HCMED INNOVATIONS CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

HCMED INNOVATIONS CO., LTD.

DECEMBER 31, 2024 AND 2023 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of HCMED INNOVATIONS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of HCMED INNOVATIONS CO., LTD. as at December 31, 2024 and 2023, 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 financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2024 parent company only financial statements. 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 the Company's 2024 parent company only financial statements are stated as follows:

Accuracy of licensing revenue recognition

Description

For the year ended December 31, 2024, the Company's licensing revenue amounted to NT$104,276 thousand, accounting for 74% of net sales, please refer to 6(17) for the details of licensing revenue. Additionally, please refer to Note 4(22) for the accounting policy on licensing revenue recognition. The Company recognizes revenue in accordance with the terms and conditions specified in each license contract. As the amount of revenue is significant, we considered the accuracy of licensing revenue recognition a key audit matter.

How our audit addressed the matter

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

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has complied with the internal control procedure.
2. Checking the contents of license contract, and confirming whether management's judgement on revenue recognition is in accordance with the terms of the contract and related accounting standards.
3. Confirming whether the recognition of revenue has proper supporting documents.

Existence of cash in banks and financial assets at amortized cost

Description

Refer to Notes 4(5) and 4(6) for the accounting policy on cash in banks and financial assets at amortized cost. As stated in Note 6(1), the balances of cash in banks amounted to NT$64,726 thousand, constituting 26% of total assets. 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. As of December 31, 2024, time deposits that did not meet the definition of cash equivalents amounted to NT$110,000 thousand, constituting 45% of total assets and were classified as financial assets at amortized cost. Since the above mentioned represent 71% of total assets, and high inherent risk, thus, audit of the existence of cash in bank and financial assets at amortized cost were considered a key audit matter.

How our audit addressed the matter

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

1. Obtained detailed listings of cash in banks. Sent confirmation letters to all financial institutions and reviewed special terms and agreements in order to ensure the existence and rights and obligations of cash in banks.
2. Verified whether the contact information of the bank is correct.
3. Confirmed the appropriateness of classifying cash and cash equivalents.
4. Randomly checked transactions involving significant amounts of cash receipts and payments to confirm that their transaction nature is necessary for business needs.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's 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 the Company's internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Teng, Sheng-Wei LIN, KUAN-HUNG

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2025

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.

HCMED INNOVATIONS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 64,731	26	$ 63,224	20
1136	Current financial assets at amortized cost	6(2)	110,000	45	177,000	54
1170	Accounts receivable, net	6(3)	1,474	1	289	-
1210	Other receivables due from related parties	7	-	-	1,858	1
1220	Current income tax assets		221	-	22	-
130X	Inventories	6(4)	5,561	2	5,912	2
1410	Prepayments		4,133	2	4,279	1
1470	Other current assets		2	-	-	-
11XX	**Current assets**		186,122	76	252,584	78
	Non-current assets					
1550	Investments accounted for using equity method	6(5)	1,257	-	1,416	-
1600	Property, plant and equipment	6(6)	19,281	8	15,926	5
1755	Right-of-use assets	6(7)	7,476	3	15,972	5
1780	Intangible assets	6(8)	13,903	6	32,525	10
1900	Other non-current assets	6(10)	16,633	7	6,623	2
15XX	**Non-current assets**		58,550	24	72,462	22
1XXX	**Total assets**		$ 244,672	100	$ 325,046	100

(Continued)

HCMED INNOVATIONS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(17)	$ 954	-	$ 9,014	3
2170	Accounts payable		1,250	1	720	-
2200	Other payables	6(11)	21,719	9	17,272	5
2220	Other payables to related parties	7	187	-	-	-
2280	Current lease liabilities	6(7)	5,604	2	11,645	4
2300	Other current liabilities		1,100	-	894	-
21XX	**Current liabilities**		30,814	12	39,545	12
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	2,602	1	4,054	1
2580	Non-current lease liabilities	6(7)	1,943	1	4,436	2
25XX	**Non-current liabilities**		4,545	2	8,490	3
2XXX	**Total liabilities**		35,359	14	48,035	15
	Equity					
	Share capital	6(14)				
3110	Ordinary share		300,337	123	300,107	92
	Capital surplus	6(15)				
3200	Capital surplus		446,758	183	436,871	134
	Retained earnings	6(16)				
3350	Accumulated deficit		(538,007)	(220)	(459,794)	(141)
	Other equity interest					
3400	Other equity interest		225	-	(173)	-
3XXX	**Total equity**		209,313	86	277,011	85
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 244,672	100	$ 325,046	100

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

HCMED INNOVATIONS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Year ended December 31 2024 AMOUNT	2024 %	2023 AMOUNT	2023 %
4000	Operating revenue	6(17)	$ 141,612	100	$ 9,235	100
5000	Operating costs	6(4)(19)(20)	(41,961)	(30)	(35,383)	(383)
5950	Gross profit (loss) from operations		99,651	70	(26,148)	(283)
	Operating expenses	6(19)(20) and 7				
6100	Selling expenses		(19,223)	(13)	(15,330)	(166)
6200	General and administrative expenses		(43,017)	(30)	(32,256)	(349)
6300	Research and development expenses		(64,549)	(46)	(63,688)	(690)
6450	Expected credit gain (loss)	12(2)	7	-	(9)	-
6000	Operating expenses		(126,782)	(89)	(111,283)	(1205)
6900	Operating loss		(27,131)	(19)	(137,431)	(1488)
	Non-operating income and expenses					
7100	Interest income		2,484	2	832	9
7010	Other income		5	-	151	2
7020	Other gains and losses	6(18)	(15,629)	(11)	(23,325)	(253)
7050	Finance costs	6(7)	(180)	-	(274)	(3)
7070	Share of loss of associates and joint ventures accounted for using equity method	6(5)	(10,477)	(8)	(6,349)	(69)
7000	Non-operating income and expenses		(23,797)	(17)	(28,965)	(314)
7900	**Loss before income tax**		(50,928)	(36)	(166,396)	(1802)
7950	Income tax (expense) benefit	6(21)	(27,285)	(19)	470	5
8200	**Loss for the year**		($ 78,213)	(55)	($ 165,926)	(1797)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		$ 398	-	($ 173)	(2)
8360	Components of other comprehensive income that will be reclassified to profit or loss		398	-	(173)	(2)
8300	**Other comprehensive income (loss)**		$ 398	-	($ 173)	(2)
8500	**Total comprehensive loss**		($ 77,815)	(55)	($ 166,099)	(1799)
	Basic loss per share	6(22)				
9750	Basic loss per share		($ 2.60)		($ 6.25)	
9850	Diluted loss per share		($ 2.60)		($ 6.25)	

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

HCMED INNOVATIONS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus					
	Notes	Ordinary share	Additional paid-in capital	Employee share options	Others	Accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
Year 2023								
Balance at January 1, 2023		$ 244,107	$ 183,911	$ 46,654	$ 166	($ 293,868)	$ -	$ 180,970
Loss for the year		-	-	-	-	(165,926)	-	(165,926)
Other comprehensive loss for the year		-	-	-	-	-	(173)	(173)
Total comprehensive loss for the year		-	-	-	-	(165,926)	(173)	(166,099)
Cash capital increase	6(14)	43,860	206,140	-	-	-	-	250,000
Exercise of employee share options	6(13)(14)	12,140	43,982	(43,982)	-	-	-	12,140
Balance at December 31, 2023		$ 300,107	$ 434,033	$ 2,672	$ 166	($ 459,794)	($ 173)	$ 277,011
Year 2024								
Balance at January 1, 2024		$ 300,107	$ 434,033	$ 2,672	$ 166	($ 459,794)	($ 173)	$ 277,011
Loss for the year		-	-	-	-	(78,213)	-	(78,213)
Other comprehensive income for the year		-	-	-	-	-	398	398
Total comprehensive income (loss) for the year		-	-	-	-	(78,213)	398	(77,815)
Share-based payments	6(13)	-	-	9,887	-	-	-	9,887
Exercise of employee share options	6(13)(14)	230	805	(805)	-	-	-	230
Employee stock options expired		-	-	(523)	523	-	-	-
Balance at December 31, 2024		$ 300,337	$ 434,838	$ 11,231	$ 689	($ 538,007)	$ 225	$ 209,313

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

HCMED INNOVATIONS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 50,928)	($ 166,396)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(6)(7)(19)	20,201	19,799
Amortization expense	6(8)(19)	2,664	2,499
Expected credit (gain) loss	12(2)	(7)	9
Interest expense	6(7)	180	274
Interest income		(2,484)	(832)
Share-based payments	6(13)	9,887	-
Loss on investments accounted for using equity method	6(5)	10,477	6,349
Impairment loss of non-financial assets	6(9)(18)	17,065	23,330
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(1,178)	78
Other receivables due from related parties		1,858	(1,858)
Inventories		351	(519)
Prepayments		146	(1,518)
Other current assets		(2)	-
Changes in operating liabilities			
Current contract liabilities		(8,060)	9,014
Accounts payable		530	(520)
Other payables		3,877	1,350
Other payables to related parties		187	(182)
Other current liabilities		206	109
Cash inflow (outflow) generated from operations		4,970	(109,014)
Interest received		2,484	832
Interest paid		(180)	(274)
Income tax paid		(28,936)	(22)
Net cash flows used in operating activities		(21,662)	(108,478)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(110,000)	(177,000)
Decrease in financial assets at amortized cost		177,000	-
Acquisition of investments accounted for using equity method	6(5)	(9,920)	(7,938)
Acquisition of property, plant and equipment	6(23)	(8,298)	(12,902)
Acquisition of intangible assets	6(8)	(553)	(261)
Increase in prepayments for business facilities		(1,872)	(3,011)
Decrease (increase) in refundable deposits		191	(1,601)
Prepayments for land and building		(11,340)	-
Net cash flows from (used in) investing activities		35,208	(202,713)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(12,269)	(11,222)
Cash capital increase	6(14)	-	250,000
Exercise of employee share options	6(13)(14)	230	12,140
Net cash flows (used in) from financing activities		(12,039)	250,918
Net increase (decrease) in cash and cash equivalents		1,507	(60,273)
Cash and cash equivalents at beginning of year		63,224	123,497
Cash and cash equivalents at end of year		$ 64,731	$ 63,224

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

HCMED INNOVATIONS CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

HCmed Innovations Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in designing, developing, manufacturing and selling drug delivery system. The Company was approved to be listed as an over-the-counter company by the Taipei Exchange on June 25, 2024.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2025.

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 the FSC and became 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.

(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 effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’	January 1, 2026
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.

(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
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
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
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material 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. The parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of parent company only 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 financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The 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 recognized 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 closing rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized 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 closing rates prevailing at the balance sheet date; their translation differences are recognized 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 closing rates prevailing at the balance sheet date; their translation differences are recognized 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

(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 recognized in other comprehensive income.

(b) Where the foreign entity reports in the currency of a hyperinflationary economy, the financial statements of the foreign entity should be restated for the changes in the general purchasing power of the functional currency before translated into the presentation currency at the balance sheet date. The financial statements of the foreign entity are restated based on the relevant price indexes at the balance sheet date, and then translated into the Company's presentation currency using the closing exchange rates on that date.

(4) <u>Classification of current and non-current items</u>

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

(a) Assets that are expected to be realized, or are intended to be sold or consumed in the normal operating cycle;

(b) Assets that are held primarily for the purpose of trading;

(c) Assets that are expected to be realized within twelve months after the reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

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 in the normal operating cycle;

(b) Liabilities that are held primarily for the purpose of arising trading;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) <u>Cash equivalents</u>

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) <u>Financial assets at amortized cost</u>

A. Financial assets at amortized 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 amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. 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.

(7) <u>Accounts receivable</u>

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

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

(8) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(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 ability to affect those returns through its power over the entity.

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

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize losses proportionate to its ownership.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.

E. When the Company loses control of a subsidiary, the Company 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 recognized in profit or loss. All amounts previously recognized 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 Company loses control of a subsidiary, all gains or losses previously recognized 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.

F. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other 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:

Machinery and equipment	3~5 years
Office equipment	5 years
Other equipment	2 years
Leasehold improvements	3 years

(13) <u>Leasing arrangements (lessee) - right-of-use assets / lease liabilities</u>

A. Leases are recognized 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 recognized 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 amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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;

(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 recognized as an adjustment to the right-of-use asset.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful lives of 3 years.

B. Acquired special technology

Special technology acquired in a business combination is recognized at fair value at the acquisition date and is amortized on a straight-line basis over its estimated useful life of 10 years.

C. Goodwill

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

(15) Impairment of non-financial assets

A. 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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized 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.

(16) Notes and accounts payable

A. Accounts payable are liabilities for purchases of 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.

(17) Derecognition of financial liabilities

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

(18) 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 recognized as expense in that period when the employees render service.

B. Pensions

The contributions are recognized as pension expense when they are due on an accrual basis.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated.

(19) 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 recognized 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 recognized is based on the number of equity instruments that eventually vest.

(20) Income tax

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

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Share capital

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.

(22) Revenue recognition

A. Sales revenue

(a) The Company manufactures and sells vibrating mesh nebulizer-related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer'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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognized 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.

B. Service revenue

(a) The Company provides related services of contracted research. Service revenue is recognized as income during the financial reporting period in which the services are provided to customers. Revenue from fixed price contracts is recognized as a percentage of the number of labor hours of service actually provided on the balance sheet date. The customer pays the contract price in accordance with the payment schedule agreed upon, and is recognized as a contract assets when the services provided by the Company exceed the customers' payables, and are recognized as contract liabilities if the customer pays more than the services provided by the Company.

(b) The Company provided medical instruments test and development commission. According to the contract which was signed by the Company and customers, the Company recognized revenue when issuing bills at the amount the Company has the right to request after providing services.

C. Licensing revenue

(a) The Company entered into a contract with a customer to grant a license of patents or products to the customer. The Company recognizes the revenue from licensing when the license transfer to a customer either at a point in time or over time based on the nature of the license granted. The nature of the Group’s promise in granting a license is a promise to provide a right to access the Company’s intellectual property or products if the Company undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Company’s activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognized as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Company’s promise in granting a license is a promise to provide a right to use the Company’s intellectual property and therefore the revenue is recognized when transferring the license to a customer at a point in time.

(b) Since the licensing and subsequent research and development services are not highly interrelated, they qualify as distinct and constitute a separate performance obligation that is satisfied at a single point in time. The customer pays an upfront fee upon contract signing and makes milestone payments upon the achievement of each milestone.

(c) If the contract includes variable consideration, when the uncertainty regarding the expected variable consideration is resolved, and it is highly probable that it will not result in a significant revenue reversal, then the variable consideration should be included in the transaction price.

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

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 5	$ 7
Checking accounts and demand deposits	61,726	30,217
Time deposits	3,000	33,000
	$ 64,731	$ 63,224

A. The Company 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 Company has no cash and cash equivalents pledged to others.

(2) Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits maturing in excess of three months	$ 110,000	$ 177,000

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31,	
	2024	2023
Interest income	$ 1,744	$ 192

B. As at December 31, 2024 and 2023, 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 financial assets at amortized cost held by the Company was $110,000 and $177,000, respectively.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

The counterparties of the Company’s investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

D. The Company has no financial assets at amortized cost pledged to others.

(3) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	$ 1,476	$ 298
Less: Allowance for uncollectible accounts	(2)	(9)
	$ 1,474	$ 289

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

	December 31, 2024	December 31, 2023
Not past due	$ 1,470	$ 252
Up to 30 days	6	46
	$ 1,476	$ 298

The above ageing analysis was based on past due date.

B. As at December 31, 2024, December 31, 2023 and January 1, 2023, accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to $376.

C. The Company does not hold any collateral as security.

D. As at December 31, 2024 and 2023, 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 accounts receivable was $1,474 and $289, respectively.

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

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 11,126	($ 7,987)	$ 3,139
Semi-finished goods	2,973	(2,289)	684
Finished goods	1,771	(33)	1,738
	$ 15,870	($ 10,309)	$ 5,561

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 13,202	($ 8,397)	$ 4,805
Semi-finished goods	1,936	(1,796)	140
Finished goods	967	-	967
	$ 16,105	($ 10,193)	$ 5,912

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2024	2023
Unallocated fixed production overheads	$ 33,643	$ 27,857
Cost of goods sold	3,928	1,795
Loss on decline in market value	116	4,705
Service costs	4,274	1,091
Gain on physical inventory	-	(65)
	$ 41,961	$ 35,383

(5) Investments accounted for using equity method

	2024	2023
At January 1	$ 1,416	$ -
Addition of investments accounted for using equity method	9,920	7,938
Share of profit or loss of investments accounted for using equity method	(10,477)	(6,349)
Changes in other equity items	398	(173)
At December 31	$ 1,257	$ 1,416

Subsidiary

In October 2022, the Company's subsidiary, HCMED UK LIMITED, completed the registration of incorporation and subsequently completed the capital injection amounting to $7,938 and $9,920, respectively, on November 30, 2023 and January 31, 2024 with a shareholding ratio of 100%. Details of the Company's subsidiaries are provided in Note 4(3) in the consolidated financial statements for the year ended December 31, 2024.

(6) Property, plant and equipment

	2024					
	Machinery and equipment	Leasehold improvements	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 20,597	$ 12,039	$ 234	$ 13,156	$ 554	$ 46,580
Accumulated depreciation	(10,399)	(8,122)	(83)	(12,050)	-	(30,654)
	$ 10,198	$ 3,917	$ 151	$ 1,106	$ 554	$ 15,926
Opening net book amount as at January 1	$ 10,198	$ 3,917	$ 151	$ 1,106	$ 554	$ 15,926
Additions	7,818	281	359	410	-	8,868
Transfers	3,011	-	-	-	(554)	2,457
Depreciation expense	(4,820)	(2,150)	(107)	(893)	-	(7,970)
Closing net book amount as at December 31	$ 16,207	$ 2,048	$ 403	$ 623	$ -	$ 19,281
At December 31						
Cost	$ 31,426	$ 12,321	$ 593	$ 11,510	$ -	$ 55,850
Accumulated depreciation	(15,219)	(10,273)	(190)	(10,887)	-	(36,569)
	$ 16,207	$ 2,048	$ 403	$ 623	$ -	$ 19,281

	2023					
	Machinery and equipment	Leasehold improvements	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 13,010	$ 7,201	$ 139	$ 12,436	$ 297	$ 33,083
Accumulated depreciation	(7,360)	(6,056)	(47)	(8,661)	-	(22,124)
	$ 5,650	$ 1,145	$ 92	$ 3,775	$ 297	$ 10,959
Opening net book amount as at January 1	$ 5,650	$ 1,145	$ 92	$ 3,775	$ 297	$ 10,959
Additions	7,338	4,838	95	672	554	13,497
Transfers	249	-	-	48	(297)	-
Depreciation expense	(3,039)	(2,066)	(36)	(3,389)	-	(8,530)
Closing net book amount as at December 31	$ 10,198	$ 3,917	$ 151	$ 1,106	$ 554	$ 15,926
At December 31						
Cost	$ 20,597	$ 12,039	$ 234	$ 13,156	$ 554	$ 46,580
Accumulated depreciation	(10,399)	(8,122)	(83)	(12,050)	-	(30,654)
	$ 10,198	$ 3,917	$ 151	$ 1,106	$ 554	$ 15,926

The Company has no property, plant and equipment pledged to others as collaterals.

(7) Leasing arrangements－lessee

A. The Company leases various assets including buildings and business vehicles. 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. Short-term leases with a lease term of 12 months or less and low-value assets comprise office equipment.

C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Buildings	$ 7,295	$ 15,790
Transportation equipment (Business vehicles)	181	182
	$ 7,476	$ 15,972

	Years ended December 31,	
	2024	2023
	Depreciation expense	Depreciation expense
Buildings	$ 11,505	$ 10,543
Transportation equipment (Business vehicles)	726	726
	$ 12,231	$ 11,269

D. The Company increased right-of-use assets by $3,735 and $23,708 for the years ended December 31, 2024 and 2023, respectively.

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

	Years ended December 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 180	$ 274
Expense on short-term lease contracts	-	59
Expense on leases of low-value assets	1,091	603

F. For the years ended December 31, 2024 and 2023, the Company's total cash outflows for leases were $13,540 and $12,158, respectively.

(8) Intangible assets

	2024			
	Software	Goodwill	Acquired special technology	Total
At January 1				
Cost	$ 1,288	$ 35,486	$ 23,488	$ 60,262
Accumulated amortization and impairment	(884)	(23,330)	(3,523)	(27,737)
	$ 404	$ 12,156	$ 19,965	$ 32,525
Opening net book amount as at January 1	$ 404	$ 12,156	$ 19,965	$ 32,525
Additions－acquired separately	553	-	-	553
Reclassifications	554	-	-	554
Amortization expense	(315)	-	(2,349)	(2,664)
Impairment loss	-	(12,156)	(4,909)	(17,065)
Closing net book amount as at December 31	$ 1,196	$ -	$ 12,707	$ 13,903
At December 31				
Cost	$ 2,395	$ 12,156	$ 23,488	$ 38,039
Accumulated amortization and impairment	(1,199)	(12,156)	(10,781)	(24,136)
	$ 1,196	$ -	$ 12,707	$ 13,903

	2023			
	Software	Goodwill	Acquired special technology	Total
At January 1				
Cost	$ 1,027	$ 35,486	$ 23,488	$ 60,001
Accumulated amortization and impairment	(734)	-	(1,174)	(1,908)
	$ 293	$ 35,486	$ 22,314	$ 58,093
Opening net book amount as at January 1	$ 293	$ 35,486	$ 22,314	$ 58,093
Additions－acquired separately	261	-	-	261
Amortization expense	(150)	-	(2,349)	(2,499)
Impairment loss	-	(23,330)	-	(23,330)
Closing net book amount as at December 31	$ 404	$ 12,156	$ 19,965	$ 32,525
At December 31				
Cost	$ 1,288	$ 35,486	$ 23,488	$ 60,262
Accumulated amortization and impairment	(884)	(23,330)	(3,523)	(27,737)
	$ 404	$ 12,156	$ 19,965	$ 32,525

A. Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2024	2023
General and administrative expenses	$ 179	$ 14
Research and development expenses	2,485	2,485
	$ 2,664	$ 2,499

B. Refer to Note 6(9) for the information of goodwill impairment.

(9) Impairment of non-financial assets

A. The Company recognized impairment loss for the years ended December 31, 2024 and 2023 was $17,065 and $23,330, respectively. Details of such loss are as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss－Intangible assets	$ 17,065	$ -	$ 23,330	$ -

B. In 2024 and 2023, the decrease in the future cash inflows provided by unfavorable changes in the market resulted in an impairment in the Company's intangible assets. The Company wrote down the carrying amount of the asset based on the recoverable amount and recognized an impairment loss of $17,065 and $23,330, respectively. The recoverable amount was evaluated based on the value in use of intangible assets. The main assumptions used in calculating value in use are set out below:

(a) Revenue growth rate: Referenced related information in the market and took into consideration the estimated operation and sales plans.

(b) Gross margin: Calculated based on the historical data and took into consideration the estimated operation and sales plans.

(c) Discount rate: Pertained to the weighted average cost of capital and reflected intangible assets risk premium, which was 13.53% and 12.01% for the years ended December 31, 2024 and 2023, respectively.

(10) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for land and buildings	$ 11,340	$ -
Guarantee deposits paid	3,421	3,612
Prepayments for equipment	1,872	3,011
	$ 16,633	$ 6,623

(11) Other payables

	December 31, 2024	December 31, 2023
Wages, salaries and bonus payable	$ 12,503	$ 11,692
Inspection fees payable	1,953	630
Accrued professional fee	1,787	1,037
Payables on equipment	1,341	771
Insurance payable	1,045	792
Others	3,090	2,350
	$ 21,719	$ 17,272

(12) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor 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 Labor 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, 2024 and 2023 were $2,829 and $2,496, respectively.

(13) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2021.02.01	600,000	3 years	1~2 years' service (Note)
Employee stock options	2022.07.01	950,000	3 years	1~2 years' service (Note)
Employee stock options	2024.04.01	865,000	5 years	2~4 years' service

The share-based payment arrangements above is settled by equity.

Note: The Company amended the issuance of employee stock option certificates and exercise terms as resolved by the Board of Directors on September 2, 2022. Subscribers shall exercise the subscription rights immediately after the regulatory authority approved the public offering of the Company's stocks.

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

	Years ended December 31,			
	2024		2023	
	No. of options	exercise price (in dollars)	No. of options	exercise price (in dollars)
Options outstanding at January 1	73,000	$ 10	1,287,000	$ 10
Options granted	865,000	10	-	-
Options forfeited	(125,000)	10	-	10
Options exercised	(23,000)	10	(1,214,000)	10
Options expired	(14,000)	10	-	-
Options outstanding at December 31	776,000	10	73,000	10
Options exercisable at December 31	36,000	10	73,000	10

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2021.02.01	$ 43.03	$ 10	46.96% ~49.83%	2~2.5 years	-	0.15% ~0.17%	$33.16 ~$33.21
Employee stock options	2022.07.01	$ 47.18	$ 10	48.14%	1.67 years	-	0.75%	$37.33
Employee stock options	2024.04.01	$ 60.12	$ 10	43.11% ~44.81%	3.5~4.5 years	-	1.29% ~1.34%	$50.63 ~$50.91

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

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

	Years ended December 31,	
	2024	2023
Equity-settled	$ 9,887	$ -

(14) Share capital

A. As at December 31, 2024, the Company's authorized capital was $500,000, and the paid-in capital was $300,337 with a par value of $10 (in dollars) per ordinary share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousand shares)

	Years ended December 31,	
	2024	2023
At January 1	30,011	24,411
Cash capital increase	-	4,386
Exercise of employee share options	23	1,214
At December 31	30,034	30,011

B. The Board of Directors of the Company at its meeting on April 25, 2023 resolved to carry out a cash capital increase which was approved by the Financial Supervisory Commission by issuing 4,386 thousand shares of ordinary stocks with an issuance price of $57 (in dollars) per share. The effective date for capital increase was set on October 4, 2023 and the registration of changes had been completed.

C. For the years ended December 31, 2024 and 2023, the Company had options of 23 and 1,214 thousand shares which had been exercised at $10 per share, respectively. As of December 31, 2024 and 2023, the amounts of $230 and $12,140 had been received. The effective date for capital increase was set on February 26, 2024 and February 10, 2023, respectively, and the registration of changes had been completed.

D. The Board of Directors of the Company at its meeting on December 20, 2024 resolved to carry out a cash capital increase which was approved by the Financial Supervisory Commission on January 9, 2025 by issuing 2,647 thousand shares of ordinary stocks with an issuance price of $68 (in dollars) per share. The effective date for capital increase was set on March 19, 2025 and the registration of changes had not been completed.

(15) 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 capitalized 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.

(16) 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 until the amount of legal reserve is equal to the amount of paid-in capital. After the provision or reversal of special reserve according to the demand and relevant regulations, the appropriation of the remaining earnings, if any, along with the beginning unappropriated earnings shall be proposed by the Board of Directors and approved by the shareholders.

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. Because the Company was in the growth stage, the distribution policy is based on the Company's investment environment, capital needs, domestic and foreign competition, capital budgets for the present and the future, the shareholders' interest, dividend balance and the Company's long-term financial plan. Every year, the Board of Directors proposes the distribution of retained earnings which will be resolved at the shareholders' meeting.

D. Refer to Note 6(22) for the information of employees' compensation and directors' remuneration.

E. According to Article 211 of the Company Law, if the loss of the Company reaches half of the paid-in capital, the Board of Directors shall report it at the most recent shareholders' meeting.

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions:

	Year ended December 31, 2024			
Areas	Service revenue	Licensing revenue	Sales revenue	Total
At a point in time				
The Americas	$ 441	$ 96,210	$ 894	$ 97,545
Europe	5,664	8,066	262	13,992
Asia	180	-	3,458	3,638
	6,285	104,276	4,614	115,175
Over time				
The Americas	26,437	-	-	26,437
	$ 32,722	$ 104,276	$ 4,614	$ 141,612

Areas	Year ended December 31, 2023 Service revenue	Sales revenue	Total
At a point in time			
Asia	$ 127	$ 1,784	$ 1,911
The Americas	1,600	125	1,725
Europe	667	366	1,033
	2,394	2,275	4,669
Over time			
The Americas	4,566	-	4,566
	$ 6,960	$ 2,275	$ 9,235

B. Contract liabilities

The Company has recognized the following revenue-related contract liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities-current	$ 954	$ 9,014	$ -

Contract liabilities as of December 31, 2023 pertained to the advance receipts that the Company had obtained based on the contract terms entered into by both parties but had not yet completed the provision of services.

(a) Significant changes in contract liabilities

None.

(b) Revenue recognized in the contract liability balance at the beginning of the year

	Years ended December 31, 2024	2023
Revenue recognized that was included in the contract liabilty balance at the beginning of the period		
Revenue recognized in this period		
Licensing revenue	$ 3,186	$ -
Service revenue	5,812	-
	$ 8,998	$ -

(18) Other gains and losses

	Years ended December 31, 2024	2023
Net foreign exchange gains	$ 1,436	$ 5
Impairment loss of non-financial assets (Note)	(17,065)	(23,330)
	($ 15,629)	($ 23,325)

Note: Please refer to Note 6(9) for the information of goodwill impairment.

(19) Expenses by nature

	Year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 28,864	$ 66,142	$ 95,006
Depreciation expense (Including right-of-use assets)	6,021	14,180	20,201
Amortization expense on intangible assets	-	2,664	2,664

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 18,535	$ 54,331	$ 72,866
Depreciation expense (Including right-of-use assets)	8,074	11,725	19,799
Amortization expense on intangible assets	-	2,499	2,499

(20) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	$ 71,710	$ 60,313
Employee stock options	9,887	-
Labor and health insurance fees	5,521	4,913
Pension costs	2,829	2,496
Other personnel expenses	5,059	5,144
	$ 95,006	$ 72,866

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 5% for directors' remuneration and shall not be lower than 20% for employees' compensation.

B. For the years ended December 31, 2024 and 2023, the Company had accumulated deficit, and thus did not accrue directors' remuneration and employees' compensation. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense (benefit)

Components of income tax expense (benefit):

	Year ended December 31, 2024	Year ended December 31, 2023
Current tax:		
Current tax on profits for the year	$ 28,737	$ -
Total current tax	28,737	-
Deferred tax:		
Origination and reversal of temporary differences	(1,452)	(470)
Total deferred tax	(1,452)	(470)
Income tax expense (benefit)	$ 27,285	($ 470)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	Years ended December 31, 2024	2023
Tax calculated based on loss before tax and statutory tax rate	($ 10,186)	($ 33,279)
Expenses disallowed by tax regulation	3,694	4,666
Temporary differences not recognized as deferred tax assets	1,777	(1,451)
Taxable loss not recognized as deferred tax assets	4,715	30,064
Other	27,285	(470)
Income tax expense (benefit)	$ 27,285	($ 470)

C. Amounts of deferred tax liabilities as a result of temporary differences are as follows:

	2024		
	January 1	Recognized in profit or loss	December 31
Deferred tax liabilities:			
Finance and tax differences arising from business combinations	$ 4,054	($ 1,452)	$ 2,602

	2023		
	January 1	Recognized in profit or loss	December 31
Deferred tax liabilities:			
Finance and tax differences arising from business combinations	$ 4,524	($ 470)	$ 4,054

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2016	$ 13,094	$ 13,094	$ 13,094	2026
2017	15,713	15,713	15,713	2027
2018	36,124	36,124	36,124	2028
2019	45,143	45,143	45,143	2029
2020	63,282	63,282	63,282	2030
2021	37,847	37,847	37,847	2031
2022	140,004	140,004	140,004	2032
2023	127,725	127,725	127,725	2033
2024	23,572	23,572	23,572	2034
	$ 502,504	$ 502,504	$ 502,504	

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2016	$ 13,094	$ 13,094	$ 13,094	2026
2017	15,713	15,713	15,713	2027
2018	36,124	36,124	36,124	2028
2019	45,143	45,143	45,143	2029
2020	63,282	63,282	63,282	2030
2021	37,847	37,847	37,847	2031
2022	140,004	140,004	140,004	2032
2023	127,725	127,725	127,725	2033
	$ 478,932	$ 478,932	$ 478,932	

E. The Company’s income tax returns through 2022 have been assessed and approved by the Tax Authority.

(22) Loss per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 78,213)	30,030	($ 2.60)

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 165,926)	26,561	($ 6.25)

The potential ordinary shares had anti-dilutive effect due to loss before tax for the years ended December 31, 2024 and 2023, so the calculation of diluted loss per share was the same as the calculation of basic loss per share.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	$ 8,868	$ 13,497
Add: Opening balance of payable on equipment	771	176
Less: Ending balance of payable on equipment	(1,341)	(771)
Cash paid during the year	$ 8,298	$ 12,902

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
HCMED UK LIMITED (HCMED UK)	Subsidiary of the Company
Cheng Chieh-Sheng	Chairman of the Company
KYRMAR ADVISORY SERVICES LIMITED (KYRMAR)	The company's representative is a director of the Company

(2) Significant related party transactions

A. Operating expense

	Years ended December 31,	
	2024	2023
Professional fee		
KYRMAR	$ 3,493	$ 1,396

It pertained to service fees for business expansion consulting which was paid based on the mutual agreement.

B. Receivables from related parties

	December 31, 2024	December 31, 2023
Other receivables-advance payment		
HCMED UK	$ -	$ 1,858

C. Payables to related parties

	December 31, 2024	December 31, 2023
Other payables-payments on behalf of others:		
Chairman of the Company	$ 187	$ -

D. Acquisition of financial assets (For the year ended December 31, 2023: None)

	Accounts	No. of shares	Objects	Year ended December 31, 2024 Consideration
HCMED UK	Investments accounted for using equity method	250,000	Common shares	$ 9,920

(3) Key management compensation

	Years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	$ 13,111	$ 10,733

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 45,808	$ -

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

As of March 25, 2025, the Company has not yet completed the change of registration for the cash capital increase. Please refer to Note 6(14) for more details.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 64,731	$ 63,224
Financial assets at amortized cost	110,000	177,000
Accounts receivable	1,474	289
Other receivables (including related parties)	-	1,858
Guarantee deposits paid	3,421	3,612
	$ 179,626	$ 245,983
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable	$ 1,250	$ 720
Other accounts payable (including related parties)	21,906	17,272
	$ 23,156	$ 17,992
Lease liabilities	$ 7,547	$ 16,081

B. Financial instruments by category

(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. The Company's overall risk management programme focuses on the unpredictability of markets and seek to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by Company treasury department 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 and investment of remaining working capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. 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, 2024			2024		
				Sensitivity Analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 982	32.785	$ 32,195	1%	$ 322	$ -

	December 31, 2023			2023		
				Sensitivity Analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 486	30.705	$ 14,923	1%	$ 149	$ -

iii. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to $1,436 and $5, respectively.

Price risk

The Company does not have financial assets at fair value through profit or loss and other investments in equity instruments, and thus does not expect any price risk.

Interest rate risk

The Company does not invest in interest rate products and borrowings, and thus does not expect any interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients with financial instruments on the contract obligations. The main factor is that clients could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing 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.

iii. The Company adopts the assumptions under IFRS9, the default occurs when the contract payments are past due over 90 days.

iv. The Company classifies customers' accounts receivable with credit rating of customer. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

v. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the loss rate methodology is as follows:

	Not past due	Up to 30 days	31~60 days	61~90 days	Over 90 days	Total
At December 31, 2024						
Expected loss rate	0.03%	19.43%	64.38%	24.58%	100.00%	
Total book value	$ 1,470	$ 6	$ -	$ -	$ -	$ 1,476
Loss allowance	$ 1	$ 1	$ -	$ -	$ -	$ 2
AtDecember 31, 2023						
Expected loss rate	0.03%	18.79%	69.61%	37.20%	100.00%	
Total book value	$ 252	$ 46	$ -	$ -	$ -	$ 298
Loss allowance	$ 0	$ 9	$ -	$ -	$ -	$ 9

vi. Movement in relation to the Company applying the modified approach to provide loss allowance for accounts receivable for the years ended December 31, 2024 and 2023 is as follows:

	2024
At January 1	$ 9
Provision for impairment	-
Reversal of impairment loss	(7)
At December 31	$ 2

	2023
At January 1	$ -
Provision for impairment	9
At December 31	$ 9

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating units of the Company and aggregated by the Company's treasury department. The Company's treasury department monitors rolling forecast of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the company's financial ratio targets.

ii. The table below analyzes the Company's non-derivate 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2024	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Accounts payable	$ 1,250	$ -
Other payables (including related parties)	21,906	-
Lease liabilities	5,668	1,978

December 31, 2023	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Accounts payable	$ 720	$ -
Other payables (including related parties)	17,272	-
Lease liabilities	11,815	4,453

(3) Fair value information

A. The carrying amounts of financial instruments that are not measured at fair value including cash and cash equivalents, financial assets at amortized cost, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values.

B. The Company does not have financial assets and liabilities measured at fair value as at December 31, 2024 and 2023.

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): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

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: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 1.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

None.

HCMED INNOVATIONS CO., LTD.

Information on investees (not including investees in Mainland China)

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2024				Investment income(loss) recognized by the Company	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2024	for the year ended December 31, 2024	Footnote
The Company	HCMED LTD.	Republic of Seychelles	Holding company	$ -	$ -	-	100.00	$ -	$ -	$ -	Note
The Company	HCMED UK LIMITED	U.K.	Laboratory testing services	17,858	7,938	450,000	100.00	1,257	(10,477)	(10,477)	

Note : As of December 19, 2023, the local business registration had been completed; however, the capital injection had not yet been completed.

HCMED INNOVATIONS CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand		$ 5
Demand deposits		
-NTD deposits		29,531
-Foreign exchange deposits	USD $ 980,314 ; conversion rate 32.79	32,140
	GBP $ 1,240 ; conversion rate 41.19	51
	Other	4
Time deposits		
-NTD time deposits		3,000
		$ 64,731

HCMED INNOVATIONS CO., LTD.
DETAILS OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST-CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Name	Description	Amount
Time deposits	All were NTD time deposits. The period is from November 26, 2024 to November 26, 2025. The interest rate is 1.7%.	$ 110,000

HCMED INNOVATIONS CO., LTD.
DETAILS OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount	Note
Beginning raw materials	$ 13,202	
Add: Raw materials purchased	3,537	
Semi-finished goods transferred into raw materials	776	
Less: Ending balance of raw materials	(11,126)	
Reclassified as expenses	(1,268)	
Transferred to semi-finished goods	(2,316)	
Raw materials used	2,805	
Direct labor	793	
Manufacturing expense	1,739	
Manufacturing cost	5,337	
Add: Beginning semi-finished goods	1,936	
Transferred from raw materials	2,316	
Transferred from finished goods	250	
Less: Ending semi-finished goods	(2,973)	
Reclassified as raw materials	(776)	
Reclassified as expenses	(991)	
Cost of finished goods	5,099	
Add: Beginning finished goods	967	
Less: Ending finished goods	(1,771)	
Transferred to semi-finished goods	(250)	
Reclassified as expenses	(117)	
Production and marketing cost	3,928	
Unallocated fixed production overheads	33,643	
Loss on decline in market value	116	
Service costs	4,274	
Total operating cost	$ 41,961	

HCMED INNOVATIONS CO., LTD.
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Selling expenses	General and administrative expenses	Research and development expenses	Total	Note
Wages and salaries	$ 5,472	$ 22,230	$ 38,440	$ 66,142	
Depreciation expense	-	7,990	6,190	14,180	
Professional fee	4,944	6,253	2,271	13,468	
Business promotion fee	5,244	-	-	5,244	
Experimental inspection fee	-		4,217	4,217	
Patent expense	-	-	3,467	3,467	
Various amortization	-	179	2,485	2,664	
Others	3,563	6,365	7,479	17,407	Balance of each expense account has not exceeded 5% of each operating expenses
	$ 19,223	$ 43,017	$ 64,549	$ 126,789	

HCMED INNOVATIONS CO., LTD.
CURRENT EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES SUMMARIZED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Function / Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 24,191	$ 55,901	$ 80,092	$ 15,251	$ 43,802	$ 59,053
Labor and health insurance fees	2,079	3,442	5,521	1,496	3,417	4,913
Pension costs	1,173	1,656	2,829	807	1,689	2,496
Directors' remuneration	-	1,505	1,505	-	1,260	1,260
Other employee benefit expense	1,421	3,638	5,059	981	4,163	5,144
Depreciation Expense	6,021	14,180	20,201	8,074	11,725	19,799
Amortization Expense	-	2,664	2,664	-	2,499	2,499

Note: As at December 31, 2024 and 2023, the Company had 63 and 57 employees, including 9 and 7 non-employee directors, respectively.