

# HCmed Innovations Co., Ltd.

## 2025 Annual General Shareholders' Meeting

# Meeting Handbook

Convention Method: Physical Convention of Shareholders' Meeting

Date and Time: June 23, 2025 (Monday) at 10:00 AM

Venue: Conference Room 703, 7F, No. 236, Xinyi Rd., Da'an Dist., Taipei City

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# HCmed Innovations Co., Ltd.

## 2025 Annual General Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Chair's Remarks

III. Report Items

IV. Ratification Items

V. Discussion Items

VI. Extraordinary Motions

VII. Adjournment

# **HCmed Innovations Co., Ltd.**

## **2025 Annual General Shareholders' Meeting Agenda**

Convention Method: Physical Convention of Shareholders' Meeting

Date and Time: June 23, 2025 (Monday) at 10:00 AM

Venue: Conference Room 703, 7F, No. 236, Xinyi Rd., Da'an Dist., Taipei City

- I. Call the Meeting to Order (Report the number of shares represented by attending shareholders)
- II. Chair's Remarks
- III. Report Items:
  - (I). The Company's 2024 Business Report.
  - (II). 2024 Audit Committee's Review Report.
  - (III). Report on 2024 accumulated losses reaching one-half of paid-in capital of the Company.
  - (IV). Report on implementation status of 2024 sound operational plan of the Company.
  - (V). Report on distribution of 2024 remuneration of directors of the Company.
  - (VI). The Company's establishment of the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct" and "Rules of Financial and Business Matters Between Related Parties".
- IV. Ratification Items:
  - (I). Adoption of 2024 business report and financial statements of the Company.
  - (II). Adoption of 2024 deficit compensation of the Company.
- V. Discussion Items:
  - (I). Proposal for amendment to the "Articles of Incorporation" of the Company.
  - (II). Proposal to issue new shares for cash capital increase before initial listing, and the original shareholders' waive of their priority rights to subscribe such shares.
- VI. Extraordinary Motions
- VII. Adjournment

[Report Items]

Proposal 1

**Proposal: The Company's 2024 business report, submitted for review.**

Explanation: For the Company's 2024 Business Report, please refer to Attachment 1 on pages 10 to 15 of this Handbook.

Proposal 2

**Proposal: 2024 Audit Committee's Review Report, submitted for review.**

Explanation: For the Company's 2024 Audit Committee's Review Report, please refer to Attachment 2 on page 16 of this Handbook.

Proposal 3

**Proposal: Report on 2024 accumulated losses reaching one-half of paid-in capital of the Company, submitted for review.**

Explanation: The Company did not make a profit in 2024, and the accumulated loss was NT\$538,006,866, reaching one-half of the paid-in capital. According to Article 211 of the Company Act, when the accumulated loss of the Company reaches one-half of the paid-in capital, it shall be reported to the shareholders' meeting.

Proposal 4

**Proposal: Report on implementation status of 2024 sound operational plan of the Company, submitted for review.**

Explanation: For the report on the implementation status of the sound operation plan of the Company, please refer to Attachment 3 on pages 17 to 18 of this Handbook.

Proposal 5

**Proposal: Report on distribution of 2024 remuneration of directors of the Company, submitted for review.**

Explanation: I. Please describe the Company's payment policy, system, standard and structure for remuneration of directors and independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.:

(I) Directors

The Company's remuneration of directors is specified in accordance with

the “Regulations Governing the Remuneration of Directors and Managerial Officers”, and the remuneration of directors is determined based on the directors' participation in the Company's routine operations and their contribution value along with the consideration of the common standard adopted by business operators in the same industry. Where a director of the Company concurrently assumes another job position of the Company, the payment of the remuneration for such position may be made in accordance with the salary standard of general managerial officers on a monthly basis. In addition, the Articles of Incorporation of the Company specifies that if the Company makes a profit for a fiscal year (the so-called “profit” refers to the pre-tax profit before the distribution of remuneration of employees and directors), no more than 5% of the profit shall be appropriated as the remuneration of directors, and independent directors shall not participate in the distribution of the remuneration of directors.

(II) Independent Directors

The Company's independent directors shall comply with the “Regulations Governing the Remuneration of Directors and managers”. When independent directors perform the Company's duties, regardless of the Company's operating profit or loss, the Company may pay a monthly compensation of NT\$35,000 to each independent director, and the Board of Directors may propose a salary adjustment based on each director's level of participation and value of contribution in the Company's operations. In addition, for independent directors serving as functional committees of the Company, no additional salary is paid.

II. For the details on the directors' remuneration, please refer to Attachment 4 on page 19-20 of this Handbook.

Proposal 6

**Proposal:** **Proposal for the establishment of the Company's “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Code of Ethical Conduct” and “Rules of Financial and Business Matters Between Related Parties”, submitted for review.**

Explanation: In response to the Company's plan for public listing at TWSE, the “Ethical

Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Code of Ethical Conduct” and “Rules Governing Financial and Business Matters Between the Company and Its Related Parties” are required to be established before the application for public listing at TWSE. Please refer to Attachment 5 on pages 21 to 30, Attachment 6 on pages 31 to 43, Attachment 7 on pages 44 to 47 and Attachment 8 on pages 48 to 55 of this Handbook for details, respectively.

[Ratification Items]

Proposal 1 (Proposed by the Board of Directors)

**Proposal: The Company's 2024 Business Report and Financial Statements, submitted for ratification.**

Explanation: I. The Company's 2024 business report, parent company only and consolidated financial statements have been prepared completely, which have been audited by CPA Sheng-Wei Teng and CPA Kuan-Hung Lin of PwC Taiwan, and an audit report of an unqualified opinion relating thereto has been issued.

II. The aforementioned business report and financial statements have been reviewed by the Audit Committee of the Company, and the Audit Committee's Review Report has been issued, which has also been approved by the Board of Directors on March 14, 2025 through resolution and submitted to the shareholders' meeting for ratification.

III. Please refer to Attachment 1 on pages 10 to 15 of this Handbook for the business report; Attachment 9 on pages 56 to 67 of this Handbook for the Independent Auditors' Report and Financial Statements; Attachment 10 on pages 68 to 78 of this Handbook for the Parent Company Only Independent Auditors' Report and Financial Statements.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

**Proposal: Proposal for the 2024 deficit compensation of the Company, submitted for ratification.**

Explanation: I. The Company did not make a profit in 2024, and the accumulated loss is NT\$538,006,866; therefore, according to Article 232 of the Company Act, no dividend and bonus are to be distributed.

II. The 2024 Deficit Compensation Table has been approved by the Audit Committee and the Board of Directors.

III. Please refer to Attachment 11 on page 79 of this Handbook for the Deficient Compensation Table.

Resolution:



[Discussion Items]

Proposal 1 (Proposed by the Board of Directors)

**Proposal: Proposal for amendment to the “Articles of Incorporation” of the Company, submitted for discussion.**

Explanation: I. In order to improve the Company's Board of Directors and in response to the requirements of Paragraph 6 of Article 14 of the Securities and Exchange Act, it is proposed to amend parts of the provisions of the Company's “Articles of Incorporation”.

II. For the Comparison Table for Amendments of “Articles of Incorporation”, please refer to Attachment 12 on pages 80 to 82 of this Handbook.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

**Proposal: Proposal to issue new shares for cash capital increase before initial listing, and the original shareholders’ waive of their priority right to subscribe to such shares, submitted for discussion.**

Explanation: I. With regard to the public underwriting necessary for the Company's application for listing, the Company plans to execute domestic cash capital increase at an appropriate time and to issue new shares for the public underwriting before the initial public offering.

II. For this cash capital increase proposal, in addition to the reservation of 10%~15% of the shares for the Company’s employee subscription in accordance with Article 267 of the Company Act, for the remaining 85%~90% of the shares, according to Article 28-1 of the Securities and Exchange Act and related laws and regulations governing the listing of shares, it is proposed to request the consent of the shareholders’ meeting for the original shareholders to waive their subscription rights on such shares, in order to provide the full amount of these shares for public underwriting, and such that the restriction on the original shareholders' subscription in accordance with the original shareholding percentage specified in Article 267 of the Company Act shall not apply. For the employees’ waiver of their subscription rights or insufficient subscription, the shareholders’ meeting is proposed to authorize the Chairman to designate specific persons for the

subscription of such shares.

- III. The rights and obligations of the new shares issued for the present cash capital increase shall be the same as the common shares previously issued.
- IV. With regard to the issuance of new shares for the present cash capital increase, the actual number of shares, issue price, issue criteria, funds raised, purpose of use of the capital and other related matters shall be reported to the competent authority for approval before specifying the share payment period and capital increase base date, signing of underwriting contract, collection of the share payment contract and other related matters, and the shareholders' meeting is proposed to authorize the Chairman to handle such matters with full discretion. If there is any regulatory amendment or amendment made by the competent authority, or if there is a need for revision or change due to operational evaluation or objective environmental change, and any other matters yet to be specified, the Chairman is also authorized to handle such matters with full discretion.

Resolution:

[Extraordinary Motions]

[Adjournment]

# **HCmed Innovations Co., Ltd.**

## **2024 Business Report**

### **I. Operational Directives and Implementation Status**

In 2024, HCmed Innovations Co., Ltd. (hereinafter referred to as “HCMED”) has made significant business progress. HCMED has been cultivating the market of drug-device combination products for many years. In July and October 2024, HCMED signed the 2023 CDMO project - Client A's drug-device combination product project and the Zambon-Colistimethate sodium drug-device combination products joint development collaboration agreement. In addition, for the collaboration of the drug of IFSU recommended products - Genetech Pulmozyme® started in 2023, HCMED has successfully signed contract with Aerogen Limited in August 2023, and shipment to the U.S. is expected to start during the first quarter of 2025 and distributed through Aerogen Limited in the U.S.

For Company A's project, it is a drug-device combination product consisting of a popular drug “a” for lung illness treatment developed by a uniform company in the US in combination with a specialized nebulizer developed for such drug. The existing nebulizer used in combination with the drug “a” is designed and developed by an European company. However, after the product is bought out by Company A, there has been no relevant personnel to perform maintenance and update the design. After years of feedback from patients, Company A plans to cooperate with HCMED to develop a new generation of nebulizer, so that, based on the new generation of ADP developed by HCMED, a customized new product can be released to replace the existing nebulizer, and through the bridging test in accordance with regulations, unnecessary clinical tests can be avoided, and the product's market launch can be accelerated. The cooperation between HCMED and Company A is able to bring in profits from future product sales, and it also demonstrates the faith and confidence of a well-known pharmaceutical company on the product conditions and customization capability of HCMED, so that the client is willing to collaborate with HCMED in a product with an annual sales record of US\$500 million and to move forward to

profitable future jointly.

In addition to the negotiation of the term sheet in 2023, Company A has also verified the feasibility of collaboration in terms of products and technologies through studies by both parties. For this project, HCMED incorporated the HPLC drug test service of Formosa Laboratories, Inc., a shareholder of HCMED, to cooperate with Company A, and the project has been completed in August 2023 and great results have been obtained. Since the term sheet and development agreement typically require a significant period of negotiation and coordination, to prevent any delay of product market release, Company A and HCMED have signed an early development contract at a value of US\$650,000 in October 2023. Through such an official contract signing before the commencement of the project, HCMED is able to provide greater development plans and testing services to Company A. The development agreement was signed in October 2024, and the whole contract includes the signing amount of US\$3,000,000, development milestone amount of US\$9,500,000, and a sales quality incentive of US\$5,000,000. In addition, it is expected that the common product certification will be obtained in 2027, and product sales will start in 2028.

In addition to the aforementioned contract signing amount, development amount, and incentive, the contract also specifies the minimum purchase quantity and unit price, in order to ensure HCMED's future profit from the sale of products.

At the end of 2024, HCMED received the contract signing amount of US\$2,100,000 (including 30% of tax withholding at source). The revenue for that year officially exceeded NTD 100 million, setting a record high for HCMED.

The Zambon-Cristalline Sodium project is a joint development project of the drug-device combination product consisting of the drug Colistimethate sodium (CMS) developed by Italian company Zambon and a specialized nebulizer developed for the indication of NCFB (Non-Cystic Fibrosis Bronchiectasis). The project schedule includes the completion of three clinical trial phases, and the original nebulizer used in combination is I-neb developed by Philips; however, Zambon plans to replace the nebulizer I-neb with the customized ADP product developed by HCMED.

Accordingly, HCMED started the cooperation and development in 2023, and has also completed the signing of the term sheet in July 2023. HCMED has completed the signing of the development agreement with Zambon in July 2024, with a signing amount of US\$250,000. In addition, HCMED has also completed Milestone 1 in the same year and obtained a payment of US\$100,000. This project is expected to complete the bridging test and certification in 2027. The mass production of products is expected to start in 2028.

In August 2024, HCMED signed the Pulmogine global exclusive licensing contract (excluding the region of Taiwan) with Aerogen Limited in Ireland, a leading brand for hospital nebulizer Galway. It is expected that HCMED's first generation of products will be sold worldwide via the global sales team of Aerogen Limited. Aerogen Limited is a company specialized in nebulizer for a long period of time, and unlike HCMED, Aerogen Limited targets its products for hospital use. Its products are sold in 75 countries worldwide, and more than 20 million patients have used Aerogen Limited's products. Aerogen Limited hopes to provide patients with a suitable home-use nebulizer through the licensing of HCMED's Pulmogine to satisfy patients' clinical needs and improve treatment compliance. For this project, it is expected to reach 100,000 units worldwide in sales during the fifth year, thereby bringing stable sales contribution and profit to HCMED.

With the assistance of the team and Yuanta Securities, HCMED was successfully listed on the Emerging Stock Market on June 25, 2024, at a stock price of NT\$57 per share. The highest stock price on that same day reached nearly NT\$85, demonstrating the market's expectation and confidence in HCMED's future growth. After the public listing at the Emerging Stock Market, HCMED's team also discussed with Yuanta Securities to quickly launch the technology business TWSE listing plan. HCMED is expected to apply for the technology business approval letter through the unique model of a nebulizer platform CDMO, in order to be publicly listed at TWSE. After the communication between HCMED and the Industrial Development Administration (formerly Industrial Development Bureau), the document submission requirements

were finalized, and after a period of three months of data collection and preparation, the first communication with the staff of the Industrial Development Administration was successfully made in December 2024. The product evaluation report was also submitted to the Industrial Development Administration for review under the non-official document delivery, in order to accelerate the entire process. HCMED is expected to officially deliver the technology business documents in February 2025, and to apply for an IPO after receiving the approval letter for the technology business.

In general, HCMED has made certain achievements in the high-priced drug of CDMO in 2024 and has also achieved significant progress in terms of business cooperation while aiming to create greater value for the company through its public listing plans at the Emerging Stock Market/TWSE.

## II. Financial Revenue/Expenditure and Profitability Analysis

### ● Financial Revenue and Expenditure - Unit: NTD thousand

Item	2024	2023
Operating revenue (Note 1)	141,612	9,235
Gross profit	99,651	(26,148)
Operating expense	(137,242)	(117,613)
Net income (loss) after tax	(78,213)	(165,926)

Note 1: HCMED obtained the contract signing amount of US\$3,000,000 from Company A in 2024.

### ● Device sales

Customers (Region)	2024 (Shipment quantity)	2023 (Shipment quantity)
OTC (over-the-counter) market (Note 2)	2,365	744

Note 2: Mainly refers to distributors/pharmacies/hospital channels in Taiwan.

### ● Profitability

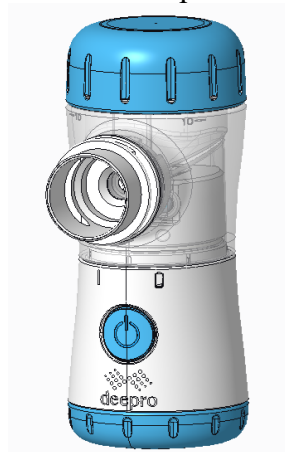
Item	2024	2023
Gross margin (Note 3)	70%	(283)%
Net profit ratio	(55)%	(1797)%
EPS	(2.60)	(6.25)
Weighted average number of ordinary shares outstanding	30,030	26,561

Note 3: The drastic fluctuation of gross margin is due to HCMED's business model of CDMO, and the amount of licensing fees and milestone payments collected from customers may fluctuate during different stages.

### III. R&D Status

- HCM-860

In order to meet the market demand of various countries, HCMED has redesigned the HCM-860 series of products and has obtained the TFDA approval in March 2024.



### IV. Domestic and foreign exhibitions

Exhibition	Venue of exhibition	Number of participants
American Thoracic Society (ATS) Conference	San Diego, California	5
Rescon Summit - Europe	Barcelona, Spain	1
European Respiratory Society (ERS) International Congress	Vienna, Austria	4
Annual Inhaled and Nasal Biologics (Intertek)	Cambridge, UK	1
CPHI Europe	Milan, Italy	1
MVIC Symposium	Lund, Sweden	2
Drug Delivery to the Lungs (DDL) Conference	Edinburgh, UK	3
Taiwan Pediatric Association Conference	Taipei, Taiwan	6

### V. Regulatory progress

- MDR preparation in progress, and documents expected to be submitted in Q1 2025.

### VI. Company Personnel and Organization

Item	2024	2023
Number of employees	65 people	60 people
Organizational Change	None	The Company's UK subsidiary, HCMED UK LIMITED, was established in April, and the capital has been remitted in November.
Office Premise Expansion	Purchase of the Zhonghe GMP site (2F, No. 172, Jiankang Rd.) under negotiation process	-



- The Company has remitted the second investment for the capital of the subsidiary in the UK in February 2024, and the total capital of the subsidiary is GBP 450,000.

Responsible Person: Chieh-Sheng Cheng    Managerial Officer: Chieh-Sheng Cheng    Accounting Officer: Wei-Cheng Tu

**HCmed Innovations Co., Ltd.**  
**Audit Committee's Review Report**

The Board of Directors has submitted the Company's 2024 business report, parent company only and consolidated financial statements, and the deficit compensation table, etc. Among the above, the parent company only and consolidated financial statements have been audited by CPA Sheng-Wei Teng and CPA Kuan-Hung Lin of PwC Taiwan, and an audit report has been issued. The aforementioned reports and statements have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Submitted to

2025 Annual General Shareholders' Meeting of HCmed Innovations Co., Ltd.

Audit Committee Convener

Shang-Yuan Chang

March 14, 2025

## Sound Operation Plan Implementation Status of HCmed Innovations Co., Ltd.

Period: January 2024 - December 2024

### 1. Analysis of difference in profit and loss

Item	Sound Business Plan (Approved on December 15, 2023)	Consolidated financial statements value	Difference value		Explanation
	Amount	Amount	Amount	%	
Operating revenue	112,170	141,612	29,442	26%	The difference refers to the revenue recognition part of the original plan, which is the revenue from the OTC sale and the testing service fee. However, according to the IFRS 15 standard, for the revenue from the early development contract of Company A (total price of US\$650,000 is recognized as revenue according to the percentage of completion method), approximately NT\$9 million is recognized as revenue for July to September, and the revenue specified in the original plan is approximately NT\$1.5 million; therefore, there is a difference in the revenue. In addition, the contract signing amount of the Company A in the original plan A is US\$2 million; however, the actual contract signing amount at the end is US\$3 million.
Operating cost	45,216	41,961	(3,255)	(7%)	The difference is mainly due to the fact that the original source of revenue was mainly from the sale of devices, but the actual revenue this year was from labor development services, and the cost refers to personnel salaries and development materials, such that the cost was relatively low, resulting in such difference.
Gross profit	66,955	99,651	32,696	49%	Except for the revenue analysis, there are no other significant abnormalities.
Operating expense	143,502	137,242	(6,260)	(4%)	The difference is mainly due to the revenue increase adjustment according to IFRS15 and the matching principle of revenue cost, and a portion of the project-related expenses are recognized as cost, resulting in a decrease in expenses from July to September. In addition, the Mesh development expense was recognized for the first time this year, and the actual development process has not used some of the materials and labor consulting services; therefore, the expenses decreased relatively.
Operating profit (loss)	(76,547)	(37,591)	38,956	(51%)	Except for the revenue analysis, there are no other significant abnormalities.
Non-operating income and expenses	(8,965)	(13,337)	(4,372)	49%	The difference is mainly due to the provision for impairment loss of intangible assets of approximately NT\$17 million.
Net income (loss) before tax	(85,512)	(50,928)	34,584	(40%)	It is mainly due to the analysis of operating revenue and non-operating income and expenses.
Net income (loss) of the current period	(68,411)	(78,213)	(9,802)	14%	Except for the aforementioned differences, for the contract signing amount of US\$3 million collected from Company A in the current year, it is due to the tax withholding at the source of 30% (US\$900 thousand) according to the local tax law in the U.S.

## 2. Operation direction and business strategy implementation status

The review of the Company's 2024 business model indicates that it is consistent with its sound operating plan. The Company continues to work towards becoming a drug-device combination product CDMO with best effort, and presently, there are two major CDMO projects in progress. The Company has officially signed the contract for the Zambon project, and relevant development projects have been launched. For the other joint development project with Company A, the term sheet has been signed in June, and the DA (development agreement) was fully executed in October. In addition to the collection of the contract signing amount of US\$2.1 million (subject to 30% withholding tax), according to IFRS 15, the revenue is recognized on a monthly basis based on the contract progress and the terms of the early development agreement. HCMED continues to receive invitations for joint development of drug-device combination products from numerous pharmaceutical companies for different indications and drugs. The team of HCMED will continue to actively contact these companies and to conduct relevant tests.

For the OTC market, HCMED in the region of Taiwan will distribute products to local pharmacies in Taiwan through a new distributor, Top International Biotech. For the international market, the Company will collaborate with Aerogen Limited (hereinafter referred to as “Aerogen”) for product distribution in the global market. Aerogen will sell HCMED’s first generation of product, Pulmogene, to countries outside Taiwan. HCMED has completed the preparation of the first batch of 1,000 units of the product, which will be shipped to Aerogen in March 2025 according to the contract. This cooperation project will allow HCMED’s nebulizer products to be listed as recommended nebulizers for the drug of Pulmozyme of Genentech in cooperation with HCMED in the US market.

December 31, 2024, Unit: NTD thousand

Job title	Name	Remuneration of directors								Total of four items A+B+C+D as a percentage of net income after tax		Remuneration received for serving as an employee concurrently								Total of seven items A+B+C+D+E+F+G as a percentage of net income after tax		Remuneration from investees other than subsidiaries or from the parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration of directors (C)		Business execution expenses (D)				Remuneration, bonus, and allowance (E)		Severance pay and pension (F)		Remuneration of employees (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements			
Chairman	Chieh-Sheng Cheng	—	—	—	—	—	—	—	—	—	—	6,610	6,610	—	—	—	—	—	—	6,610 (8.45)	6,610 (8.45)	—
Directors	Wen-Yu Tsai	—	—	—	—	—	—	—	—	—	—	5,722	5,722	—	—	—	—	—	—	5,722 (7.32)	5,722 (7.32)	—
Directors	Tsung-Hung Hsieh (Note 1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Directors	You Yang Management Consultant Co., Ltd. (Note 2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Representative: Tsung-Hung Hsieh																					
Directors	U.S. VIVO PANDA FUND, L.P.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Representative: Mahendra Shah																					
Directors	Yung-Yi Wu	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Directors	Wei-Lien Chung (Note 1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Directors	FORWARD ASSET MANAGEMENT LTD. (Note 2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Representative: Wei-Jung Chung																					
Independent Directors	Shih-Hao Fang	420	420	—	—	—	—	—	—	420 (0.54)	420 (0.54)	—	—	—	—	—	—	—	—	420 (0.54)	420 (0.54)	—
Independent Directors	Shang-Yuan Chang	420	420	—	—	—	—	—	—	420 (0.54)	420 (0.54)	—	—	—	—	—	—	—	—	420 (0.54)	420 (0.54)	—
Independent Directors	Chao-Lung Chou	420	420	—	—	—	—	—	—	420 (0.54)	420 (0.54)	—	—	—	—	—	—	—	—	420 (0.54)	420 (0.54)	—
Independent Directors	Yi-Chen Chen (Note 2)	245	245	—	—	—	—	—	—	245 (0.31)	245 (0.31)	—	—	—	—	—	—	—	—	245 (0.31)	245 (0.31)	—

1. Please describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.: The Company pays a fixed remuneration on a monthly basis to independent directors regardless whether the Company is operating at a profit or loss, and the amount of remuneration paid to independent directors is determined based on their level of participation and value of their contribution to the Company's operations, and the Board of Directors may propose the amount of remuneration to the Remuneration Committee for adjustment.

Independent directors do not participate in the Company's remuneration distribution. The Company does not further provide severance pay, pension, transportation fees, special disbursement, travel expenses and various allowances to independent directors. However, if independent directors are on business trips due to the Company's operational needs, their travel allowance is reimbursed in accordance with the Company's "Regulations for Travel and Business Expenses".

2. In addition to the disclosure of the table above, the remuneration collected by directors of the Company for providing services (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): None.

Note 1: Re-election of all directors was conducted during the shareholders' meeting held on May 31, 2024. He was released from duty on that day, and assumed the position of director again as a corporate director representative.

Note 2: Assumed the position after the re-election of directors during the shareholders' meeting held on May 31, 2024.

# HCmed Innovations Co., Ltd.

<b>Ethical Corporate Management Best Practice Principles</b>	<b>No.</b>	<b>B07</b>
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## **Article 1 Purpose of establishment and applicable scope**

To foster a corporate culture of ethical management and sound development, and to offer a reference framework for establishing good commercial practices, the Company establishes these Principles for compliance.

These Principles are applicable to the Company's subsidiaries, foundations to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons ("business groups and organizations") which are substantially controlled by the Company.

## **Article 2 Prohibition Against Dishonest Conducts**

When engaging in commercial activities, directors, managerial officers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

The counterparties of the aforementioned acts include civil servants, political candidates, political parties or members of political parties, state-run or private-owned enterprises or institutions, and their directors, supervisors, managerial officers, employees, substantial controllers or other stakeholders.

## **Article 3 Types of benefits**

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. However, benefits received or given occasionally in accordance with accepted social customs and which do not adversely affect specific rights and obligations shall be excluded.

## **Article 4 Legal compliance**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

## **Article 5 Policy**

The Company shall abide by the operational philosophies of honesty, transparency and

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responsibility, base policies on the principle of good faith, along with the approval of the Board of Directors, and establish good corporate governance and risk control and management mechanisms so as to create an operational environment for sustainable development.

## **Article 6 Preventive programs**

The ethical management policy established by the Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (“prevention programs”), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territories where the business group and organization are operating. In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor union members, important trading counterparties, or other stakeholders.

## **Article 7 Scope of the preventive programs**

The Company shall establish a risk assessment mechanism against unethical conduct, regularly analyze and assess business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and regularly review their adequacy and effectiveness.

The Company shall refer to prevailing domestic and foreign standards or guidelines in establishing the programs to forestall unethical conduct, which shall at least include preventive measures against the following:

- I. Offering and acceptance of bribes.
- II. Illegal political donations.
- III. Improper charitable donations or sponsorship.
- IV. Offering or accepting unreasonable presents or hospitality, or other improper benefits.
- V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- VI. Engaging in unfair competitive practices.
- VII. Providing products or services that directly or indirectly damage the rights, health and safety of consumers, or other interested parties during the R&D, procurement, manufacturing, provision or sales phase.



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## **Article 8 Commitment and execution**

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and the business group and organization shall clearly specify in the rules, external documents and on the Company's website the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

## **Article 9 Commercial activities for ethical corporate management**

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management, and shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

## **Article 10 Prohibition on offering and accepting bribes**

When conducting business, the Company and the Company's directors, managerial officers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

## **Article 11 Prohibition of offering illegal political donations**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and the Company's directors,

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managerial officers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal procedures, and shall not make such donations in exchange for commercial gains or business advantages.

## **Article 12 Prohibition of improper charitable donations or sponsorships**

When making or offering donations and sponsorships, the Company and the Company's directors, managerial officers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal procedures, and shall not surreptitiously engage in bribery.

## **Article 13 Prohibition of unreasonable gifts, hospitality, or other improper benefits**

The Company and the Company's directors, managerial officers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable gifts, hospitality, or other improper benefits to establish business relationship or influence commercial transactions.

## **Article 14 Prohibition of infringement of intellectual property rights**

The Company and the Company's directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose of, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

## **Article 15 Prohibition of engagement in unfair competitive practices**

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

## **Article 16 Preventing product or service damage to stakeholders**

In the course of research and development, procurement, manufacture, provision, or sale

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of products and services, the Company and the Company's directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. Policies on the protection of the rights and interests of consumers or other stakeholders shall be adopted and published. Such policies shall be carried out in the operations in order to prevent the products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend those services immediately.

## **Article 17 Organization and responsibility**

The Company's directors, managerial officers, employees, mandataries, and substantial controllers shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company is advised to establish a dedicated unit that is under the Board of Directors, allocate adequate resources, and staff it with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis (at least once a year):

- I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.

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- III. Planning of internal organization, staffing and job duties, and establishing mutual supervision and balance mechanisms for operating activities of relatively higher unethical conduct risk in the scope of business.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistleblowing system and ensuring its operating effectiveness.
- VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

## **Article 18 Legal compliance of business execution**

The Company and the Company's directors, supervisors, managerial officers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

## **Article 19 Recusal for conflict of interest**

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given Board of Directors' meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the Company's directors, managers, and other stakeholders attending or present at Board meetings, the concerned person shall state the important aspects of the relationship of interest at the given Board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

The Company's directors, managerial officers, employees, mandataries, and substantial

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controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

## **Article 20 Accounting and internal control**

The Company shall establish an effective accounting system and an internal control system for business activities that are possibly at a higher risk of being involved in unethical conduct, shall not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans with the content including auditees, audit scope, audit items, audit frequency, etc., and examine the compliance status. In addition, the internal audit unit may also engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The audit result described in the preceding paragraph shall be reported to the senior management and the ethical corporate management dedicated unit, and an audit report shall be prepared and reported to the Board of Directors.

## **Article 21 Operation Procedures and Guidelines for Conduct**

The Company is advised to establish operation procedures and guidelines for conduct according to Article 6 to guide directors, managerial officers, employees, and substantial controllers on how to conduct business. The procedures and guidelines shall at least contain the following matters:

Standards for determining whether improper benefits have been offered or accepted.

- I. Procedures for offering legitimate political donations.
- II. Procedures and the standard rates for offering charitable donations or sponsorships.
- III. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
- IV. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.

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- V. Regulations and procedures for dealing with suppliers, clients, and business transaction counterparties suspected of unethical conduct.
- VI. Handling procedures for violations of these Principles.
- VII. Disciplinary measures for offenders.

## **Article 22 Educational training and evaluation**

The Chairman, President or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries.

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective rewards and disciplinary system.

## **Article 23 Whistleblowing system**

The Company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:

- I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow Company insiders and outsiders to submit reports.
- II. Dedicated personnel or unit appointed to handle the whistleblowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated, and standard operating procedures for the investigation of each shall be adopted.
- III. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
- IV. Documentation of case acceptance, investigation processes, investigation

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results, and relevant documents.

V. The identity of whistle-blowers and the content of reported cases shall be kept confidential, and anonymous reports shall be accepted.

VI. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing.

VII. Whistleblowing incentive measures.

When material misconduct or a likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the independent directors in writing.

## **Article 24 Disciplinary and appeal system**

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

## **Article 25 Information disclosure**

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of its ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its company website, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System (MOPS).

## **Article 26 Review and amendment of ethical corporate management policies and measures**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managerial officers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures shall be reviewed and improved with a view to achieving better implementation of ethical management.

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## **Article 27 Implementation**

These Principles shall be implemented after the Board of Directors grants its approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the Principles are amended.

When the Company submits the Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Director's meeting.



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## **Article 1 Purpose of establishment and applicable scope**

The Company performs business activities based on the principles of fairness, honesty, trust and transparency. To implement the ethical corporation management policy, and to actively prevent unethical conducts, the Company establishes these Procedures and Guidelines according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and relevant local laws at the operation location of the Company and its group enterprises and organizations, in order to specifically regulate the precautions for personnel of the Company during the performance of duties.

These Procedures and Guidelines are applicable to business groups and subsidiaries of the Company, any foundation to which the Company's direct or indirect contribution of funds exceed 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by such company.

## **Article 2 Applicable subjects**

For the purposes of these Procedures and Guidelines, the term “personnel of this Corporation” refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Company or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act of the personnel of the Company.

## **Article 3 Unethical conduct**

For the purposes of these Procedures and Guidelines, “unethical conduct” means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staff, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other

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interested parties.

## **Article 4 Types of benefits**

For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

## **Article 5 Responsible unit and responsibilities**

The Company designates the Management Department as the solely responsible unit (hereinafter referred to as the “responsible unit” of the Company) under the Board of Directors and is established with sufficient resources and competent personnel (including cross-department personnel), in order to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these principles, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the Board of Directors:

- I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
- III. Planning of internal organization, staffing and job duties, and establishing mutual supervision and balance mechanisms for operating activities of relatively higher unethical conduct risk in the scope of business.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistleblowing system and ensuring its operating effectiveness.
- VI. Assisting the Board of Directors and management level in auditing and assessing whether the prevention measures taken for the purpose of

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implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

- VII. Preparing and retaining properly documented information such as ethical management policies and compliance statements, situations concerning the performance of undertakings and enforcement etc.

## **Article 6 Prohibition against providing or accepting improper benefits**

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the personnel of the Company shall comply with the provisions of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- II. The conduct has its basis in ordinary social activities attended or hosted by others in line with accepted social custom, commercial purposes, or developing relationships.
- III. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit are specified in advance.
- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VI. Money, property, or other benefits offered to or accepted from a person other than relatives or friends; or gifts of property given by another party to the majority of the personnel of the Company, in accordance with common social

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practice or within the scope of customary norms.

VII. Property with a market value within the reasonable range of normal social custom practice due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.

VIII. Other conduct that complies with the rules of the Company.

## **Article 7 Procedures for handling the acceptance of improper benefits**

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided or promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within three days of accepting the benefit, and the responsible unit shall be notified if necessary.
- II. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to their immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within three days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

“A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel”, as referred to in the preceding paragraph, refers to one of the following circumstances:

- I. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- II. When a contracting, trading, or other contractual relationship is being sought, in progress, or has been established.
- III. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse

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impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the President.

## **Article 8 Prohibition of and handling procedure for facilitating payments**

The Company shall neither offer nor promise to offer any facilitating payment.

In case where any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit of the Company shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

## **Article 9 Procedures for handling political contribution**

The Company upholds the principle of political neutrality, does not participate in political activities, and does not directly or indirectly make contributions to political parties or organizations or individuals participating in political activities.

## **Article 10 Prohibition of improper charitable donations or sponsorships**

Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the President for approval, and a notification shall be given to the responsible unit. If the amount is NT\$200,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the Board of Directors:

- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
- II. A written record of the decision-making process shall be kept.

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- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
- V. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

## **Article 11 Recusal for conflict of interest**

When a director, managerial officer or other stakeholder of the Company attending or present at a Board of Directors' meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company may be prejudiced, shall not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

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

Where in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to their immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities

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other than those of the Company, nor may any personnel's job performance be affected by their involvement in the commercial activities other than those of the Company.

## **Article 12 Organization and responsibility for confidentiality mechanism**

The Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, copyright works and other intellectual properties and shall also conduct periodical reviews of the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company that they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

## **Article 13 Prohibition of engagement in unfair competitive practices**

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and shall not fix prices, engage in bid rigging, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

## **Article 14 Preventing product or service damage to stakeholders**

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and shall compile and publish relevant guidelines to ensure that personnel maintain transparency, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on the Company website a policy on the

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protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall immediately recall such products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

## **Article 15 Prohibition against insider trading and non-disclosure agreement**

All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information about which they have learned to engage in insider trading. All personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company, shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

## **Article 16 Compliance and announcement of policy of ethical management**

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and



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shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

## **Article 17 Ethical management assessment prior to development of commercial relationships**

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall assess the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the assessment under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether the enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultations with the enterprise's business partners regarding their opinion of the enterprise.
- VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

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## **Article 18 Statement of ethical management policy to counterparties in commercial dealings**

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty of the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

## **Article 19 Avoidance of commercial dealings with unethical operators**

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it from any further business interaction in order to effectively implement the Company's ethical management policy.

## **Article 20 Stipulation of terms of ethical management in contracts**

Before entering into a contract with another party, the Company shall gain thorough knowledge of the status of the other party's ethical management, and shall include the compliance with the ethical management policy of the Company in the terms and conditions of the contract. The contract shall specify at least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to the prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim damages, and may also deduct the full amount of damages from the contract price payable.
- II. Where a party is discovered to be engaged in unethical conduct in its

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commercial activities, the other party may terminate or rescind the contract unconditionally at any time.

- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

## **Article 21 Handling of unethical conduct by personnel of the Company**

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward depending on the seriousness of the circumstances concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and may be removed from office if the circumstances concerned are material.

The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders to submit reports to the Company.

A whistleblower shall at least furnish the following information:

- I. The whistleblower's name and national ID number, and whistleblowing reports may be submitted anonymously, and an address, telephone number and e-mail address where it can be reached should be provided.
- II. The informed party's name or other information sufficient to distinguish its identifying features.
- III. Specific facts available for investigation.

Personnel of the Company handling whistleblowing matters shall confirm in writing that they will keep the whistleblowers' identity and contents of the information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

The responsible unit of the Company shall observe the following procedures in handling whistleblowing matters:

- I. Any information shall be reported to the department head if it involves rank-and-file personnel, and to an independent director or supervisor if it involves a director or senior executive.
- II. The responsible unit of the Company and the department head or personnel

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being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance, or other related department.

- III. In the case where the subject of the report is confirmed to have indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When it is considered necessary, the Company shall institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- IV. Documentation of case acceptance, investigation processes, and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- V. Where the whistleblowing case is verified, the Company shall assign relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- VI. The responsible unit of the Company shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

## **Article 22 Handling of actions upon event of unethical conduct by others towards this Corporation**

In the event that any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and that such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

## **Article 23 Internal awareness sessions and establishment of system for rewards, penalties, and complaints, and disciplinary actions**

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The responsible unit of the Company shall organize at least one awareness session annually and shall arrange for the Chairman, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

The Company shall incorporate ethical management into the employee performance evaluation and human resource policy, and shall establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from their position or terminate their employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

## **Article 24 Implementation**

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by the resolution of the Board of Directors, and shall be delivered to the audit committee and reported to the shareholders' meeting.

When these Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the Board of Directors' meeting. An independent director that is unable to attend a Board meeting in person to express objection or reservation shall provide a written opinion before the Board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board of Directors' meeting.

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## **Article 1 Purpose of establishment and basis**

In recognition of the necessity to assist the Company in the establishment of a code of ethical conduct, this Code is adopted according to the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” and related regulations for the purpose of encouraging directors, supervisors, and managerial officers of the Company (including general managerial officers or their equivalents, assistant general managerial officers or their equivalents, deputy assistant general managerial officers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company) and other employees to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

## **Article 2 Content of the Code**

### **I. Prevention of conflicts of interest**

The Company's directors and managerial officers shall handle business in an objective and effective manner, and shall avoid taking advantage of their positions in the Company to gain improper benefits for themselves, their spouses, parents, children or relatives within the second degree of kinship, which may result in a conflict of interest with the overall interests of the Company.

The Company shall pay special attention to loans of funds, provision of guarantees, major asset transactions, or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works.

The Company shall provide appropriate channels for directors and managerial officers to voluntarily explain whether there is any potential conflict of interest with the Company.

### **II. Minimizing incentives to pursue personal gain**

The Company shall prevent its directors and managerial officers from engaging in any of the following activities:

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1. Seeking an opportunity to pursue personal gain by using company property or information, or by taking advantage of their positions.
2. Obtaining benefits for themselves or others through misuse of company property or information, or by taking advantage of their positions.
3. Competing with the Company.

When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

## III. Non-disclosure obligation

Directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its customers of purchase (sales), except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

## IV. Fair trade

Directors and managerial officers shall treat all suppliers and customers of purchase (sales), competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, through misrepresentation of important matters, or through other unfair trading practices.

## V. Safeguarding and proper use of company assets

All directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of assets will directly impact the Company's profitability.

## VI. Legal compliance

The Company shall strengthen the compliance with the Securities and Exchange Act and other laws and regulations.

## VII. Encouraging reporting of illegal or unethical activities

The Company shall raise internal awareness of ethics and encourage employees

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to report to a managerial officer, chief internal auditor, or other appropriate individual of the Company upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system to accept anonymous whistleblowing cases, and shall also allow employees to be aware that the Company shall use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.

## VIII. Disciplinary measures

In the event that a director or managerial officer violates the Code of Ethical Conduct, the Company shall impose disciplinary measures established in accordance with the Code of Ethical Conduct, and shall disclose the information of the violator, the date of violation, the reason of violation, the rules violated, and the handling status on the MOPS. The Company shall also establish an appeal system in order to provide a remedy method for the individual violating the code of ethical conduct to file an appeal.

### **Article 3      Procedures for exemption**

If the Company intends to exempt a director or managerial officer from compliance with the Company's ethical code of conduct, such exemption shall be approved by the Board of Directors, and the date on which the exemption is approved by the Board of Directors, objections or reservations of independent directors, the period of exemption, the reasons for the exemption, and the guidelines for the exemption shall be disclosed on the MOPS, so that shareholders may evaluate whether the resolution of the Board of Directors is appropriate to prevent any unauthorized or suspicious exemption from compliance with the code of conduct, and ensure that there is an appropriate control mechanism for any exemption from compliance with the code of conduct to protect the Company.

### **Article 4      Method of disclosure**

The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on the Company's website, annual reports, and on the MOPS.



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The same procedure shall be adopted for amendments thereof.

## **Article 5    Implementation**

The Code shall be implemented after approval by the Board of Directors, and shall be submitted to the Audit Committee and reported to the shareholders' meeting. The same procedure shall be adopted for amendments thereof.

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**Article 1** To ensure sound financial and business interactions between the Company and its related parties and to prevent non-arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between the Company and its related parties, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

**Article 2** Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between the Company and any of its related parties shall be handled in accordance with the provisions of these Rules.

**Article 3** The term “related party” herein shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “affiliated enterprise” as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with the Company:

- I. A relationship of control or subordination.
- II. A relationship of mutual investment. In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substantive nature of the relationship shall be considered in addition to the legal form.

**Article 4** The Company shall establish an effective internal control system designed for transactions with related parties (including affiliated enterprises) in regard to its overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any related party that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

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**Article 5** In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

- I. The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
- II. A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliated enterprise's Board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliated enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the Chairman or general manager of the Company.
- III. A supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliated enterprise's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliated enterprise's Board of Directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliated enterprise shall ascertain the cause, compile a record, and report it to the Chairman or general manager of the Company.
- IV. The Company shall assign competent personnel to assume important positions at its affiliated enterprise according to the actual needs, such as general manager, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
- V. The Company, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
- VI. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of the Company must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.
- VII. Subsidiaries shall submit the financial statements of the previous month, including the balance sheet and income statement, etc., and any analysis reports for identified

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abnormalities, to the Company for monitoring and control. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter, including balance sheets and income statements, for analysis and review by the Company.

**Article 6** A managerial officer of the Company may not concurrently serve as a managerial officer of any affiliated enterprise of the Company, and shall not operate the same type of business as the Company, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the Board of Directors. The division of authorities and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of authorities and responsibilities, and allocation of costs shall be specified in advance.

**Article 7** The Company shall establish an effective system of communication with each affiliated enterprise regarding financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, the Company shall especially maintain close control over significant financial and business items for the purpose of risk management.

**Article 8** Any loans or endorsements/guarantees between the Company and a related party shall be carefully assessed and carried out in compliance with the provisions of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Company’s “Procedures for Loaning Funds to Others” and “Procedures for Making Endorsements/Guarantees”.

**Article 9** Price terms and payment methods for any business interaction between the Company and a related party shall be clearly stipulated. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

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When there is a business need to purchase finished products, semi-finished products, or materials from a related party, the procurement personnel shall thoroughly evaluate the fairness of the price quoted by the related party based on market prices and other transaction terms and conditions. Except in special circumstances, or where preferential conditions exist that differ from those of ordinary suppliers, under which preferential pricing or terms of payment may be reasonably stipulated, any other prices and payment terms shall be aligned with those offered to ordinary suppliers.

Quotations for the sale of any finished products, semi-finished products, or materials to a related party shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable preferential pricing or payment terms may be stipulated, any other prices and payment terms shall be aligned with those offered to ordinary clients.

For professional or technical services provided between the Company and a related party, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the Chairman of the Company, and all contract terms and conditions shall comply with normal business practices.

By the end of each month, the accounting personnel of both the Company and its related parties shall perform cross-checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

**Article 9-1** For purchases and sales of goods, professional or technical services provided between the Company and a related party, where the total transaction amount for the entire year is expected to exceed 5% of the Company's most recent total consolidated assets or net revenue, and except for transactions between the Company and its parent company or subsidiaries, or between its subsidiaries, in addition to compliance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the following information shall be submitted to the Board of Directors for approval before the transactions may proceed:

- I. Items, purpose, necessity, and projected benefits of the transactions.
- II. The reason for choosing the related party as a transaction counterparty.
- III. The calculation principle of the transaction price and the projected limit of annual transaction value.

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IV. Description of whether transaction terms are consistent with regular commercial terms and whether these terms could harm the company interest or shareholder equity.

V. Restrictions on the transaction and other important terms and conditions.

The following details about the transactions with related parties in the preceding paragraph shall be reported at the next shareholders' meeting after the end of the year:

I. Actual transaction value and terms and conditions.

II. Whether the transaction price is calculated in accordance with the principle approved by the Board of Directors.

III. Whether the total value is below the limit on annual transaction value approved by the Board of Directors. If the total amount is above the upper limit, please describe the reason, necessity, and fairness.

**Article 10** Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between the Company and a related party shall be conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Company's "Procedures for Acquisition and Disposal of Assets".

**Article 11** When the Company intends to acquire or dispose of real property or right-of-use assets related thereto from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until relevant documents have been approved by more than one-half of all members of the Audit Committee and have been submitted to the Board of Directors for resolution with approval in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Company's "Procedures for Acquisition and Disposal of Assets".

If any one of the following circumstances occurs in a transaction with a related party, after approval by the Board of Directors, the information described under the subparagraphs of Paragraph 1 shall also be submitted to the shareholders meeting for approval through resolution, and any shareholder who is an interested party shall not participate in the voting:

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- I. The Company or its subsidiary that is not a domestic listed company has performed the transaction in the first paragraph, and the amount of the transaction is 10% or more of the Company's total assets.
- II. According to the Company Act, the Company's articles of incorporation, or the regulations on internal operating procedure, the amount or the terms of the transaction will have a material effect on the Company's operations or shareholder equity.

If the Company has conducted a transaction with a related party in accordance with Paragraph 1, the actual transaction status (including the actual transaction amount, terms and conditions of the transaction, and documents specified in subparagraphs of Paragraph 1, etc.) shall be reported to the most recent shareholders' meeting.

The matters referred to in this Article shall be approved by more than one-half of all members of the Audit Committee in advance, and the provisions of Paragraph 4 and Paragraph 5 of Article 6 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall be applied mutatis mutandis.

**Article 12** With respect to any financial or business interaction between the Company and any related party that requires a resolution of the Board of Directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the meeting minutes of Board meetings.

When a director has a conflict of interest in a matter being discussed at a meeting, they shall recuse themselves from the discussion and voting on that matter, and shall not act as another director's proxy to exercise voting rights on that matter. Directors shall maintain self-discipline among themselves and may not enter into relationships with inappropriate mutual support with other directors.

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

Upon discovering that, in the course of their duties, the Board of Directors or a director has committed a violation of law or regulation, the Articles of Incorporation, or a shareholders meeting resolution, the audit committee shall immediately notify the Board of Directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When it is considered necessary, it is

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necessary to file a report to the relevant regulatory authority or agency.

**Article 13** The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for doing so, shall make timely arrangements for each subsidiary to provide required financial and business information, or shall engage CPAs to audit or review the financial reports of each subsidiary.

The Company shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA's secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. In case of any addition to, reduction in, or change to the information of the affiliated enterprises, such change shall be filed with the TWSE or TPEX within two days from the date of the change.

Information on any material transaction between the Company and a related party shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

In the event that a related party experiences financial difficulties, the Company shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Company, and when it is considered necessary, appropriate conservatory measures shall be adopted to secure the Company's rights as a creditor. In case of the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall also announce the material information on the Market Observation Post System (MOPS) timely.

**Article 14** When any of the following circumstances apply to an affiliated enterprise, the Company shall make a public disclosure and regulatory filing on its behalf:

- I. For a subsidiary whose shares have not been publicly issued domestically, the amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
- II. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.
- III. A major policy is adopted by resolution of the affiliated enterprise's Board of Directors



# HCmed Innovations Co., Ltd.

<b>Rules Governing Financial and Business Matters Between the Company and Its Related Parties</b>	<b>No.</b>	<b>B10</b>
	<b>Version</b>	<b>V1</b>
	<b>Page No.</b>	<b>10</b>

that has a material impact on the rights and interests of the shareholders or the securities prices of the Company.

IV. If the subsidiary of the Company meets the requirements of the “Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities” or the “Taipei Stock Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities”, the Company shall disclose the material information.

**Article 15** These Rules shall be implemented after approval by the Board of Directors, and reported to the shareholders' meeting. The same procedure shall apply to any amendment thereto.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying consolidated balance sheets of HCMED INNOVATIONS CO., LTD. AND SUBSIDIARIES (the “Group”) as at December 31, 2024 and 2023, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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 financial statements. These matters were addressed in the context of our audit of the 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 financial statements are stated as follows:

#### **Accuracy of licensing revenue recognition**

##### Description

For the year ended December 31, 2024, the Group's licensing revenue amounted to NT\$104,276 thousand, accounting for 74% of consolidated net sales, please refer to 6(16) for the details of licensing revenue. Additionally, please refer to Note 4(22) for the accounting policy on licensing revenue recognition. The Group 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(6) and 4(7) 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\$65,820 thousand, constituting 27% 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 44% 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 as 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.

***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion on the parent company only financial statements of HCMED INNOVATIONS CO., LTD. as at and for the years ended December 31, 2024 and 2023.

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

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

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

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

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

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

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

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

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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.



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

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 65,825	27	\$ 66,614	21
1136	Current financial assets at amortised cost	6(2)	110,000	44	177,000	54
1170	Accounts receivable, net	6(3)	1,474	1	289	-
1200	Other receivables		-	-	29	-
1220	Current tax assets		221	-	22	-
130X	Inventories	6(4)	5,561	2	5,912	2
1410	Prepayments		4,281	2	4,672	1
1470	Other current assets		2	-	-	-
11XX	Current assets		187,364	76	254,538	78
Non-current assets						
1600	Property, plant and equipment	6(5)	19,971	8	16,098	5
1755	Right-of-use assets	6(6)	8,744	3	16,132	5
1780	Intangible assets	6(7)	13,903	6	32,525	10
1900	Other non-current assets	6(9)	16,808	7	6,791	2
15XX	Non-current assets		59,426	24	71,546	22
1XXX	Total assets		\$ 246,790	100	\$ 326,084	100

(Continued)

**HCMED INNOVATIONS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2024		December 31, 2023		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2130	Current contract liabilities	6(16)	\$	954	-	\$	9,014	3
2170	Accounts payable			1,250	1		720	-
2200	Other payables	6(10)		22,424	9		18,002	5
2220	Other payables to related parties	7		187	-		-	-
2280	Current lease liabilities	6(6)		6,706	3		11,812	4
2300	Other current liabilities			1,223	-		1,035	-
21XX	Current liabilities			32,744	13		40,583	12
Non-current liabilities								
2570	Deferred tax liabilities	6(20)		2,602	1		4,054	1
2580	Non-current lease liabilities	6(6)		2,131	1		4,436	2
25XX	Non-current liabilities			4,733	2		8,490	3
2XXX	Total liabilities			37,477	15		49,073	15
Equity								
	Share capital	6(13)						
3110	Ordinary share			300,337	122		300,107	92
	Capital surplus	6(14)						
3200	Capital surplus			446,758	181		436,871	134
	Retained earnings	6(15)						
3350	Accumulated deficit		(	538,007)	( 218)	(	459,794)	( 141)
	Other equity interest							
3400	Other equity interest			225	-	(	173)	-
3XXX	Total equity			209,313	85		277,011	85
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	246,790	100	\$	326,084	100

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

**HCMED INNOVATIONS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED 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		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	\$ 141,612	100	\$ 9,235	100
5000	Operating costs	6(4)(18)(19)	( 41,961)	( 30)	( 35,383)	( 383)
5950	Gross profit (loss) from operations		99,651	70	26,148	283
	Operating expenses	6(18)(19) and 7				
6100	Selling expenses		( 19,223)	( 14)	( 15,330)	( 166)
6200	General and administrative expenses		( 44,689)	( 31)	( 34,606)	( 375)
6300	Research and development expenses		( 73,337)	( 52)	( 67,668)	( 733)
6450	Expected credit gain (loss)	12(2)	7	-	9	-
6000	Operating expenses		( 137,242)	( 97)	( 117,613)	( 1274)
6900	Operating loss		( 37,591)	( 27)	( 143,761)	( 1557)
	Non-operating income and expenses					
7100	Interest income		2,484	2	832	9
7010	Other income		48	-	151	2
7020	Other gains and losses	6(17)	( 15,629)	( 11)	( 23,325)	( 253)
7050	Finance costs	6(6)	( 240)	-	( 293)	( 3)
7000	Non-operating income and expenses		( 13,337)	( 9)	( 22,635)	( 245)
7900	Loss before income tax		( 50,928)	( 36)	( 166,396)	( 1802)
7950	Income tax (expense) benefit	6(20)	( 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)
	Loss attributable to:					
8610	Owners of parent		( \$ 78,213)	( 55)	( \$ 165,926)	( 1797)
	Comprehensive loss attributable to:					
8710	Owners of parent		( \$ 77,815)	( 55)	( \$ 166,099)	( 1799)
	Basic loss per share	6(21)				
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 consolidated financial statements.

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

		Equity attributable to owners of the parent						
		Capital Surplus					Exchange differences on translation of foreign financial statements	
Notes	Ordinary share	Additional paid-in capital	Employee share options	Others	Accumulated deficit			Total equity
<u>Year 2023</u>								
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(13) 43,860	206,140	-	-	-	-		250,000
Exercise of employee share options	6(12)(13) 12,140	43,982	( 43,982)	-	-	-		12,140
Balance at December 31, 2023	<u>\$ 300,107</u>	<u>\$ 434,033</u>	<u>\$ 2,672</u>	<u>\$ 166</u>	<u>(\$ 459,794)</u>	<u>(\$ 173)</u>		<u>\$ 277,011</u>
<u>Year 2024</u>								
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(12) -	-	9,887	-	-	-		9,887
Exercise of employee share options	6(12)(13) 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 consolidated financial statements.

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

		Year ended December 31	
	Notes	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		( \$ 50,928 )	( \$ 166,396 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense(including right-of-use assets)	6(5)(6)(18)	21,427	20,706
Amortization expense	6(7)(18)	2,664	2,499
Expected credit (gain) loss	12(2)	( 7 )	9
Interest expense	6(6)	240	293
Interest income		( 2,484 )	( 832 )
Share-based payments	6(12)	9,887	-
Impairment loss of non-financial assets	6(8)(17)	17,065	23,330
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		( 1,178 )	78
Other receivables		29	( 29 )
Inventories		351	( 519 )
Prepayments		391	( 1,911 )
Other current assets		( 2 )	-
Changes in operating liabilities			
Current contract liabilities		( 8,060 )	9,014
Accounts payable		530	( 520 )
Other payables		4,226	2,080
Other payables to related parties		( 187 )	( 182 )
Other current liabilities		188	250
Cash outflow generated from operations		( 5,848 )	( 112,130 )
Interest received		2,484	832
Interest paid		( 240 )	( 293 )
Income tax paid		( 28,936 )	( 22 )
Net cash flows used in operating activities		( 32,540 )	( 111,613 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortized cost		( 110,000 )	( 177,000 )
Decrease in financial assets at amortized cost		177,000	-
Acquisition of property, plant and equipment	6(22)	( 8,966 )	( 13,112 )
Acquisition of intangible assets	6(7)	( 553 )	( 261 )
Increase in prepayments for business facilities		( 1,872 )	( 3,011 )
Decrease (increase) in refundable deposits		184	( 1,769 )
Prepayments for land and building		( 11,340 )	-
Net cash flows from (used in) investing activities		44,453	( 195,153 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Payments of lease liabilities		( 13,328 )	( 12,092 )
Cash capital increase	6(13)	-	250,000
Exercise of employee share options	6(12)(13)	230	12,140
Net cash flows (used in) from financing activities		( 13,098 )	250,048
Effect of exchange rate changes on cash and cash equivalents		396	( 165 )
Net decrease in cash and cash equivalents		( 789 )	( 56,883 )
Cash and cash equivalents at beginning of year		66,614	123,497
Cash and cash equivalents at end of year		<u>\$ 65,825</u>	<u>\$ 66,614</u>

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

## 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

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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.

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		December 31, 2023	
			AMOUNT	%	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		December 31, 2023		
				AMOUNT	%	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)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
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					Exchange differences on translation of foreign financial statements	
	Notes	Ordinary share	Additional paid-in capital	Employee share options	Others	Accumulated deficit		Total equity
<u>Year 2023</u>								
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		<u>\$ 300,107</u>	<u>\$ 434,033</u>	<u>\$ 2,672</u>	<u>\$ 166</u>	<u>(\$ 459,794)</u>	<u>(\$ 173)</u>	<u>\$ 277,011</u>
<u>Year 2024</u>								
Balance at January 1, 2024		<u>\$ 300,107</u>	<u>\$ 434,033</u>	<u>\$ 2,672</u>	<u>\$ 166</u>	<u>(\$ 459,794)</u>	<u>(\$ 173)</u>	<u>\$ 277,011</u>
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		<u>\$ 300,337</u>	<u>\$ 434,838</u>	<u>\$ 11,231</u>	<u>\$ 689</u>	<u>(\$ 538,007)</u>	<u>\$ 225</u>	<u>\$ 209,313</u>

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)

		Year ended December 31	
	Notes	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
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 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
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.

## Deficit Compensation Table

2024

In NT\$

Undistributed Earnings at the beginning of the year	(459,794,143)
Less:2024 Net loss after tax	<u>(78,212,723)</u>
Deficit to be offset at the end of the year	<u><u>(538,006,866)</u></u>

Chairman : Jason      Officer : Jason      Head of the Accounting Dept. : Wooca

## HCmed Innovations Co., Ltd.

### Comparison Table for Amendments of “Articles of Incorporation”

Article No.	Provision Before Amendment	Provision After Amendment	Reason of Amendment
Article 18	The Board of Directors shall consist of the directors of the Company. With the attendance of at least two-thirds of the directors and the consents of a majority of the attending directors, one Chairman shall be elected from among the directors. The Chairman shall represent the Company externally and execute authorities in accordance with the law, the Articles of Incorporation, resolutions of the shareholders’ meeting and the Board of Directors.	The Board of Directors shall consist of the directors of the Company. With the attendance of at least two-thirds of the directors and the consents of a majority of the attending directors, one Chairman <b><u>and one Vice Chairman</u></b> shall be elected from among the directors. The Chairman shall represent the Company externally and execute authorities in accordance with the law, the Articles of Incorporation, resolutions of the shareholders’ meeting and the Board of Directors.	To improve the Board of Directors of the Company, the position of Vice Chairman is hereby established.
Article 27	When the Company has a profit after the final account of a fiscal year (the term “profit” refers to the income before deducting the distribution of remunerations of employees and directors from the income before tax), an amount not higher than 5% of the profit shall be appropriated as the remuneration of directors, and an amount not less than 20% of the profit shall be appropriated as the remuneration of employees. However, where the Company still has accumulated losses, an amount shall be reserved first to offset the accumulated losses.	When the Company has a profit after the final account of a fiscal year (the term “profit” refers to the income before deducting the distribution of remunerations of employees and directors from the income before tax), an amount not higher than 5% of the profit shall be appropriated as the remuneration of directors, and an amount not less than 20% of the profit shall be appropriated as the remuneration of employees <b><u>(including no less than 1% appropriated as the remuneration of entry-level employees)</u></b> . However, where the	According to Paragraph 6 of Article 14 of the Securities and Exchange Act, a company shall specify in its Articles of Incorporation that a certain percentage of its annual earnings shall be appropriated for the salary adjustment or distribution of remuneration of the entry-level employees.

# HCmed Innovations Co., Ltd.

<b>Rules of Procedure for Shareholders' Meetings</b>	<b>No.</b>	<b>B04</b>
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Article No.	Provision Before Amendment	Provision After Amendment	Reason of Amendment
	<p>The remuneration of directors as described in the preceding paragraph shall be paid in cash only. The remuneration of employees described in the preceding paragraph may be paid in the form of shares or cash. The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors' meeting attended by more than two-thirds of the directors and based on the consents of a majority of the attending directors. A report to the shareholders' meeting shall also be made. The employees entitled to receive the employees' remuneration distributed, new restricted employee shares issued, employee stock warrants issued, subscription of new shares issued by the Company and the transferees for the transfer of purchased shares may include employees of the controlling or subordinate companies meeting the criteria specified by the Board of Directors.</p>	<p>Company still has accumulated losses, an amount shall be reserved first to offset the accumulated losses.</p> <p>The remuneration of directors as described in the preceding paragraph shall be paid in cash only. The remuneration of employees described in the preceding paragraph may be paid in the form of shares or cash. The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors' meeting attended by more than two-thirds of the directors and based on the consents of a majority of the attending directors. A report to the shareholders' meeting shall also be made. The employees entitled to receive the employees' remuneration distributed, new restricted employee shares issued, employee stock warrants issued, subscription of new shares issued by the Company and the transferees for the transfer of purchased shares may include employees of the controlling or subordinate companies meeting the criteria specified by the Board of Directors.</p>	

# HCmed Innovations Co., Ltd.

<b>Rules of Procedure for Shareholders' Meetings</b>	<b>No.</b>	<b>B04</b>
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Article No.	Provision Before Amendment	Provision After Amendment	Reason of Amendment
Article 31	These Articles of Incorporation were duly enacted on September 19, 2014.	These Articles of Incorporation were duly enacted on September 19, 2014.	Newly added the amendment date.
	The 1st amendment was made on August 15, 2016.	The 1st amendment was made on August 15, 2016.	
	The 2nd amendment was made on September 22, 2017.	The 2nd amendment was made on September 22, 2017.	
	The 3rd amendment was made on January 25, 2018.	The 3rd amendment was made on January 25, 2018.	
	The 4th amendment was made on December 16, 2018.	The 4th amendment was made on December 16, 2018.	
	The 5th amendment was made on December 20, 2019.	The 5th amendment was made on December 20, 2019.	
	The 6th amendment was made on February 5, 2021.	The 6th amendment was made on February 5, 2021.	
	The 7th amendment was made on June 24, 2022.	The 7th amendment was made on June 24, 2022.	
	The 8th amendment was made on September 2, 2022.	The 8th amendment was made on September 2, 2022.	
	The 9th amendment was made on June 27, 2023.	The 9th amendment was made on June 27, 2023.	
	The 10th amendment was made on May 31, 2024.	The 10th amendment was made on May 31, 2024.	
		<b><u>The 11th amendment was made on June 23, 2025.</u></b>	

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<b>Rules of Procedure for Shareholders' Meetings</b>	<b>No.</b>	<b>B04</b>
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## **Article 1 Purpose**

To establish a strong governance system and sound supervisory capabilities for the shareholders' meetings of the Company, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" jointly established by Taiwan Stock Exchange Corporation and Taipei Exchange.

## **Article 2 Scope**

The rules of procedures for shareholders' meetings of the Company, except as otherwise provided by law, regulations or the articles of incorporation, shall be as provided in these Rules.

## **Article 3 Convention of shareholders' meetings**

- I. Unless otherwise provided by law or regulation, the shareholders' meetings of the Company shall be convened by the Board of Directors.
- II. When the Company convenes a virtual shareholders' meeting, unless the Regulations Governing the Administration of Shareholder Services of Public Companies specify otherwise, the articles of incorporation shall describe procedures in detail, the resolution of the Board of Directors shall be adopted, and the virtual shareholders' meeting shall be attended by more than two-thirds of the directors of the Board and resolutions shall be adopted with the consent of a majority of the attending directors.
- III. Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than the mailing date of the shareholders' meeting notice.
- IV. The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origin and explanatory materials for all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) thirty days before the date of an ordinary shareholders' meeting or fifteen days before the date of an extraordinary shareholders' meeting. In addition, the Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS twenty-one days before the date of the regular shareholders' meeting or fifteen days before the date of the special

# HCmed Innovations Co., Ltd.

<b>Rules of Procedure for Shareholders' Meetings</b>	<b>No.</b>	<b>B04</b>
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shareholders' meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or the total shareholding of foreign and PRC shareholders reaches 30% or more as recorded in the register of shareholders as recorded at the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by thirty days before the regular shareholders' meeting. In addition, fifteen days before the date of the shareholders' meeting, the Company shall also prepare the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and at the professional shareholder services agent designated by it.

For the meeting agenda and supplemental meeting materials described in the preceding paragraph, the Company shall provide them to the shareholders for review on the convention date of the shareholders' meeting according to the following method:

1. For physical shareholders' meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

- V. Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under all subparagraphs of Paragraph 1 of Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- VI. The reason for the convention of shareholders' meetings indicates the re-election of directors, and the date of assuming the position is also indicated. After the re-election is completed in that session of the shareholders' meeting, the date of assuming the position shall not be changed through extempore motion or other methods.
- VII. A shareholder holding 1% or more of the total number of issued shares may submit

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to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances described in Subparagraph 4 of Paragraph 1 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

- VIII. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- IX. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in the discussion of the proposal.
- X. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words shall be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the ordinary shareholders' meeting and take part in the discussion of the proposal.
- XI. Prior to the date for the issuance of the notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

## **Article 4 Attendance by proxy**

- I. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- II. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.
- III. After a proxy form has been delivered to the Company if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or

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electronically, a written notice of proxy cancellation shall be submitted to the Company at least two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- IV. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at least two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

## **Article 5 Principles for shareholders' meeting convention time and venue**

- I. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 8 a.m. and no later than 6 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- II. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

## **Article 6 Preparation of documents such as the attendance book**

- I. The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively referred to as "shareholders") will be accepted, the place to register for attendance, and other matters for attention.
- II. The time during which shareholder attendance registrations will be accepted, as stated in the preceding subparagraph, shall be at least thirty minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform thirty minutes before the meeting starts. Shareholders completing registration are deemed to have attended the shareholders' meeting in person.
- III. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add



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requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

- IV. The Company shall furnish the attending shareholders with an attendance book to sign, or shareholders may hand in a sign-in card in lieu of signing in, and the attendance book shall be used to calculate the number of shares represented. If the sign-in card is delivered to the Company, it shall be deemed that the shareholder or proxy has attended the meeting in person, and the Company shall not be held liable for any misrepresentation by the shareholder or proxy.
- V. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it at the meeting.
- VI. In the event of a virtual shareholders' meeting, shareholders planning to attend the meeting online shall register with the Company two days before the meeting date.
- VII. In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least thirty minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

## **Article 6-1 Convention of virtual shareholders' meeting, and required particulars for shareholders' meeting notice**

To convene a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice:

- I. How shareholders attend the virtual meeting and exercise their rights.
- II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - 1. The time to which the meeting is postponed or from which the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which it will resume.
  - 2. Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
  - 3. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be

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continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders' meeting.

4. Actions to be taken if the outcomes of all proposals have been announced and extraordinary motion has not been carried out.
- III. To convene a virtual shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified. Except for the circumstances under Paragraph 6 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall provide shareholders with at least the connection equipment and necessary assistance and state the period during which shareholders may apply to the Company for such equipment or assistance and other relevant matters to be noted.

## **Article 7 Chair and non-voting participants of a shareholders' meeting**

- I. Where a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chair, one of the directors shall be appointed by the Chairman to act as Chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as the Chair.
- II. When a managing director or a director serves as the Chair, as referred to in the preceding subparagraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall apply for a representative of an institutional director to serve as the Chair.
- III. It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors attending, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the shareholders' meeting

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minutes.

- IV. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a Chair from among themselves.
- V. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

## **Article 8 Documentation of a shareholders' meeting by audio or video**

- I. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.
- II. The recorded materials of the preceding subparagraph shall be retained for at least one year. However, if a shareholders' meeting files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- III. Where a shareholders' meeting is held via video conferencing, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously record audio and video, without interruption, the proceedings of the virtual meeting from beginning to end.
- IV. The information and audio and video recording in the preceding subparagraph shall be properly kept by the Company for the duration of the Company's existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.
- V. In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

## **Article 9 Calculation of number of attending shares and convention of shareholders' meeting**

- I. Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares logged in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- II. The Chair shall call the meeting to order at the appointed meeting time. However,

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when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

- III. If the quorum is not met after two postponements as referred to in the preceding subparagraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 6.
- IV. Before the meeting is completed, if the number of shares held by the attending shareholders combined has reached a majority of the total circulating shares, the Chair may re-introduce the rendered tentative resolution for a decision during the meeting as required by Article 174 of the Company Act.

## **Article 10 Discussion of proposals**

- I. Where a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals) set out in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed except by a resolution of the shareholders' meeting.
- II. The provisions of the preceding subparagraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
- III. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two subparagraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chair in accordance with statutory procedures, with the agreement of a majority

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of the votes represented by the attending shareholders, and then continue the meeting.

- IV. The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

## **Article 11 Shareholder speech**

- I. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, their shareholder account number, and account name. The order in which shareholders speak will be set by the Chair.
- II. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- III. Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.
- IV. When attending shareholders speak, other shareholders may not speak or interfere with their speech unless approved by the Chair and the speaking shareholder; the Chair shall stop violators.
- V. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives appointed may speak on the same proposal.
- VI. After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.
- VII. Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the time the Chair declares the meeting open until the Chair declares it adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Subparagraphs 1 to 5 do not apply.
- VIII. As long as questions raised in accordance with the preceding subparagraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable that the questions be disclosed to the public at the virtual meeting platform.

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## **Article 12 Calculation of voting shares and recusal system**

- I. Voting at a shareholders' meeting shall be calculated based on the number of shares.
- II. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- III. When a shareholder is an interested party in relation to an agenda item, and there is a likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- IV. The number of shares for which voting rights may not be exercised under the preceding subparagraph shall not be calculated as part of the voting rights represented by attending shareholders.
- V. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

## **Article 13 Voting and resolution**

- I. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act.
- II. When the Company holds a shareholders' meeting, it may adopt the exercise of voting rights by correspondence or electronic means (pursuant to the proviso clause of Article, Paragraph 1 of 177-1 of the Company Act, for the companies shall adopt the electronic voting method: when the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. Any shareholder who exercises voting rights in writing or in electronic form shall be deemed to have attended the shareholders' meeting in person, but to have waived their rights with respect to extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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- III. If the shareholder exercises the voting right in writing or by way of electronic transmission, the intent of the shareholder shall be delivered to the Company two days prior to the shareholders' meeting convention date. In case of duplicate delivery, the earliest delivery shall prevail; except when a declaration is made to cancel the earlier declaration of intent.
- IV. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding subparagraph shall be made known to the Company, by the same means by which the voting rights were exercised, at least two days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- V. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. In addition, on the same day after the conclusion of the shareholders' meeting, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.
- VI. If an attending shareholder raises no objection against a proposal originally scheduled in the agenda during the discussion of such proposal, the proposal shall be deemed to have been approved.
- VII. The resolution of a proposal shall be made by the Chair via the voting or inquiry method. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall first announce the total number of voting rights represented by the attending shareholders.
- VIII. When the Chair inquires for any objections on a proposal from all of the attending shareholders but no objection is raised, the proposal shall be deemed approved, and its effect shall be identical to the voting. In case of any objections, the voting method shall be adopted according to the preceding subparagraph.
- IX. When there is an amendment or an alternative to a proposal, the Chair shall present

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

- X. The Chair is to assign the staff to inspect voting on proposals and count the ballots; the inspectors, however, shall be shareholders.
- XI. Vote counting for proposals or elections for a shareholders' meeting shall be conducted in public at the place of the shareholders' meeting. In addition, immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and records shall also be made.
- XII. When the Company convenes a virtual shareholders' meeting, after the Chair declares the meeting open, shareholders attending the meeting via the video conferencing method shall cast votes on proposals and elections on the virtual meeting platform before the Chair announces the voting session ends or will be deemed abstained from voting.
- XIII. In the event of a virtual shareholders' meeting, votes shall be counted at once after the Chair announces the voting session ends, and results of votes and elections shall be announced immediately.
- XIV. When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration at least two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.
- XV. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

## Article 14 Elections

- I. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including



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the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and the number of votes they received.

- II. Ballots for the election in the preceding subparagraph shall be kept properly once they are sealed and signed off on by the inspectors and shall be kept for at least a year. However, if a shareholders' meeting files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

## **Article 15 Meeting minutes**

- I. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chair of the meeting and shall be distributed to all shareholders of the Company within twenty days after the closing of the meeting. The meeting minutes described in the preceding subparagraph may be distributed by means of a public announcement made through the MOPS.
- II. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and shall disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.
- III. Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes described in the preceding subparagraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the Chair's and secretary's name, and the actions taken in the event of a disruption to the virtual meeting platform or to online participation in the meeting due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the meeting minutes.
- IV. When convening a virtual shareholders' meeting, other than compliance with the requirements described in the preceding subparagraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

## **Article 16 Public disclosure**

- I. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through

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solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least thirty minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

- II. During the virtual shareholders' meeting convened by the Company, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.
- III. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws, or regulations of the Taiwan Stock Exchange Corporation (or Taipei Exchange Market), the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

## **Article 17 Maintaining order at the meeting place**

- I. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.
- II. The Chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".
- III. At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the Chair may prevent the shareholder from doing so.
- IV. When a shareholder violates the rules of procedure and defies the Chair's correction, obstructing the proceedings and refusing to heed calls to stop, the Chair may direct the proctors or security personnel to escort the shareholder from the meeting.

## **Article 18 Recess and resumption of a shareholders' meeting**

- I. When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the

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meeting will be resumed.

- II. If the shareholders' meeting venue is no longer available for continued use and some items (including extraordinary motions) on the meeting agenda remain unaddressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
- III. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

## **Article 19 Disclosure of information at virtual meetings**

In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and elections immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least fifteen minutes after the Chair has announced the meeting adjourned.

## **Article 20 Location of Chair and secretary of virtual shareholders' meeting**

When the Company convenes a virtual shareholders' meeting, both the Chair and secretary shall be in the same location, and the Chair shall declare the address of their location when the meeting is called to order.

## **Article 21 Handling of disconnection**

- I. In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting and provide relevant real-time services before and during the meeting to help resolve communication technical issues.
- II. In the event of a virtual shareholders' meeting, when declaring the meeting open, the Chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the Chair has announced the meeting adjourned, and if the obstruction continues for more than thirty minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.
- III. For a meeting to be postponed or resumed as described in the preceding subparagraph, shareholders who have not registered to participate in the affected shareholders'

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meeting online shall not attend the postponed or resumed session.

- IV. For a meeting to be postponed or resumed under Subparagraph 2, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.
- V. During a postponed or resumed session of a shareholders' meeting held under Subparagraph 2, no further discussion or resolution is required for proposals for which votes have been cast, counted, and announced, or for the list of elected directors.
- VI. When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in Subparagraph 2, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption under Subparagraph 2 is required.
- VII. Under the circumstances where a meeting is required to be continued as described in the preceding subparagraph, the shares represented by shareholders' attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders' meeting.
- VIII. When postponing or resuming a meeting according to Subparagraph 2, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Paragraph 7 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.
- IX. For dates or periods set forth in the second half of Article 12 and Paragraph 3 of Article 13 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Paragraph 2 of Article 44-5, Article 44-15, and Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle such matters based on the date of the postponed or resumed shareholders' meeting under Subparagraph 2.

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## **Article 22 Handling of digital divide**

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online. Except for the circumstances under Paragraph 6 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall provide shareholders with at least the connection equipment and necessary assistance and state the period during which shareholders may apply to the Company for such equipment or assistance and other relevant matters to be noted.

**Article 23** Any matters not specified in the Rules shall be handled in accordance with the Company Act and other relevant laws and regulations and the Company's Articles of Incorporation.

**Article 24** These Rules, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

# Articles of Incorporation of HCmed Innovations Co., Ltd.

## Chapter 1 General Rules

Article 1: The Company shall be incorporated under the Company Act, and its name shall be “心誠鎂行動醫電股份有限公司”. The English name shall be “HCmed Innovations Co., Ltd.”.

Article 2: The scope of business of the Company shall be as follows:

1. CA02010 Metal Architectural Components Manufacturing
2. CA02990 Other Metal Products Manufacturing
3. CB01010 Mechanical Equipment Manufacturing
4. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
5. CC01080 Electronics Components Manufacturing
6. CC01110 Computer and Peripheral Equipment Manufacturing
7. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
8. CE01010 Precision Instruments Manufacturing
9. F106010 Wholesale of Hardware
10. F108031 Wholesale of Medical Devices
11. F113010 Wholesale of Machinery
12. F113030 Wholesale of Precision Instruments
13. F113070 Wholesale of Telecommunication Apparatus
14. F119010 Wholesale of Electronic Material
15. F401010 International Trade
16. I103060 Management Consulting
17. I501010 Product Designing
18. IC01010 Medicine Inspection
19. IG01010 Biotechnology Services
20. IG02010 Research and Development Service
21. CF01011 Medical Devices Manufacturing
22. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company shall have its head office registered in Taipei City, R.O.C. When it is determined to be necessary, branch offices may be established domestically or overseas, and the establishment and abolishment of branch offices shall be determined based on the resolution of Board of Directors' meeting.

Article 4: The Company may make external guarantees and investments in other businesses depending upon the business needs. The total amount of the Company's investments is not subject to the restrictions on the percentage of investments in other businesses specified in Article 13 of the Company Act.

Article 5: The public announcement of the Company shall be handled in accordance with the Company Act

and other relevant laws and regulations.

## Chapter 2 Shares

Article 6: The total capital of the Company shall be in the amount of NT\$ 500 million, divided into 50 million shares, at NT\$10 per share, which may be issued at discrete times.

For the total capital amount described in the preceding paragraph, an amount of NT\$75 million shall be reserved for the issuance of employee share subscription warrants, for a total of 7.5 million shares with a par value of NT\$10 per share, which may be issued at discrete times in accordance with the resolution of the Board of Directors. In addition, the recipients of the employee share subscription include employees of controlling or subordinate companies who meet certain criteria, and the Board of Directors is authorized to determine such criteria.

Article 7: The Company's shares shall be registered, signed or affixed with seals and numbered by directors representing the Company and issued after being certified by the competent authority or an issuance registration institution it approved in accordance with the law.

The Company may be exempted from the printing of share certificates according to relevant laws and regulations; however, the shares shall be registered with the Centralized Securities Depository Enterprises.

Article 8: The administration of the shareholder services of the Company, unless otherwise specified in the laws and regulations, shall be handled according to relevant regulations specified by the competent authority.

Article 9: The entries in the shareholders' roster shall not be altered within sixty days prior to the convention of an ordinary shareholders' meeting, or within thirty days prior to the convention of an extraordinary shareholders' meeting, or within five days prior to the target date determined by the Company for distribution of dividends and bonuses, or other benefits.

Article 10: When the Company plans to issue employee stock warrants at a subscription price lower than the market price (net asset value per share), it shall comply with the provision of Article 56-1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" and the issuance shall only be executed after the resolution of the shareholders' meeting.

## Chapter 3 Shareholders' Meeting

Article 11: The shareholders' meetings are classified into two types: the ordinary shareholders' meeting and the extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened at least once per year, and shall be convened within six months after the closing of each fiscal year. The extraordinary shareholders' meeting shall be convened whenever necessary in accordance with the law.

Article 12: Shareholders of the Company shall have one vote for each share held, except for the shares subject to restrictions or those listed in Article 179 of the Company Act.

Article 13: For a shareholders' meeting convened by the Board of Directors, the Chair of the meeting shall be appointed in accordance with the provisions of 208 of the Company Act. When a shareholders' meeting is convened by any other person having the convening right, he/she shall act as the Chair of that meeting; provided that if there are two or more persons having the convening right, the Chair of the meeting shall be elected from among themselves.

Article 14: Unless otherwise required by the Company Act or the Articles of Incorporation, shareholders'

resolutions shall be adopted by at least a majority of the votes of shareholders present at a shareholders' meeting who hold a majority of all issued and outstanding shares of the Company. A shareholders' meeting convened by the Company may be held by video conferencing or any other means as announced by the central competent authority. Shareholders participating in a virtual shareholders' meeting shall be deemed to have participated in the meeting in person. After the Company's shares are publicly traded at the emerging stock market, during the convention of a shareholders' meeting, the electronic method shall be provided as one of the channels for the exercise of voting rights, and shareholders exercising their voting rights in electronic form shall be deemed to attend the meeting in person. All relevant matters shall be handled in accordance with the regulations.

Article 15: Where a shareholder for any reasons cannot attend a shareholders' meeting in person, they may appoint a proxy to attend the shareholders' meeting on their behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. However, where a shareholder accepting appointments from more than two shareholders, the voting rights represented shall not exceed 3% of voting rights of the total number of shares issued. After the public offering of the Company's shares, the Regulations Governing the Appointment of Shareholders to attend Shareholders' Meetings shall be handled in accordance with the provisions of Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" announced by the competent authority.

Article 16: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The preparation and distribution of the aforementioned meeting minutes described in the preceding paragraph shall be handled in accordance with Article 183 of the Company Act.

#### Chapter 4 Directors and Audit Committee

Article 17: The Company shall have seven to eleven directors with the term of office of three years, who shall be elected by the shareholders' meeting from among the persons with legal capacity and shall be eligible for re-elections. Directors of the Company shall be elected through the candidates nomination system according to Article 192-1 of the Company Act and shall be elected by shareholders from the list of nominated director candidates.

In the roster of directors described in the preceding paragraph, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. Relevant matters of the professional qualification, concurrent job position limitation, determination of independence, nomination and election methods of the independent director as well as other necessary requirements shall comply with relevant regulations specified by the competent authority of securities.

The total shareholding ratio of all directors of the Company shall comply with the regulations specified by the competent authority of securities.

Article 18: The Board of Directors shall consist of the directors of the Company. With the attendance of at least two-thirds of the directors and the consents of a majority of the attending directors, one Chairman shall be elected from among the directors. The Chairman shall represent the



Company externally and exercise authority in accordance with the laws, the Articles of Incorporation, resolutions of the shareholders' meeting and the Board of Directors.

Article 19: During the convention of a shareholders' meeting, unless otherwise specified in the Company Act, the Chairman shall convene the shareholders' meeting and act as the Chair of the meeting. In the case where the Chairman is on leave or cannot exercise their power and authority for any cause, their deputy shall be handled in accordance with Article 208 of the Company Act. During the convention of a Board of Directors' meeting, notices indicating the reasons for the convention shall be delivered to all directors seven days in advance; provided that in case of emergencies, such meeting may be convened at any time.

The aforesaid notices may be sent in writing, by fax, or by email.

Article 20: Unless otherwise specified in the Company Act, resolutions of the Board of Directors' meetings shall be executed based on the attendance of a majority of directors and the consents of more than half of the attending directors.

Article 21: In case where a director cannot attend a Board of Directors' meeting for any reason, they may appoint another director to act as their proxy to attend the meeting on their behalf, provided that for proxy's attendance at a Board of Directors' meeting, the proxy shall only accept the appointment of one director only.

During the convening of a Board of Directors' meeting, if it is held with the video conference method, directors attending the meeting through video conference shall be deemed to attend the meeting in person.

Article 22: The Company may establish various functional committees under the Board of Directors. Each functional committee shall establish the regulations for exercising its powers in accordance with the competent authority's laws and regulations, and shall implement the same accordingly after approval of the Board of Directors.

The Company shall establish an audit committee pursuant to Article 14-4 of the Securities and Exchange Act, and the audit committee shall consist of all independent directors.

The number of members, term of office, authorities, rules of procedures and the resources required to be provided by the Company for the exercise of authorities of the audit committee shall be handled in accordance with the Company Act, Securities and Exchange Act and other relevant laws as well as rules of the Company.

Article 23: The Board of Directors is authorized to determine the remuneration of the directors of the Company according to the participation level in the Company's operations and contribution value of the directors along with the consideration of the common standard adopted in the same industry.

Where a director of the Company concurrently assumes another job position of the Company, the payment of the remuneration for such position may be made in accordance with the salary standard of general managerial officers on a monthly basis.

The Company may establish a remuneration committee to assess the performance and remuneration of directors and managerial officers according to business needs, and submit it to the Board of Directors for discussion.

Article 24: The Company may take out liability insurance for the directors and managerial officers during their terms of office for their indemnification liabilities in the performance of their job duties

according to the laws. For the insurance purchase and renewal matters of the liability insurance described in the preceding paragraph, the Chairman is authorized to handle such matters with full authority.

#### Chapter 5 Managerial Officers

Article 25: The Company may have managerial officers to coordinate all affairs of the Company according to the resolutions of the Board of Directors' meetings, and the appointment, dismissal and remuneration of managerial officers shall be handled in accordance with Article 29 of the Company Act.

#### Chapter 6 Accounting

Article 26: At the end of each fiscal year, the Board of Directors shall prepare the following reports and statements and submit them to the shareholders' meeting for ratification in accordance with the statutory procedures:

I. Business Report.

II. Financial statements.

III. Proposal for distribution of earnings or covering of losses.

Article 27: When the Company has a profit after the final accounts of a fiscal year (the term "profit" refers to the income before deducting the distribution of remunerations of employees and directors of income before tax), an amount not higher than 5% of the profit shall be appropriated as the remuneration of directors, and an amount not less than 20% of the profit shall be appropriated as the remuneration of employees. However, where the Company still has accumulated losses, an amount shall be reserved first to offset the accumulated losses.

The remuneration of directors as described in the preceding paragraph shall be paid in cash only. The remuneration of employees described in the preceding paragraph may be paid in the form of shares or cash.

The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors' meeting attended by more than two-thirds of the directors and based on the consents of a majority of the attending directors. A report to the shareholders' meeting shall also be made. The employees entitled to receive the employees' remuneration distributed, new restricted employee shares issued, employee stock warrants issued, subscription of new shares issued by the Company and the transferees for the transfer of purchased shares may include employees of the controlling or subordinate companies meeting the criteria specified by the Board of Directors.

Article 28: Where the Company has surplus earnings after closing of accounts in a fiscal year, an amount shall be appropriated to make up the accumulated loss first, followed by setting aside 10% thereof as the legal reserve according to the laws; however, where the legal reserve has accumulated to equal the paid-in capital total amount of the Company, it is exempted from such limitation. The remainder, if necessary, may be appropriated or reversed as special reserve in accordance with the Company's operational needs and regulatory requirements, and the remainder is further added to the accumulated undistributed earnings from previous years and then submitted to the Board of Directors for establishing the earnings distribution proposal, which is submitted to the shareholders' meeting for resolution on the distribution of dividends

and bonuses to shareholders.

The distributable dividends and bonuses, capital reserve or legal reserve in whole or in part may be distributed in cash after a resolution has been adopted by a majority vote at a Board of Directors' meeting of the Company attended by more than two-thirds of the total number of directors, which shall also be reported to the shareholders' meeting, such that the requirement for resolution of a shareholders' meeting described in the preceding paragraph is not applicable. The industry of the Company is currently under the growth stage. The policy of distribution of stock dividends shall depend on the current and future investment environment, capital needs, domestic and foreign competition, and capital budgets, and shall also take the interest of shareholders into account, balance between stock dividends, and long-term financial planning of the Company, etc. Accordingly, the Board of Directors shall prepare a distribution proposal in accordance with the law annually and submit it to the general shareholders' meeting for resolution on the distribution thereof. The shareholders' bonus distribution amount shall not be less than 10% of the distributable earnings for that year in principle. The distribution of dividends of the Company shall be made in the form of cash or shares, and the Company shall distribute an appropriate amount of cash dividends from the distributable dividends for that year; provided that the cash dividends is not less than 10% of the total dividends.

#### Chapter 7 Supplementary Provisions

Article 29: The Company's organizational charter and operational rules shall be further established separately.

Article 30: Any matters not specified in these Articles of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 31: These Articles of Incorporation were duly enacted on September 19, 2014.

The 1st amendment was made on August 15, 2016.

The 2nd amendment was made on September 22, 2017.

The 3rd amendment was made on January 25, 2018.

The 4th amendment was made on December 16, 2018.

The 5th amendment was made on December 20, 2019.

The 6th amendment was made on February 5, 2021.

The 7th amendment was made on June 24, 2022.

The 8th amendment was made on September 2, 2022.

The 9th amendment was made on June 27, 2023.

The 10th amendment was made on May 31, 2024.

HCmed Innovations Co., Ltd.

Chairman: Chieh-Sheng Cheng

# HCmed Innovations Co., Ltd.

## Shareholdings of Directors

- I. Up to the book closure date of April 25, 2025 of the present annual general shareholders' meeting, the Company's paid-in capital is NT\$326,807,620, with a total of 32,680,762 shares issued.
- II. According to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum number of shares required to be held by all directors is 3,600,000 shares, and the shareholdings of all directors of the Company has reached such statutory percentage standard.
- III. Statement of Shareholdings of All Directors of the Company:

Unit: shares; Shareholding record date: April 25, 2025

Job title	Name	Number of shares recorded in the shareholders' roster as of the book closure date	
		Number of shares	Shareholding percentage (%)
Chairman	Chieh-Sheng Cheng	3,139,815	9.61
Directors	Wen-Yu Tsai	3,857,893	11.80
Directors	You Yang Management Consultant Co., Ltd. Representative: Tsung-Hung Hsieh	325,824	1.00
Directors	U.S. VIVO PANDA FUND, L.P. Representative: Mahendra Shah	2,308,926	7.07
Directors	Yung-Yi Wu	46,161	0.14
Directors	FORWARD ASSET MANAGEMENT LTD. Representative: Wei-Jung Chung	1,000	0.00
Independent Director	Shih-Hao Fang	0	0.00
Independent Director	Shang-Yuan Chang	0	0.00
Independent Director	Chao-Lung Chou	0	0.00
Independent Director	Yi-Chen Chen	0	0.00
<b>Total number of shares held by all directors</b>		<b>9,679,619</b>	<b>29.62</b>