | 10,000 | 100.00 | 73 | ( 1) | ( 1) | |
| Medeon Biodesign, Inc. | Medeologix, Inc. | Taiwan (R.O.C) | Manufacturing and sales of medical devices | 840,000 | 600,000 | 40,214,174 | 95.60 | 384,988 | ( 338,623) | ( 323,961) | |
| Medeon Biodesign, Inc. | Medeon International, Inc. | Samoa | Equity investment and commerce of medical devices | 796,979 | 675,539 | 26,939,999 | 100.00 | 81,231 | ( 80,529) | ( 80,529) | |
| Medeon International, Inc. | Aquedeon Mediacal, Inc. | US | Manufacturing and development of medical devices | 512,374 | 375,341 | 8,400,000 | 97.03 | 43,285 | ( 82,905) | ( 80,535) | NOTE1.2 |
| Prodeon Medical Corporation | Prodeon Medical, Inc. | US | Manufacturing and development of medical devices | 84,270 | 84,270 | 3,000 | 100.00 | 89,616 | 22,956 | 22,956 | |
| Medeologix, Inc. | MediBalloon, Inc. | US | Manufacturing and sales of medical devices | 234,603 | 141,353 | 16,500,000 | 100.00 | 92,750 | ( 102,392) | ( 102,392) | |
| Medeologix, Inc. | MedeonBio, Inc. | US | Manufacturing and development of medical devices | 99,509 | 99,509 | 2,900,000 | 100.00 | 34,100 | ( 37,832) | ( 37,832) | |
| Medeologix, Inc. | Second Source Medical, LLC | US | Manufacturing and sales of medical devices | 288,807 | 227,847 | - | 100.00 | 152,549 | ( 94,962) | ( 94,962) | |

Note 1：It is originally 17,560,000 US dollars.
Note 2：Preferred stock.
Note 3：Preferred stock in the amount of 14,357,500 shares is included.

MEDEON BIODESIGN, INC.

Major shareholders information

December 31,2023

Table 5

| Name of major shareholders | Shares | |
|---|---|---|
| | Number of shares held | Ownership (%) |
| Center Laboratories, Inc | 27,411,028 | 29.71 |
| Medeon, Inc. (US) | 10,450,911 | 11.32 |

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, 2023 and 2022, 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 material 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, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

## *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 judgement, 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 2023 parent company only financial statements of the current period are stated as follows:

### *Investments accounted for under equity method - Valuation of goodwill impairment*

Description

Please refer to Note 4(15) for accounting policies on impairment loss on non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, Note 6(5) for details of investments accounted for under equity method, and Note 6(9) in the consolidated financial statements for details of goodwill impairment valuation.

The Company acquired Medeologix, Inc. in 2021 and acquired Second Source Medical LLC in 2022. The balance of goodwill arising from the acquisition as at December 31, 2023 was NT$ 106,737 thousand.

The evaluation report issued by external experts engaged by the Company uses cash flow forecasts prepared by management to determine the recovery amount of goodwill; however, the measurement results in a large extent depend on management's assumptions, including the discount rate and the estimated growth rate used, which are subject to management's judgements with considerable uncertainty. Therefore, the goodwill impairment assessment is a key audit matter this year.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Based on our understanding of the operations and industry of the Company, evaluated the rationality of the evaluation model used by the external experts appointed by the Company.
B. We confirmed that the future cash flow used in the evaluation model is consistent with the future year budget provided by the Company. And reviewed the actual achievement of management's financial forecasts for the past year.
C. We assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

## *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 judgement 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 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 29, 2024

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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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2023 AMOUNT | % | December 31, 2022 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,031,405 | 43 | $ 146,945 | 4 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | 11,227 | 1 | 7,160 | - |
| 1136 | Current financial assets at amortised cost | 6(3) | 622,010 | 26 | 1,015,670 | 27 |
| 1170 | Accounts receivable, net | 6(4) and 12(2) | - | - | 8,775 | 1 |
| 1200 | Other receivables | | 2,890 | - | 4,397 | - |
| 1210 | Other receivables - related parties | 7 | 7,371 | - | 7,656 | - |
| 1410 | Prepayments | | 700 | - | 1,875 | - |
| 11XX | **Current Assets** | | 1,675,603 | 70 | 1,192,478 | 32 |
| | **Non-current assets** | | | | | |
| 1550 | Investments accounted for using equity method | 6(5) | 722,208 | 30 | 2,530,605 | 68 |
| 1600 | Property, plant and equipment | 6(6) | 934 | - | 1,262 | - |
| 1755 | Right-of-use assets | 6(7) | 5,054 | - | 7,076 | - |
| 1780 | Intangible assets | 6(8) | 240 | - | 1,311 | - |
| 1920 | Guarantee deposits paid | | 620 | - | 1,990 | - |
| 15XX | **Non-current assets** | | 729,056 | 30 | 2,542,244 | 68 |
| 1XXX | **Total assets** | | $ 2,404,659 | 100 | $ 3,734,722 | 100 |

(Continued)

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2023 AMOUNT | % | December 31, 2022 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2200 | Other payables | | $ 27,720 | 1 | $ 47,492 | 1 |
| 2220 | Other payables - related parties | 7 | 13,456 | 1 | 25,280 | 1 |
| 2230 | Current tax liabilities | | 37,968 | 2 | 56,776 | 2 |
| 2280 | Current lease liabilities | | 2,234 | - | 5,945 | - |
| 2300 | Other current liabilities | | 444 | - | 574 | - |
| 21XX | **Current Liabilities** | | 81,822 | 4 | 136,067 | 4 |
| 2580 | Non-current lease liabilities | | 2,849 | - | 1,213 | - |
| 25XX | **Non-current liabilities** | | 2,849 | - | 1,213 | - |
| 2XXX | **Total Liabilities** | | 84,671 | 4 | 137,280 | 4 |
| | **Equity** | | | | | |
| | Share capital | 6(11) | | | | |
| 3110 | Share capital - common stock | | 922,449 | 38 | 878,401 | 23 |
| | Capital surplus | 6(12) | | | | |
| 3200 | Capital surplus | | 1,340,712 | 55 | 1,343,813 | 36 |
| | Retained earnings | 6(13) | | | | |
| 3310 | Legal reserve | | 207,182 | 9 | 207,182 | 6 |
| 3320 | Special reserve | | 12,489 | 1 | 12,489 | - |
| 3350 | Unappropriated retained earnings(accumulated deficit) | | ( 188,425) | ( 8) | 1,135,220 | 30 |
| | Other equity interest | 6(14) | | | | |
| 3400 | Other equity interest | | 36,184 | 1 | 30,940 | 1 |
| 3500 | Treasury shares | 6(11) | ( 10,603) | - | ( 10,603) | - |
| 3XXX | **Total equity** | | 2,319,988 | 96 | 3,597,442 | 96 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 2,404,659 | 100 | $ 3,734,722 | 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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except losses per share amounts)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(15) | $ 10,700 | 100 | $ 209,537 | 100 |
| 5000 | Operating costs | 6(16)(17) and 7 | ( 8,922) | ( 83) | ( 26,831) | ( 13) |
| 5900 | Net operating margin | | 1,778 | 17 | 182,706 | 87 |
| | Operating expenses | 6(16)(17) and 7 | | | | |
| 6100 | Selling expenses | | - | - | ( 6,957) | ( 3) |
| 6200 | General and administrative expenses | | ( 72,049) | ( 674) | ( 57,726) | ( 28) |
| 6300 | Research and development expenses | | ( 19,283) | ( 180) | ( 38,345) | ( 18) |
| 6000 | Total operating expenses | | ( 91,332) | ( 854) | ( 103,028) | ( 49) |
| 6900 | Operating (loss) profit | | ( 89,554) | ( 837) | 79,678 | 38 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(18) | 13,428 | 125 | 8,694 | 4 |
| 7010 | Other income | 6(19) and 7 | 20,982 | 196 | 19,562 | 9 |
| 7020 | Other gains and losses | 6(2)(5)(20) | ( 400,106) | ( 3739) | 22,490 | 11 |
| 7050 | Finance costs | 6(7) | ( 89) | ( 1) | ( 171) | - |
| 7070 | Share of loss of associates and joint ventures accounted for using equity method, net | 6(5) | ( 709,758) | ( 6633) | ( 507,066) | ( 242) |
| 7000 | Total non-operating income and expenses | | ( 1,075,543) | ( 10052) | ( 456,491) | ( 218) |
| 7900 | **Loss before income tax** | | ( 1,165,097) | ( 10889) | ( 376,813) | ( 180) |
| 7950 | Income tax expense | 6(21) | ( 39,518) | ( 369) | ( 56,945) | ( 27) |
| 8200 | **Loss for the year** | | ($ 1,204,615) | ( 11258) | ($ 433,758) | ( 207) |
| | **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 | | $ 5,244 | 49 | $ 43,429 | 21 |
| 8500 | **Total comprehensive loss for the year** | | ($ 1,199,371) | ( 11209) | ($ 390,329) | ( 186) |
| | Basic loss per share | 6(22) | | | | |
| 9750 | Total basic loss per share | | ($ 13.09) | | ($ 4.71) | |
| 9850 | Total diluted loss per share | | ($ 13.09) | | ($ 4.71) | |

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, 2023 AND 2022
(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 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 |
| 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 | 6(13) | | | | | | | | | | | | |
| Stock dividends of ordinary share | | 146,060 | - | - | - | - | - | - | - | ( 146,060) | - | - | - |
| Cash dividends of ordinary share | 6(13) | - | - | - | - | - | - | - | - | ( 73,030) | - | - | ( 73,030) |
| Legal reserve | | - | - | - | - | - | - | 207,182 | - | ( 207,182) | - | - | - |
| Special reserve | | - | - | - | - | - | - | - | 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 |
| 2023 | | | | | | | | | | | | | |
| Balance at January 1, 2023 | | $ 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 |
| Loss for the year | | - | - | - | - | - | - | - | - | ( 1,204,615) | - | - | ( 1,204,615) |
| Other comprehensive income for the year | | - | - | - | - | - | - | - | - | - | 5,244 | - | 5,244 |
| Total comprehensive income(loss) | | - | - | - | - | - | - | - | - | ( 1,204,615) | 5,244 | - | ( 1,199,371) |
| Appropriation and distribution of retained earnings | 6(13) | | | | | | | | | | | | |
| Stock dividends of ordinary share | | 43,823 | - | - | - | - | - | - | - | ( 43,823) | - | - | - |
| Cash dividends of ordinary share | | - | - | - | - | - | - | - | - | ( 43,823) | - | - | ( 43,823) |
| Share-based payments | 6(10) | - | - | - | - | 15,040 | - | - | - | - | - | - | 15,040 |
| Changes in ownership interests in subsidiaries | | - | - | - | - | ( 18,141) | - | - | - | ( 31,384) | - | - | ( 49,525) |
| Exercise of employee stock options | 6(11) | 225 | 141 | - | - | - | ( 141) | - | - | - | - | - | 225 |
| Balance at December 31, 2023 | | $ 922,449 | $ 1,331,845 | $ 5,602 | $ - | $ - | $ 3,265 | $ 207,182 | $ 12,489 | ($ 188,425) | $ 36,184 | ($ 10,603) | $ 2,319,988 |

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | ( $ 1,165,097 ) | ( $ 376,813 ) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense(including right-of-use assets) | 6(6)(7)(16) | 7,268 | 8,748 |
| Amortization expense | 6(8)(16) | 1,369 | 1,869 |
| Revaluation gains on current financial assets measured at fair value through profit or loss | 6(2)(20) | ( 3,812 ) | ( 681 ) |
| Interest expense | 6(7) | 89 | 171 |
| Dividend income | | ( 180 ) | ( 160 ) |
| Interest income | 6(18) | ( 13,428 ) | ( 8,694 ) |
| Gain on disposal of investments | 6(20) | 402,960 | - |
| Share of loss of associates and joint ventures accounted for using equity method | 6(5) | 709,758 | 507,066 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable | | 8,775 | ( 952 ) |
| Other accounts receivable | | 22 | 96 |
| Other receivables - related parties | | 285 | ( 79 ) |
| Prepayments | | 1,175 | ( 825 ) |
| Changes in operating liabilities | | | |
| Other payables | | ( 19,771 ) | ( 6,788 ) |
| Other payables to related parties | | ( 11,824 ) | 15,815 |
| Other current liabilities | | ( 130 ) | 8 |
| Cash (outflow) inflow generated from operations | | ( 82,541 ) | 138,781 |
| Interest received | | 14,913 | 6,456 |
| Interest paid | 6(7) | ( 89 ) | ( 170 ) |
| Income taxes paid | | ( 58,326 ) | ( 66,280 ) |
| Net cash flows (used in) from operating activities | | ( 126,043 ) | 78,787 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of current financial assets at fair value through profit or loss | | ( 255 ) | - |
| Acquisition of investments accounted for using equity method | | ( 820,440 ) | ( 884,423 ) |
| Proceeds from disposal of financial assets at amortised cost | | 393,660 | 553,230 |
| Proceeds from disposal of investment using equity method | | 1,479,671 | 99,508 |
| Dividends received | | 7,387 | 18,177 |
| Acquisition of property, plant and equipment | 6(6)(23) | ( 579 ) | ( 444 ) |
| Acquisition of intangible assets | 6(8) | ( 298 ) | - |
| Decrease (increase) in guarantee deposits paid | | 1,370 | ( 5 ) |
| Net cash flows from (used in) investing activities | | 1,060,516 | ( 213,957 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of lease liabilities | 6(7)(24) | ( 6,415 ) | ( 7,110 ) |
| Exercise of employee share options | 6(10) | 225 | - |
| Cash dividends paid | 6(13) | ( 43,823 ) | ( 73,030 ) |
| Net cash flows used in financing activities | | ( 50,013 ) | ( 80,140 ) |
| Net increase (decrease) in cash and cash equivalents | | 884,460 | ( 215,310 ) |
| Cash and cash equivalents at beginning of year | | 146,945 | 362,255 |
| Cash and cash equivalents at end of year | | $ 1,031,405 | $ 146,945 |

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, 2023 AND 2022

(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 29, 2024.

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®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and become 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 |
| Amendments to IAS 12, 'International tax reform - pillar two model rules' | May 23, 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.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements' | January 1, 2024 |

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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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 |
| 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 21, 'Lack of exchangeability' | January 1, 2025 |

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 consolidated financial statements. Owners' equity in the nonconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

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) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) 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.

(22) 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, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand | $ 50 | $ 50 |
| Demand deposits | 957,017 | 146,895 |
| Time deposits | 74,338 | - |
| | $ 1,031,405 | $ 146,945 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stock | $ 4,255 | $ 4,000 |
| Valuation adjustment | 6,972 | 3,160 |
| | $ 11,227 | $ 7,160 |

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

| | 2023 | 2022 |
|---|---|---|
| Financial assets mandatorily measured as at fair value through profit or loss | | |
| Equity instruments | $ 3,812 | $ 681 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits maturing in excess of three months | $ 622,010 | $ 1,015,670 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Accounts receivable | $ - | $ 8,775 |
| Less: Allowance for bad debts | - | - |
| | $ - | $ 8,775 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Not past due | $ - | $ 8,775 |

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable was all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $7,823.

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. The Company had no accounts receivable pledged to others.

F. As at December 31, 2023 and 2022, 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 $0 and $8,775, respectively.

(5) Investments accounted for using equity method

A. Long-term equity investment is as follows:

| Investee | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Delta Asia International Corporation | $ - | $ 1,876,293 |
| Medeon International, Inc. | 81,231 | 41,044 |
| Medeologix, Inc. | 384,988 | 445,680 |
| Prodeon Medical Corporation | 255,916 | 167,514 |
| Yi Chuang Biodesign, Inc. | 73 | 74 |
| | $ 722,208 | $ 2,530,605 |

B. Subsidiaries

(a) Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2023.

(b) The Company increased the capital of Medeon International, Inc. through a cash investment in April 2022 for the total consideration of USD 1,030,000. Also, the Company acquired 4,000,000 shares of common stock of Medeon International, Inc. amounting USD 4,000,000 in January 2023, and participated in the Series E preferred stock issuance amounting to USD 4,000,000 for 1,600,000 shares of Aquedeon Medical, Inc. through that subsidiary. The shareholding ratio to Aquedeon Medical, Inc. was then increased to 97.27%. Subsequently in July 2023, the employees of Aquedeon Medical, Inc. exercised the employee stock option, decreasing the shareholding ratio to 97.03%.

(c) The Company 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 ratio increased to approximately 85.05%. The Company subsequently acquired 5,737,500 shares of Series C preferred stock issued by Prodeon Medical Corporation for the total consideration of $459,000 in May 2023, and the Company's

shareholding ratio increased to approximately 88.41%.

(d) The Company disposed all equity investments in Delta Asia International Corporation in May 2023, totaling $1,479,671, and therefore recognized a loss on disposal of investment at the amount of $402,960, which was recognized in “other gains and losses”. Details of the loss were provided in Note 6(20).

(e) 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%; and in February 2023, Medeologix, Inc.’s employees exercised stock options and reduced its shareholding to approximately 94.30%. In March 2023, the Company increased the capital in Medeologix, Inc., subscribing for 9,600,000 shares with the amount of $240,000, and the Company’s shareholding increased to approximately 95.6%.

(f) 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(25) of the Company’s consolidated financial statements as of and for the year ended December 31, 2023 for further information.

(g) The Company’s subsidiary, Medeologix, Inc. increased the capital of MediBalloon, Inc. and Second Source Medical LLC through a cash investment in March 2023, amounting to USD 2,000,000 and USD 2,000,000, respectively. In October 2023, the Company increased the capital in MediBalloon, Inc. amounting to USD 1,000,000.

C. Associates

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

| Company name | Principal place of business | Shareholding ratio | | Nature of relationship | Methods of measurement |
|---|---|---|---|---|---|
| | | December 31, 2023 | December 31, 2022 | | |
| Delta Asia International Corporation | Taiwan | 0% | 27.84% | Research and development collaboration | Equity method |

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

Balance sheet

| | Delta Asia International Corporation | |
|---|---|---|
| | December 31, 2023 | December 31, 2022 |
| Current assets | $ - | $ 570,935 |
| Non-current assets | - | 1,258,899 |
| Current liabilities | - | ( 167,668) |
| Non-current liabilities | - | ( 484,384) |
| Total net assets | $ - | $ 1,177,782 |
| | | |
| Share in associate's net assets | - | 327,895 |
| Goodwill | - | 1,548,398 |
| Carrying amount of the associate | $ - | $ 1,876,293 |

Statement of comprehensive income

| | Delta Asia International Corporation | |
|---|---|---|
| | January1, 2023 to Apri1 30, 2023 | Year ended December 31, 2022 |
| Revenue | $ 199,930 | $ 426,974 |
| Profit from continuing operations | 49,535 | 171,297 |
| Other comprehensive income | - | - |
| Total comprehensive income | $ 49,535 | $ 171,297 |
| Dividends received from associates | $ 7,206 | $ 18,017 |

(c) Delta Asia International Corporation, which is an associate of the Company, has an open market quotation with a fair value of $1,657,559 in respect of the year ended December 31, 2022.

(d) The Company disposed all equity investments in Delta Asia International Corporation in May 2023, totaling $1,479,671, and therefore recognized a loss on disposal of investment in the amount of $402,960, which was recognized in “other gains and losses”. Details of the loss were provided in Note 6(20).

(6) Property, plant and equipment

| | 2023 | | | |
|---|---|---|---|---|
| | Research and development equipment | Office equipment | Leasehold improvements | Total |
| At January 1 | | | | |
| Cost | $ 13,385 | $ 6,389 | $ 6,591 | $ 26,365 |
| Accumulated depreciation | ( 12,715) | ( 5,939) | ( 6,449) | ( 25,103) |
| | $ 670 | $ 450 | $ 142 | $ 1,262 |
| Opening net book amount as at January 1 | $ 670 | $ 450 | $ 142 | $ 1,262 |
| Additions | - | 579 | - | 579 |
| Depreciation charge | ( 530) | ( 324) | ( 53) | ( 907) |
| Closing net book amount as at December 31 | $ 140 | $ 705 | $ 89 | $ 934 |
| At December 31 | | | | |
| Cost | $ 1,502 | $ 5,436 | $ 4,675 | $ 11,613 |
| Accumulated depreciation | ( 1,362) | ( 4,731) | ( 4,586) | ( 10,679) |
| | $ 140 | $ 705 | $ 89 | $ 934 |

| | 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 |

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, 2023 | December 31, 2022 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Buildings and land | $ 5,054 | $ 7,076 |
| | Year ended December 31, 2023 | Year ended December 31, 2022 |
| Buildings and land | Depreciation charge | Depreciation charge |
| | $ 6,361 | $ 7,119 |

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $4,340 and $2,394, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 89 | $ 171 |
| Expense on short-term lease contracts | 91 | - |

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $6,595 and $7,281, respectively.

(8) Intangible assets

| | 2023 | | |
|---|---|---|---|
| | Patent | Software | Total |
| At January 1 | | | |
| Cost | $ 12,707 | $ 1,404 | $ 14,111 |
| Accumulated amortisation | ( 11,625) | ( 1,175) | ( 12,800) |
| | $ 1,082 | $ 229 | $ 1,311 |
| Opening net book amount as at January 1 | $ 1,082 | $ 229 | $ 1,311 |
| Additions | - | 298 | 298 |
| Amortisation charge | ( 1,082) | ( 287) | ( 1,369) |
| Closing net book amount as at December 31 | $ - | $ 240 | $ 240 |
| At December 31 | | | |
| Cost | $ 12,707 | $ 1,702 | $ 14,409 |
| Accumulated amortisation | ( 12,707) | ( 1,462) | ( 14,169) |
| | $ - | $ 240 | $ 240 |

| | 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 |

Details of amortisation on intangible assets are as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Operating costs | $ 108 | $ 178 |
| Selling expenses | 39 | 7 |
| Administrative expenses | 25 | 31 |
| Research and development expenses | 1,197 | 1,653 |
| Total | $ 1,369 | $ 1,869 |

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™, 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. For the year ended at December 31, 2023, 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, 2023 and 2022, were $1,828 and $2,363, 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:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of options | Weighted-average exercise price (NTD) | No. of options | Weighted-average exercise price (NTD) |
| Options outstanding at January 1 | 319,500 | $ 10~137 | 319,500 | $ 10~175 |
| Options forfeited | ( 50,000) | 10~137 | - | 10~144 |
| Options exercised | ( 22,500) | 10~137 | - | 10~144 |
| Options outstanding at December 31 | 247,000 | 10~137 | 319,500 | 10~144 |
| Options exercisable at December 31 | 247,000 | 10~137 | 319,500 | 10~144 |

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

| | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| 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 | - | 10 | 13 | 10 |
| 2014.11.18 | 2024.11.18 | - | 10 | 10 | 10 |
| 2015.6.8 | 2025.6.8 | 227 | 121 | 227 | 126 |
| 2015.11.3 | 2025.11.3 | 20 | 137 | 70 | 144 |

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, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Equity-settled | $ - | $ - |

(11) Share capital/Treasury shares

A. As of December 31, 2023, the Company's authorised capital was $2,000,000, consisting of 200,000,000 shares of ordinary stock, and the paid-in capital was $922,449 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:

| | 2023 | 2022 |
|---|---|---|
| | No. of shares | No. of shares |
| At January 1 | 87,636,089 | 73,030,074 |
| Stock dividends of ordinary share | 4,382,304 | 14,606,015 |
| Employee stock options exercised | 22,500 | - |
| At December 31 | 92,040,893 | 87,636,089 |

B. In 2023 and 2022, the separate amount recollected due to the exercised employee stock options by the Company is $225 and $0, 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, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| 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

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.

(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 years ended 31 December 2022 and 2021 was proposed at the shareholders' meeting on June 19, 2023 and June 20, 2022 as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amount | Dividend per share (in dollars) | Amount | Dividend per share (in dollars) |
| Legal reserve | $ - | | $ 207,182 | |
| Special reserve | - | | 12,489 | |
| Cash dividends (Note) | 43,823 | $ 0.50 | 73,030 | $ 1.00 |
| Stock dividends | 43,823 | 0.50 | 146,060 | 2.00 |

The abovementioned distribution of 2022 earnings were in agreement with those amounts proposed by the Board of Directors on March 22, 2023.

Information about the distribution of earnings as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

Note: As authorised by the Company's Articles of Incorporation, the Board of Directors approved the distribution of cash dividends proposal in respect of the year ended December 31, 2022, through a special resolution on March 22, 2023.

(14) Other equity items

| | 2023 | 2022 |
|---|---|---|
| | Currency translation | Currency translation |
| At January 1 | $ 30,940 | ($ 12,489) |
| Currency translation differences: | | |
| –Group | 5,244 | 43,429 |
| At December 31 | $ 36,184 | $ 30,940 |

(15) Operating revenue

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Revenue from research and development services | $ 10,700 | $ 209,537 |

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.

As the impact of COVID-19 pandemic is still ongoing, 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 (already obtained). 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:

| 2023 | Revenue from research and development services |
|---|---|
| Revenue by region | |
| United States | $ 10,700 |
| Timing of revenue recognition | |
| At a point in time | $ 10,700 |

| 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 |

(16) Expenses by nature

| | 2023 | | |
|---|---|---|---|
| | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expense | $ 4,865 | $ 39,529 | $ 44,394 |
| Depreciation charges on property, plant and equipment | 314 | 593 | 907 |
| Depreciation charges on right-of-use assets | 1,949 | 4,412 | 6,361 |
| Amortisation charges | 72 | 1,297 | 1,369 |

| | 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 |

(17) Employee benefit expense

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Wages and salaries | $ 35,071 | $ 49,287 |
| Labour and health insurance fees | 3,456 | 4,321 |
| Pension costs | 1,828 | 2,363 |
| Directors' remuneration | 2,494 | 2,228 |
| Other personnel expenses | 1,545 | 2,229 |
| | $ 44,394 | $ 60,428 |

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 years ended December 31, 2023 and 2022, no employees' compensation and directors' remuneration were accrued due to accumulated deficit of the Company.

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, | |
|---|---|---|
| | 2023 | 2022 |
| Interest income from bank deposits | $ 13,428 | $ 8,694 |

(19) Other income

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Service income | $ 20,799 | $ 19,402 |
| Dividend income | 180 | 160 |
| Other income | 3 | - |
| Total | $ 20,982 | $ 19,562 |

Information relating to service income is provided in Note 7(2)C.

(20) Other gains and losses

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Gain on disposals of investment | ($ 402,960) | $ - |
| Gains on financial assets at fair value through profit | 3,812 | 681 |
| Net foreign exchange (losses) and gains | ( 958) | 21,809 |
| | ($ 400,106) | $ 22,490 |

(21) Income tax

A. Income tax expense

Components of income tax expense:

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the year | $ 39,416 | $ - |
| Tax on undistributed surplus earnings | - | 57,037 |
| Adjustments in respect of prior years | 102 | ( 92) |
| Income tax expense | $ 39,518 | $ 56,945 |

B. Reconciliation between income tax expense and accounting profit

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Tax calculated based on profit (loss) before tax and statutory tax rate | ($ 233,019) | ($ 75,363) |
| Effect on income tax expense by tax regulation | 126,643 | 63,490 |
| Tax on undistributed surplus earnings | - | 57,037 |
| Temporary differences not recognised as deferred tax assets | 15,122 | 31,061 |
| Taxable loss not recognised as deferred tax assets | 91,253 | ( 19,188) |
| Prior year income tax underestimation (overestimation) | 102 | ( 92) |
| Effect from alternative minimum tax | 39,417 | - |
| Income tax expense | $ 39,518 | $ 56,945 |

C. As of December 31, 2023, 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 |
|---|---|---|---|---|
| 2016 | $ 207,538 | $ 4,106 | $ 4,106 | 2026 |
| 2017 | 208,621 | 180,794 | 180,794 | 2027 |
| 2019 | 146,059 | 144,851 | 144,851 | 2029 |
| 2020 | 110,811 | 67,453 | 67,453 | 2030 |
| 2021 | 69,577 | 11,378 | 11,378 | 2031 |
| 2023 (Estimate) | 456,265 | 456,086 | 456,086 | 2033 |
| | $ 1,198,871 | $ 864,668 | $ 864,668 | |

E. For the year ended December 31, 2023, the Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(22) Losses per share

| | Year ended December 31, 2023 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Losses per share (in dollars) |
| Basic losses per share | | | |
| Loss attributable to ordinary shareholders of the parent | ($ 1,204,615) | 92,036 | ($ 13.09) |

| | Year ended December 31, 2022 | | |
|---|---|---|---|
| | Amount after tax | Retrospective adjustment Weighted average number of ordinary shares outstanding (share in thousands) | Losses per share (in dollars) |
| Basic losses per share | | | |
| Loss attributable to ordinary shareholders of the parent | ($ 433,758) | 92,018 | ($ 4.71) |

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 29, 2022.

B. Due to loss in 2023 and 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, | |
|---|---|---|
| | 2023 | 2022 |
| Purchase of property, plant and equipment | $ 579 | $ 444 |
| Add: Opening balance of payable on equipment | - | - |
| Less: Ending balance of payable on equipment | - | - |
| Cash paid during the period | $ 579 | $ 444 |

(24) Changes in liabilities from financing activities

| | 2023 | 2022 |
|---|---|---|
| | Lease Liability | Lease Liability |
| At January 1 | $ 7,158 | $ 11,874 |
| Changes in cash flow from financing activities | ( 6,415) | ( 7,110) |
| Changes in other non-cash items | 4,340 | 2,394 |
| At December 31 | $ 5,083 | $ 7,158 |

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 sold all of its shares of Delta Asia International Corporation in May 2023 and lost its directorship. It is now considered a non-related party. Please refer to Note 6(5).

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, | |
|---|---|---|
| | 2023 | 2022 |
| Delta Asia International Corporation | $ - | $ 4,615 |

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, | |
|---|---|---|
| | 2023 | 2022 |
| MedeonBio, Inc. | $ 27,027 | $ 18,426 |
| Delta Asia International Corporation | - | 156 |
| | $ 27,027 | $ 18,582 |

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, | |
|---|---|---|
| | 2023 | 2022 |
| Prodeon Medical Corporation | $ 10,805 | $ 13,678 |
| Medeologix, Inc. | 9,000 | 4,500 |
| Aquedeon Medical, Inc. | 994 | 1,224 |
| | $ 20,799 | $ 19,402 |

(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.

D. Other receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Medeologix, Inc. | $ 4,724 | $ 4,725 |
| Prodeon Medical Corporation | 2,647 | 2,931 |
| | $ 7,371 | $ 7,656 |

The abovementioned other receivables arose from the research and management of medical devices commissioned to the Company by the subsidiaries, Prodeon Medical Corporation and Medeologix, Inc.. The Company receives payments every 3 months and the period of payment is 30 to 60 days.

E. Other payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| MedeonBio, Inc. | $ 6,605 | $ 18,426 |
| Medeon International, Inc. | 6,851 | 6,854 |
| | $ 13,456 | $ 25,280 |

The abovementioned other payables arose from commissioning the second-tier subsidiary, MedeonBio, Inc. for research and development of medical devices and business promotion for products. Additionally, the Company shall pay the subsidiary, Medeon International, Inc. 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, | |
|---|---|---|
| | 2023 | 2022 |
| Salaries and other short-term employee benefits | $ 8,727 | $ 15,455 |
| Share-based payment | 4,398 | - |
| Total | $ 13,125 | $ 15,455 |

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

A. On January 18, 2024, the Board of Directors of the Company resolved to participate in capital increase of the subsidiary, Medeologix, Inc., by the percentages of shareholding subscribing for 12,600,000 shares in the amount of NTD 315,000,000 and increasing its shareholding to approximately 96.61%.

B. On February 29, 2024, the Board of Directors of the Company resolved to private raising plans placement of the Company of cash capital increase, the issuance of common shares are less than 35,000,000 shares with a par value of NTD 10. As of February 29, 2024, the plans have not been proposed at the shareholders' meeting.

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, 2023 and 2022, 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, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets | | |
| Financial assets at fair value through profit or loss | | |
| Financial assets mandatorily measured at fair value through profit or loss | $ 11,227 | $ 7,160 |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 1,031,405 | 146,945 |
| Financial assets at amortised cost | 622,010 | 1,015,670 |
| Accounts receivable | - | 8,775 |
| Other receivables (including related parties) | 10,261 | 12,053 |
| Guarantee deposits paid | 620 | 1,990 |
| | $ 1,675,523 | $ 1,192,593 |
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| Other accounts payable (including related parties) | $ 41,176 | $ 72,772 |
| Lease liability | $ 5,083 | $ 7,158 |

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, 2023 | | |
|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 4,421 | 30.71 | $ 135,747 |
| Non-monetary items | | | |
| USD:NTD | 2,646 | 30.71 | $ 81,231 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 445 | 30.71 | 13,664 |

| | 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 |

v. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to ($958) and $21,809, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| | Year ended December 31, 2023 | | |
|---|---|---|---|
| | 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% | $ 1,357 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | 137 | - |

| | 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 | - |

(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, 2023 and 2022, 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, 2023 | | | | | |
| Expected loss rate | 0.03% | 0.03% | 0.03% | 25.00% | |
| Total book value | $ - | $ - | $ - | $ - | $ - |
| Loss allowance | $ - | $ - | $ - | $ - | $ - |
| | | | | | |
| At December 31, 2022 | | | | | |
| Expected loss rate | 0.03% | 0.03% | 0.03% | 25.00% | |
| Total book value | $ 8,775 | $ - | $ - | $ - | $ 8,775 |
| Loss allowance | $ - | $ - | $ - | $ - | $ - |

vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

| | 2023 | 2022 |
|---|---|---|
| | 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, 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Other payables (including related parties) | $ 41,176 | $ - | $ - | $ - |
| Lease liability | 2,305 | 1,896 | 990 | - |

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 | - |

(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, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 11,227 | $ - | $ - | $ 11,227 |

| 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 |

(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, 2023 and 2022, 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, 2023

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, 2023 | | | | 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 | 102,999 | $ 11,227 | 0.30 | $ 11,227 | |
| The Company's subsidiary | Star Victoria Limited | None | Current financial assets at fair value through profit or loss | 714 | 30,705 | 1.43 | 30,705 | |

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, 2023

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, 2023 | | Addition | | Disposal | | | | Balance as at December 31, 2023 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Number of shares | Amount |
| Medeon Biodesign, Inc. | Delta Asia International | Investments accounted for using equity method | Not applicable | Investments accounted for using equity method | 7,207 | $1,876,293 | - | $ - | 7,207 | $ 1,479,671 | $ 1,882,631 | ($ 402,960) | - | $ - |

MEDEON BIODESIGN, INC.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2023

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 | $ 6,851 | Agreed by both parties | 0.25 |
| 0 | Medeon Biodesign, Inc. | Medeologix, Inc. | 1 | Other receviable- related parties | 4,724 | Agreed by both parties | 0.17 |
| 0 | Medeon Biodesign, Inc. | Medeologix, Inc. | 1 | Other Revenue | 9,000 | Agreed by both parties | 4.59 |
| 0 | Medeon Biodesign, Inc. | Prodeon Medical Corporation | 1 | Other Revenue | 10,805 | Agreed by both parties | 5.51 |
| 0 | Medeon Biodesign, Inc. | Prodeon Medical Corporation | 1 | Other receviable- related parties | 2,647 | Agreed by both parties | 0.10 |
| 0 | Medeon Biodesign, Inc. | MedeonBio, Inc. | 1 | Other payables- related parties | 6,605 | Agreed by both parties | 0.24 |
| 0 | Medeon Biodesign, Inc. | MedeonBio, Inc. | 1 | Operating Expense | 27,027 | Agreed by both parties | 13.77 |
| 1 | MedeonBio, Inc. | Aquedeon Medical, Inc. | 3 | Other Revenue | 11,144 | Agreed by both parties | 5.68 |
| 1 | MedeonBio, Inc. | Prodeon Medical, Inc. | 3 | Other receviable- related parties | 1,367 | Agreed by both parties | 0.05 |
| 1 | MedeonBio, Inc. | Prodeon Medical, Inc. | 3 | Other Revenue | 17,019 | Agreed by both parties | 8.67 |
| 1 | MedeonBio, Inc. | Second Source Medical LLC | 3 | Other receviable- related parties | 1,413 | Agreed by both parties | 0.05 |
| 1 | MedeonBio, Inc. | Second Source Medical LLC | 3 | Other Revenue | 16,290 | Agreed by both parties | 8.30 |
| 1 | MedeonBio, Inc. | MediBalloon, Inc. | 3 | Other Revenue | 5,466 | Agreed by both parties | 2.79 |
| 3 | Prodeon Medical Corporation | Prodeon Medical, Inc. | 3 | Other payables- related parties | 67,605 | Agreed by both parties | 2.46 |
| 3 | Prodeon Medical Corporation | Prodeon Medical, Inc. | 3 | Operating Expense | 368,294 | Agreed by both parties | 187.65 |
| 7 | MediBalloon, Inc. | Second Source Medical LLC | 3 | Other receviable- related parties | 1,242 | Agreed by both parties | 0.05 |
| 7 | MediBalloon, Inc. | Second Source Medical LLC | 3 | Other Revenue | 2,353 | Agreed by both parties | 1.20 |
| 7 | MediBalloon, Inc. | Second Source Medical LLC | 3 | Operating Expense | 5,228 | Agreed by both parties | 2.66 |
| 7 | MediBalloon, Inc. | Medeologix, Inc. | 3 | Other payables- related parties | 1,409 | Agreed by both parties | 0.05 |
| 7 | MediBalloon, Inc. | Medeologix, Inc. | 3 | Other Revenue | 1,488 | Agreed by both parties | 0.76 |
| 7 | MediBalloon, Inc. | Medeologix, Inc. | 3 | Operating Expense | 1,970 | Agreed by both parties | 1.00 |

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

Medeologix, Inc.：8

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, 2023

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 31,2023 | | | Net profit (loss) of the investee for the year ended December 31, 2023 | Investment income(loss) recognised by the Company for the year ended December 31, 2023 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Balance as at December 31, 2023 | Balance as at December 31, 2022 | 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 | - | 0.00 | $ - | $ 49,636 | $ 13,544 | |
| Medeon Biodesign, Inc. | Prodeon Medical Corporation | Taiwan (R.O.C) | Manufacturing and development of medical devices | 1,426,658 | 967,658 | 22,586,000 | 88.41 | 255,916 | ( 365,870) | ( 318,811) | NOTE3 |
| Medeon Biodesign, Inc. | Yi Chuang Biodesign, Inc. | Taiwan (R.O.C) | Sales of medical devices | 100 | 100 | 10,000 | 100.00 | 73 | ( 1) | ( 1) | |
| Medeon Biodesign, Inc. | Medeologix, Inc. | Taiwan (R.O.C) | Manufacturing and sales of medical devices | 840,000 | 600,000 | 40,214,174 | 95.60 | 384,988 | ( 338,623) | ( 323,961) | |
| Medeon Biodesign, Inc. | Medeon International, Inc. | Samoa | Equity investment and commerce of medical devices | 796,979 | 675,539 | 26,939,999 | 100.00 | 81,231 | ( 80,529) | ( 80,529) | |
| Medeon International, Inc. | Aquedeon Mediacal, Inc. | US | Manufacturing and development of medical devices | 512,374 | 375,341 | 8,400,000 | 97.03 | 43,285 | ( 82,905) | ( 80,535) | NOTE1.2 |
| Prodeon Medical Corporation | Prodeon Medical, Inc. | US | Manufacturing and development of medical devices | 84,270 | 84,270 | 3,000 | 100.00 | 89,616 | 22,956 | 22,956 | |
| Medeologix, Inc. | MediBalloon, Inc. | US | Manufacturing and sales of medical devices | 234,603 | 141,353 | 16,500,000 | 100.00 | 92,750 | ( 102,392) | ( 102,392) | |
| Medeologix, Inc. | MedeonBio, Inc. | US | Manufacturing and development of medical devices | 99,509 | 99,509 | 2,900,000 | 100.00 | 34,100 | ( 37,832) | ( 37,832) | |
| Medeologix, Inc. | Second Source Medical, LLC | US | Manufacturing and sales of medical devices | 288,807 | 227,847 | - | 100.00 | 152,549 | ( 94,962) | ( 94,962) | |

Note 1：It is originally 17,560,000 US dollars.
Note 2：Preferred stock.
Note 3：Preferred stock in the amount of 14,357,500 shares is included.

MEDEON BIODESIGN, INC.

Major shareholders information

December 31,2023

Table 5

| Name of major shareholders | Shares | |
|---|---|---|
| | Number of shares held | Ownership (%) |
| Center Laboratories, Inc | 27,411,028 | 29.71 |
| Medeon, Inc. (US) | 10,450,911 | 11.32 |

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

| Year / Item | 2022 | 2021 | Differences | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 2,227,798 | 1,637,721 | 590,077 | 36 |
| Equity method investments | - | 1,876,293 | (1,876,293) | (100) |
| Property, Plant and Equipment | 146,578 | 150,613 | (4,035) | (3) |
| Right-of-use assets | 175,244 | 189,628 | (14,384) | (8) |
| Intangible assets | 171,066 | 180,181 | (9,115) | 5 |
| Prepayments for equipment | 22,129 | - | 22,129 | 100 |
| Deposits | 4,331 | 5,587 | (1,256) | (22) |
| Total assets | 2,747,146 | 4,040,023 | (1,292,877) | (32) |
| Current liabilities | 221,755 | 198,514 | 23,241 | 12 |
| Non-current liabilities | 153,896 | 177,963 | (24,067) | (14) |
| Total liabilities | 375,651 | 376,477 | (826) | - |
| Capital stock | 922,449 | 878,401 | 44,048 | 5 |
| Capital surplus | 1,340,712 | 1,343,813 | (3,101) | - |
| Unappropriated retained earnings | (188,425) | 1,135,220 | (1,323,645) | (117) |
| Other equity interest | 36,184 | 30,940 | 5,244 | 17 |
| Treasury stock | (10,603) | (10,603) | - | - |
| Non-controlling interest | 51,507 | 66,104 | (14,597) | (22) |
| Total equity | 2,371,495 | 3,663,546 | (1,292,051) | (35) |

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) Increase in current assets and decrease in equity method investments:
The disposal of all the equity of Delta Asia International Corporation held by the Company in 2023 resulted in an increase in current assets and a decrease in equity method investments.

(2) Increase in prepayment of equipment:
The Company was committed to furthering the development of the advanced medical device CDMO business, continuing to enhance the manufacturing capabilities of advanced medical balloons, medical catheters, and assembly of semi-finished and finished medical devices, and optimizing production line configurations, resulting in an increase in prepayment of equipment.

(3) Decrease in unappropriated retained earnings:
This is mainly due to the disposal of all the equity of Delta Asia International Corporation held by the Company in 2023, resulting in recognision of a transaction loss, and also due to continuous investment in advanced medical device development and CDMO business, resulting in an increase of operating cost and expenses.

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 | 2023 | 2022 | Differences | |
|---|---|---|---|---|
| | | | mount | % |
| Net operating revenue | 196,263 | 298,317 | (102,054) | (34) |
| Operating cost | 181,886 | 111,505 | 70,381 | 63 |
| Gross profit | 14,377 | 186,812 | (172,435) | (92) |
| Operating expenses | 853,944 | 674,649 | 179,295 | 27 |
| Operating income (loss) | (839,567) | (487,837) | (351,730) | (72) |
| Non-operating income and expenses | (391,121) | 48,722 | (439,843) | (903) |
| Net income (loss) | (1,269,973) | (496,900) | (773,073) | (156) |
| Other comprehensive income (net income) | 4,916 | 36,909 | (31,993) | (87) |
| Total comprehensive income (loss) | (1,265,057) | (459,991) | (805,066) | (175) |
| Net income attributable to shareholders of the parent | (1,204,615) | (433,758) | (770,857) | (178) |
| Net income attributable to non-controlling interest | (65,358) | (63,142) | (2,216) | (4) |
| Comprehensive income attributable to Shareholders of the parent | (1,199,371) | (390,329) | (809,042) | (207) |
| Comprehensive income attributable to non-controlling interest | (65,686) | (69,662) | 3,976 | 6 |

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 revenue and gross profit:
   This is mainly due to the fact that at the beginning of 2022, the Company received a notification from a customer that we already reached the milestone of obtaining the PMA Approvable Letter and earned the milestone 2B payment of US$6.5 million; as such, the operating revenue in 2023 was lower than that in 2022.
2. Operating expenses:
   This is mainly due to an increase in operating costs and expenses as a result of continuous investment in advanced medical device research and development and CDMO business.
3. Non-operating income and expenses:
   This is mainly due to the disposal loss of all the equity of Delta Asia International Corporation held by the Company in 2023.

(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. The on-site inspection of FDA cGMP has been accomplished in 2023, and the Company received 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 as the primary goal.

As for the CDMO business, the objective of 2024 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, 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 2024 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 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

| Item \ Year | 20233 | 2022 | Increase (decrease) | |
|---|---|---|---|---|
| | Amount | Amount | Amount | % |
| Cash inflows (outflows) from operating activities | (755,075) | (461,340) | (293,735) | (64) |
| Cash inflows (outflows) from investing activities | 1,595,621 | 263,436 | 1,332,185 | 506 |
| Cash inflows (outflows) from fundraising activities | (90,571) | (101,157) | 10,586 | 10 |

1. From operating activities:
   This is mainly due to a decrease in the operating revenue in 2023 compared with 2022 and the continuous investment in advanced medical device research and development and CDMO business in 2023, resulting in an increase in operating expenses and net cash outflow from consolidated operating activities in 2023 compared with 2022.
1. From investing activities:
   This is mainly due to the disposal of all the equity of Delta Asia International Corporation held by the Company in 2023, resulting in an increase in net cash inflow from investing activities in 2023 compared to 2022.
2. From financing activities:
   This is mainly due to the fact that the cash dividends paid out in 2023 were lower than that in 2022.

(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 |
| 1,237,964 | 1,245,076 | 1,515,591 | 967,449 | - | - |

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$862,097.

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, 2023

Unit: NT$ thousands

| Name of the investment company | Place of Registration | Business items | 2023(Loss) Income | Cause of loss and improvement plan |
|---|---|---|---|---|
| Medeon International, Inc. | Somoa | Investment and trading business | (80,529) | It is a holding company. This is due to the recognition of a loss on re-investment. |
| Aquedeon Medical, Inc. | USA | Manufacturing and R&D of medical devices | (82,905) | The product is still in the R&D stage. This is due to the manpower and material resources invested in product development. |
| Prodeon Medical Corporation | R.O.C. | Manufacturing and R&D of medical devices | (365,870) | 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 | 22,956 | Not applicable. |
| Yi Chuang Biodesign, Inc. | R.O.C. | Sales of medical devices | (1) | Not applicable. |
| Medeologix, Inc. | R.O.C. | Manufacturing and sales of medical devices | (338,623) | Expand production line configurations at the mass production site, actively develop medical devices CDMO business, and accelerate the development of various components and manufacturing of finished goods. |
| MediBalloon, Inc. | USA | Manufacturing and sales of | (102,392) | Expand R&D equipment and factories, develop |

| | | | | |
|---|---|---|---|---|
| | | medical devices | | 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 | (37,832) | 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 | (94,962) | 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 advanced medical device 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. 5% in 2023. 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 device products, and has been conducting human clinical trials. As for the Urocross™ Expander system - treatment for benign Prostatic Hyperplasia (BPH) (URO-T01), the Company will continue to recruit patients for the IDE clinical trials, continue the follow-up work and collecting clinical data, to go through the regulatory approval processes at full speed n 2024. As for Duett ™ - Vascular Graft System for Aortic Dissection Repair (CVS-T01), after being approved by the U.S. FDA to conduct the IDE first-in-human clinical trial study in 2023, we will continue to recruit patients for the IDE study in the United States to acquire clinical data and increase the product value in 2024. 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 advanced medical device contract development manufacturing services (CDMO), and is working to establish upstream medical device manufacturing technology and downstream mass production capacity, and expects to spend approximately NT$950 million on R&D in 2024.

(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 advanced 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:

In the business field of advanced medical device CDMO, the Company have continuously acquired and integrated key design and manufacturing technologies, as well as customer relationships with global medical device giants and emerging companies in the Silicon Valley, through our subsidiary, Medeologix, Inc. By integrating and allocating resources within the group, we provide localized services to customers from our U.S. sites, while Taiwan handles robust volume production demands, offering worldwide customers with one-stop-shopping service from development to high volume production. Medeologix, Inc. and its subsidiaries have established and expanded their plants 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 soaring demand for CDMO from global medical devices companies and innovative businesses. The setup allows us to build a comprehensive supply chain and cost advantage with the strategy of "taking orders in 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 elected 1 additional seat of independent director at the Annual General Meeting on June 19, 2022, bring the total number of Board members to 9 (including 4 independent directors), with a view 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.

In the most recent year and as of the publication date of the annual report, the Company was not exposed to other known critical risks that might have a potentially significant impact on the Company's financial position.

(13) Other Major Risks and Countermeasures:

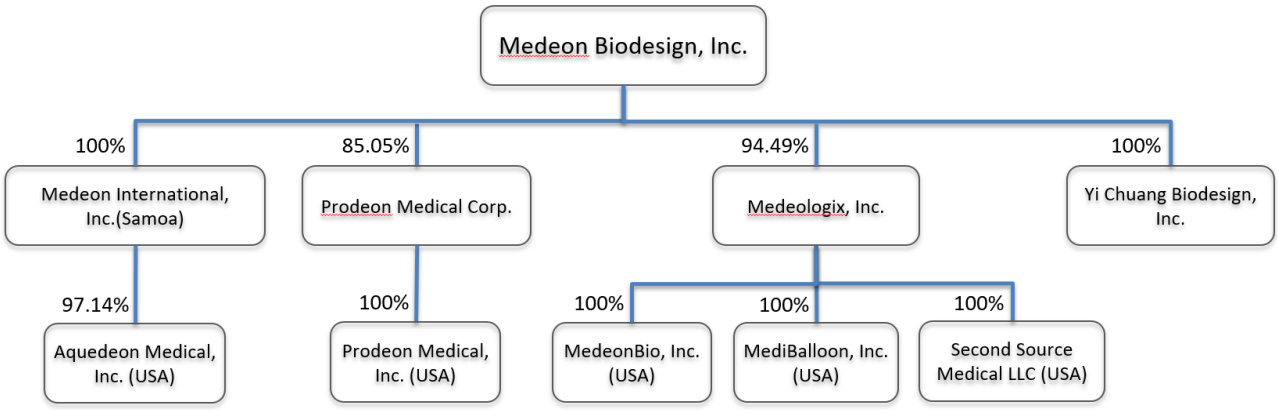
7. Other Important Matters: None.

## 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, 2023

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$26,940 | Investment and Trading |
| Aquedeon Medical, Inc. | 2018.04.02 | 850 New Burton Road, Suite 201, Dover, Delaware 19904 | US$0.87 | Medical Device Manufacturing and R&D |
| Prodeon Medical Corporation | 2016.11.21 | 7F, 116, HouGang Street, Taipei 11170, Taiwan(R.O.C.) | NT$111,890 | 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 | NT$420,657 | Medical Device |

| | | | | |
|---|---|---|---|---|
| | | 11170, Taiwan | | 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:

| Company T / Function | 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. | 97.03% | | V | | | | V |
| Prodeon Medical Corporation | 88.41% | | | | | | V |
| - Prodeon Medical, Inc. | 100.00% | | V | | | | |
| Yi Chuang Biodesign, Inc. | 100.00% | | | | V | | |
| Medeologix, Inc. | 95.60% | | | 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, 2023

| Enterprise Name | Title | Name or representative | Number of shares held | |
|---|---|---|---|---|
| | | | Number of shares | % |
| Medeon International, Inc. | Director | Medeon Biodesign, Inc.<br>Representative：Hong Jen Chang(Note) | 26,939,999 | 100 |
| | Director | Medeon Biodesign, Inc.<br>Representative：Yue Teh Jang(Note) | | |
| Aquedeon Medical, Inc. | Director /CEO | Medeon International, Inc.<br>Representative：Yue Teh Jang(Note) | 8,400,000 | 97.03 |
| | Director | Medeon International, Inc.<br>Representative：Thomas J. Palermo(Note) | | |
| | Director | Medeon International, Inc.<br>Representative：Greta Chang (Note) | | |

| | | | | |
|---|---|---|---|---|
| Prodeon Medical Corporation | Chairman | Medeon Biodesign, Inc.<br>Representative：Yue Teh Jang(Note) | 22,586,000 | 88.41 |
| | Director | Medeon Biodesign, Inc.<br>Representative：Jenny Chen(Note) | | |
| | Director | Medeon Biodesign, Inc.<br>Representative：Albert Weng(Note) | | |
| | Supervisor | Elisa Huang | 0 | 0 |
| Prodeon Medical, Inc | Chairman | Prodeon Medical Corporation<br>Representative：Paul M. Edwards(Note) | 3,000 | 100.00 |
| | Director | Prodeon Medical Corporation<br>Representative：Yue Teh Jang(Note) | | |
| | Director | Prodeon Medical Corporation<br>Representative：Greta Chang (Note) | | |
| Yi Chuang Biodesign, Inc. | Chairman | Medeon Biodesign, Inc.<br>Representative：Jenny Chen(Note) | 10,000 | 100.00 |
| Medeologix, Inc. | Chairman | Medeon Biodesign, Inc.<br>Representative：Yue Teh Jang(Note) | 40,214,174 | 95.60 |
| | Director | Medeon Biodesign, Inc.<br>Representative：Yih Cheng Shih (Note) | | |
| | Director | Medeon Biodesign, Inc.<br>Representative：Ming Wu (Note) | | |
| | Director | Medeon Biodesign, Inc.<br>Representative：Jenny Chen (Note) | | |
| | Director | ANANT VISHWESHWAR HEGDE | 1,785,826 | 4.24 |
| | Supervisor | Randy Lin | 0 | 0 |
| MediBalloon, Inc. | Director | Medeologix, Inc.<br>Representative：Yue Teh Jang(Note) | 16,500,000 | 100.00 |
| MedeonBio, Inc. | Chairman | Medeon Biodesign, Inc.<br>Representative：Yue Teh Jang(Note) | 2,900,000 | 100.00 |

Note: The corporate representative has no personal shareholding.

F. Operation status of related enterprises

Dec. 31, 2023

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$26,940 | US$2,646 | - | US$2,646 | - | - | (US$2,583) | (US$0.10) |
| Aquedeon Medical, Inc. | US$0.87 | US$1,631 | US$178 | US$1,453 | - | (US$2,659) | (US$2,659) | (US$0.31) |
| Prodeon Medical Corporation | NT$111,890 | NT$361,037 | NT$1,205,432 | (NT$844,395) | - | (NT$388,374) | (NT$365,870) | (NT$32.70) |
| Prodeon Medical, Inc. | US$0.03 | US$4,053 | US$1,135 | US$2,918 | - | (US$11,062) | (US$728) | (US$242.56) |
| Yi Chuang Biodesign, Inc. | NT$100 | NT$74 | - | NT$74 | - | (NT$1) | (NT$0.635) | (NT$0.06) |
| Medeologix, Inc. | NT$420,657 | NT$481,316 | NT$105,941 | NT$375,375 | NT$3,365 | (NT$102,885) | (NT$338,623) | (NT$8.05) |
| MediBalloon, Inc. | - | US$4,063 | US$1,490 | US$2,573 | US$866 | (US$3,238) | (US$3,284) | (US$0.20) |
| MedeonBio, Inc. | US$5,800 | US$2,917 | US$1,807 | US$1,110 | - | (US$1,967) | (US$1,205) | (US$0.42) |
| Second Source Medical, LLC | - | US$3,134 | US$1,730 | US$1,404 | US$5,187 | (US$2,937) | (US$2,941) | - |

**(2) Consolidated financial statements of affiliated companies.**

# Medeon Biodesign, Inc.

# Statement of Consolidated Financial Statements of Affiliated Companies

For the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023), 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. 29, 2024**

**(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